Financial statements for the year ended 30 June 2007

Income statement
for the year ended 30 June 2007

	Notes	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Income						
Rates and levies		85,790	81,058	85,790	84,726	81,058
Grants and subsidies		51,090	37,321	51,090	102,777	37,321
Other gains		3,240	3,431	-	-	-
Other revenue		71,126	66,402	22,420	21,692	20,860
Total income	**1**	**211,246**	**188,212**	**159,300**	**209,195**	**139,239**
Expenses						
Employee benefits	2	44,365	41,213	28,809	29,037	26,180
Grants and subsidies		57,146	53,320	79,486	55,461	53,320
Depreciation and amortisation	3	15,393	14,364	9,476	9,569	9,321
Finance costs – net	4	13,063	10,404	4,760	5,674	4,574
Other losses	5	79	303	79	-	303
Other operating expenses	6	61,463	56,287	46,062	51,581	41,553
Total operating expenses		**191,509**	**175,891**	**168,672**	**151,322**	**135,251**
Surplus/(deficit) for the year before unrealised items and tax		**19,737**	**12,321**	**(9,372)**	**57,873**	**3,988**
Unrealised gains/(losses)	7	18,119	10,683	4,786	4,405	(483)
Surplus/(deficit) for the year after unrealised items and before tax		**37,856**	**23,004**	**(4,586)**	**62,278**	**3,505**
Tax expense	8	4,256	4,728	-	-	-
Surplus/(deficit) for the year		**33,600**	**18,276**	**(4,586)**	**62,278**	**3,505**
Attributed to:						
Minority interest	19	4,428	3,569	-	-	-
Equity holders of the parent		29,172	14,707	(4,586)	62,278	3,505
Surplus/(deficit) for the year	**31**	**33,600**	**18,276**	**(4,586)**	**62,278**	**3,505**

The accompanying notes and accounting policies should be read in conjunction with these financial statements

Income statement by activity
for the year ended 30 June 2007

	Council 2007 Actual $000s	Council 2007 Budget $000s
Operating revenue		
Environment	10,289	10,094
Transport	83,978	136,476
Water supply	24,127	24,198
Land	11,006	10,805
Safety and flood protection	14,898	14,919
Parks	6,549	6,306
Community	8,004	7,887
Investments	10,395	9,974
Other	3,838	2,078
Total operating revenue	**173,084**	**222,737**
Less: internal operating revenue	8,998	9,137
Total external operating revenue including unrealised gains	**164,086**	**213,600**

	Council 2007 Actual $000s	Council 2007 Budget $000s
Operating expenditure		
Environment	10,342	10,329
Transport	94,661	77,295
Water supply	24,490	26,217
Land	11,361	10,726
Safety and flood protection	12,949	12,106
Parks	6,363	6,590
Community	7,318	6,062
Investments	8,044	9,057
Other	2,142	2,077
Total operating expenditure	**177,670**	**160,459**
Less: internal operating expenditure	8,998	9,137
Total external operating expenditure	**168,672**	**151,322**
Operating surplus/(deficit)	**(4,586)**	**62,278**
Capital expenditure and transport investments	10,748	100,529
Proceeds from assets sales	(134)	(390)
Loan funding of capital expenditure	(18,050)	(34,476)
Rate, levy, and subsidy-funded capital expenditure	**(7,436)**	**65,663**
Other loan funding	(2,956)	(3,902)
Debt repayment	21,328	6,542
Other investment movements	(9,153)	1,806
Operational reserve movements	1,048	(472)
Working capital movements	(1,179)	-
Non-cash items	(6,238)	(7,359)
Net funding required	**-**	**-**

The accompanying notes and accounting policies should be read in conjunction with these financial statements

Statement of changes in equity
for the year ended 30 June 2007

	Notes	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Equity						
Opening balance as at 1 July		661,694	644,390	559,956	547,874	556,592
Asset revaluation movements taken directly to equity		53,829	(141)	46,688	25,748	(141)
Asset revaluation movements taken directly to equity – minority interests		1,946	-	-	-	-
Net income recognised directly in equity		55,775	(141)	46,688	25,748	(141)
Net surplus/(deficit) for the year		33,600	18,276	(4,586)	62,278	3,505
Total recognised income and expenses for the year		89,375	18,135	42,102	88,026	3,364
Attributable to:						
Equity holders of the parent		84,947	14,566	42,102	88,026	3,364
Minority interest		4,428	3,569	-	-	-
Total recognised income and expenses for the period		89,375	18,135	42,102	88,026	3,364
Dividend to minority interest		(831)	(831)	-	-	-
Balance as at 30 June	**19**	**750,238**	**661,694**	**602,058**	**635,900**	**559,956**

The accompanying notes and accounting policies should be read in conjunction with these financial statements

Balance sheet
as at 30 June 2007

	Notes	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Assets						
Current assets						
Cash and cash equivalents	**9**	47,399	55,324	47,094	59,686	55,372
Trade and other receivables	**10**	37,326	15,487	32,604	16,880	12,177
Inventories	**11**	2,663	2,361	2,142	-	1,946
Income tax receivable	**8**	446	1,271	-	-	-
		87,834	74,443	81,840	76,566	69,495
Non-current assets						
Other financial assets	**12**	4,102	3,813	3,470	9,832	3,219
Property, plant and equipment	**13**	771,800	658,656	563,907	553,419	516,226
Intangible assets	**14**	1,428	1,444	409	-	714
Forestry investments	**15**	14,303	14,892	14,303	19,389	14,892
Investment properties	**16**	100,829	101,212	-	-	-
Investment in subsidiaries	**17**	-	-	34,542	89,365	34,542
Derivative financial instruments	**18**	4,874	1,198	1,908	-	346
Deferred tax asset	**8**	1,670	4,575	-	-	-
		899,006	785,790	618,539	672,005	569,939
Total assets		**986,840**	**860,233**	**700,379**	**748,571**	**639,434**

Balance sheet
as at 30 June 2007

	Notes	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Equity and liabilities						
Equity attributable to equity holders of the parent						
Retained earnings		428,638	407,138	367,578	430,339	373,071
Reserves		277,469	215,967	234,480	205,561	186,885
		706,107	623,105	602,058	635,900	559,956
Minority interest		44,131	38,589			
Total equity	**19**	**750,238**	**661,694**	**602,058**	**635,900**	**559,956**
Current liabilities						
Trade and other payables	**20**	36,373	25,122	29,421	19,230	16,760
Debt	**21**	79,935	45,655	35,934	2,482	1,655
Employee-benefit liabilities	**22**	3,749	3,365	1,971	-	1,647
Provisions	**23**	543	415	-	-	-
		120,600	74,557	67,326	21,712	20,062
Non-current liabilities						
Debt	**21**	114,589	122,565	30,335	90,959	58,657
Employee-benefit liabilities	**22**	1,413	1,417	660	-	759
		116,002	123,982	30,995	90,959	59,416
Total liabilities		**236,602**	**198,539**	**98,321**	**112,671**	**79,478**
Total equity and liabilities		**986,840**	**860,233**	**700,379**	**748,571**	**639,434**

Ian Buchanan
Chairman
27 September 2007

David Benham
Chief Executive
27 September 2007

Barry Turfrey
Chief Financial Officer
27 September 2007

The accompanying notes and accounting policies should be read in conjunction with these financial statements

Statement of cashflows
for the year ended 30 June 2007

	Notes	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Cashflows from operating activities						
Receipts from customers		49,084	46,093	-	-	-
Rates revenue received		61,093	59,426	61,093	61,950	59,426
Water supply levy received		22,776	22,776	22,776	22,776	22,776
Government subsidies received		40,909	37,321	40,909	102,777	37,321
Interest received		3,966	4,656	3,807	3,460	4,355
Dividends received		468	373	618	463	651
Fees, charges and other revenue		9,671	17,612	9,670	16,913	17,612
Payments to suppliers and employees		(169,393)	(149,002)	(141,674)	(133,885)	(120,545)
Interest paid		(14,251)	(8,981)	(4,334)	(5,348)	(4,167)
Income tax paid (refund)		(1,041)	(1,200)	-	-	-
Net cashflows from operating activities	**24**	**3,282**	**29,074**	**(7,135)**	**69,106**	**17,429**
Cashflows from investing activities						
Sale of property, plant and equipment		326	1,186	282	390	411
Repayment of advance from associate company		-	200	-	-	-
Disposal of forestry investments		1,118	-	1,118	-	-
Purchase of property, plant and equipment		(39,281)	(47,325)	(10,266)	(20,237)	(19,843)
Purchase of intangible assets		(797)	(691)	(85)	-	(224)
Acquisition of forestry investments		-	(206)	-	-	(206)
Acquisition of investments		(65)	(8,744)	-	(81,242)	-
Net cashflows from investing activities		**(38,699)**	**(55,580)**	**(8,951)**	**(101,089)**	**(19,862)**

The accompanying notes and accounting policies should be read in conjunction with these financial statements

Statement of cashflows (continued)
for the year ended 30 June 2007

	Notes	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Cashflows from financing activities						
Loan funding		55,965	34,929	35,618	38,053	11,000
Debt repayment		(27,643)	(9,465)	(27,643)	(6,070)	(9,465)
Repayment of inter-company current account		-	-	(167)	-	(352)
Dividends paid to minority interests		(830)	(830)	-	-	-
Net cashflows from financing activities		**27,492**	**24,634**	**7,808**	**31,983**	**1,183**
Net increase/(decrease) in cash, cash equivalents and bank overdraft		(7,925)	(1,872)	(8,278)	-	(1,250)
Cash, cash equivalents and bank overdraft at the beginning of year		55,324	57,196	55,372	59,686	56,622
Cash, cash equivalents and bank overdrafts at the end of year		**47,399**	**55,324**	**47,094**	**59,686**	**55,372**

The accompanying notes and accounting policies should be read in conjunction with these financial statements

1. Reporting entity

The Greater Wellington Regional Council is a regional local authority governed by the Local Government Act 2002. The Group consists of Greater Wellington and its subsidiaries as disclosed below.

Financial statements for Greater Wellington (the "Council") and consolidated financial statements ("Group") are presented.

For the purposes of financial reporting, Greater Wellington is designated as a public benefit entity. The subsidiary companies comprise WRC Holdings, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Greater Wellington Transport Limited, Greater Wellington Infrastructure Limited, Regional EDA Limited and CentrePort Limited. All subsidiaries, except Regional EDA Limited, are designated as profit-oriented entities. Regional EDA Limited is designated as a public benefit entity.

2. Statement of compliance

The Group financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are the first financial statements to be prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for public benefit entities.

The comparative information for 2006 has been restated to reflect the new standards. The resulting changes arising from the transition to NZ IFRS have been adjusted directly to ratepayer's equity. Reconciliations of prior period equity and surplus to NZ IFRS are included in Note 33.

Accounting judgments and estimations

The preparation of financial statements in conformity with NZ GAAP requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These results form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, when the revision affects only that period. If the revision affects current and future periods, it is reflected in those periods.

Judgements made by management in the application of NZ GAAP that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 31.

3. Accounting policies

(a) Basis of preparation

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, forestry assets, derivative financial instruments and certain infrastructural assets that have been measured at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

(b) Basis of consolidation

The consolidated financial statements include Greater Wellington and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Council. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries appears in Note 17 to the financial statements.

The minority interest represents Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited.

Greater Wellington's investment in subsidiaries is held at cost in Greater Wellington's own "parent entity" accounts.

Associates are entities in which the group has significant influence but not control over their operations. Greater Wellington's share of the assets, liabilities, revenue and expenditure are included in the financial statements of the Group on an equity accounting basis.

All significant inter-company transactions are eliminated on consolidation.

(c) Revenue recognition

Revenue is recognised when billed or earned on an accrual basis.

(i) Rates and levies

Rates and levies are a statutory annual charge and are recognised in the year the assessments are issued.

(ii) Government grants and subsidies

Greater Wellington receives government grants from Land Transport New Zealand, which subsidises part of Greater Wellington's costs in the provision of public transport subsidies to external transport operators and for capital purchases of rail rolling stock within Greater Wellington's subsidiaries and transport network upgrades owned by Ontrack. The grants and subsidies are recognised as revenue when eligibility has been established by the grantor.

Other grants and contributions from territorial local authorities are recognised in the Income Statement when eligibility has been established by the grantor.

(iii) Sale of goods

Revenue on the sale of goods is recognised when all risks are transferred to the buyer and there is no longer control or managerial involvement with the goods.

(iv) Rendering of services

Revenue from services rendered is recognised by reference to stage of completion of the service.

(v) Dividends

Revenue from dividends is recognised on an accrual basis (net of imputation credits) once the shareholder's right to receive payment is established.

(vi) Interest

Interest is accrued using the effective interest rate method. The effective interest rate method discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(vii) Other revenue

Other income is also recognised on an accrual basis. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Group are recognised as revenue when control over the asset is obtained.

(d) Borrowing costs

Borrowing costs directly attributable to capital construction are capitalised as part of the costs of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Property, plant and equipment

Property, plant and equipment consists of operational and infrastructure assets. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

The initial cost of property, plant and equipment includes the purchase consideration and those cost that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

Property, plant and equipment are categorised into the following classes:

- Port buildings, wharves and paving
- Operational port freehold land
- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets
- Transport infrastructural assets
- Rail rolling stock
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Regional water supply infrastructural assets
- Regional water supply administrative buildings
- Regional water supply minor equipment
- Regional water supply motor vehicles
- Regional water supply capital work in progress

All property, plant and equipment are initially recorded at cost.

Valuations

Valuations for regional water supply, parks and forests, flood protection and transport infrastructural assets are carried out or reviewed by independent qualified valuers. They are carried out at regular intervals.

Regional water supply

Regional water supply wholesale water assets were revalued by Nigel Fenwick MNZPI and Rob Slater MNZPI of Knight Frank at 30 June 2004 using optimised depreciated replacement cost (ODRC) methodology.

Water Catchment land was revalued by GH Smith ANZIV, SNZPI at 30 June 2004, using the market value methodology.

Other land and buildings were revalued by Martin Veale ANZIV, SNZPI of Telfer Young at 30 June 2004, using the market value methodology.

Flood protection

The flood protection infrastructure assets were revalued at 30 June 2007 using ODRC methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group. The valuations were

carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department.

The asset valuation was reviewed by John Vessey, Principal Engineering Economist, Opus International Consultants. He concluded that the 2007 valuation of Council's flood protection assets is deemed acceptable and appropriate for financial reporting purposes.

Western flood protection land was revalued as at 30 June 2007 by Martin Veale ANZIV, SPINZ & Brian Whitaker ANZIV, SPINZ, using a derived value rate per hectare, based on sales data of Rural and Reserve land from recognised valuation sources which reflects fair value.

Baker & Associates revalued Wairarapa flood protection land as at 30 June 2007. Land valuation was completed by FT Rutherford BBS (VPM) ANZIV using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

Parks and forests

The parks and forests infrastructure assets were revalued at 30 June 2003 using ODRC methodology. Graham Laws, Parks and Forests Asset Management Advisor, carried out the valuations. The valuation methodology and rates were reviewed and certified by PM Ollivier BSc, BE (Civil), MIPENZ, MICE and KJ Tonks ANZIV, MPLEINZ of Tse Group Ltd.

Parks and Forests land and improvements were revalued at 30 June 2003 by GH Smith ANZIV, using the market value methodology.

Plantation Forestry bridges were revalued by Kate Zwartz, Senior Engineer for the Engineering Consultancy Group. PM Ollivier and KJ Tonks of Tse Group Ltd reviewed the valuation methodology and rates.

Plantation Forestry roads and Wairarapa Forests infrastructure assets were revalued by GH Smith ANZIV.

Greater Wellington Regional Council Group (including CentrePort Limited)

Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. Colliers International valued the land at 30 June 2007 at fair value. The basis of valuation is fair value, which is determined with reference to the asset's highest and best use as determined by the valuer.

Any increase in the value on revaluation is taken directly to the asset-revaluation reserve. However, if it offsets a previous decrease in value for the same asset recognised in the Income Statement, then it is recognised in the Income Statement. A decrease in the value on revaluation is recognised in the Income Statement where it exceeds the increase of that asset previously recognised in the asset-revaluation reserve.

The remaining property, plant and equipment are recorded at cost, less accumulated depreciation and impairment. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All property, plant and equipment, except land, are depreciated.

(f) Depreciation

Depreciation is provided on a straight-line basis on all tangible property, plant and equipment, other than land and capital works in progress, at rates which will write-off assets, less their estimated residual value, over their remaining useful lives.

The useful lives of major classes of assets have been estimated as follows:

• Port, wharves and paving	10 to 50 years
• Operational port freehold land	indefinite

• Operational land and buildings	10 to indefinite
• Operational plant and equipment	2 to 20 years
• Operational vehicles	3 to 10 years
• Flood protection infrastructural assets	15 to indefinite
• Transport infrastructural assets	5 to 50 years
• Rail rolling stock	15 to 35 years
• Navigational aids infrastructural assets	5 to 50 years
• Parks and forests infrastructural assets	10 to 100 years
• Regional water supply infrastructural assets	3 to 150 years
• Regional water supply administrative buildings	10 to 50 years
• Regional water supply minor equipment	3 to 15 years
• Regional water supply vehicles	5 to 10 years

Capital work in progress is not depreciated.

Stopbanks included in the flood protection infrastructure asset class are maintained in perpetuity. Annual inspections are undertaken to ensure design standards are being maintained and to check for impairment. As such, stopbanks are considered to have an indefinite life and are not depreciated.

(g) Intangible assets

Software is carried at cost, less any accumulated amortisation and impairment losses. It is amortised over the useful life of the asset as follows:

Software	1 to 5 years

(h) Investment properties

Investment properties, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. There are two classes of investment property:

1. Developed investment properties
2. Land available for development

The Regional Council Centre (RCC) is treated as an investment property within the WRC Holdings Group, and as property, plant and equipment within the Greater Wellington Group accounts. Gains or losses arising from changes in fair value of investment properties are included in the income statement in the period in which they arise.

(i) Impairment

All assets are reviewed annually to determine if there is any indication of impairment.

An impairment loss is recognised when its carrying amount exceeds its recoverable amount. Losses resulting from impairment are accounted for in the Income Statement, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

(i) Recoverable amount

The recoverable amount of an asset is the greater of the net selling price and value in use.

(ii) Value in use

Value in use for Greater Wellington assets is calculated as being the depreciated replacement cost of the asset. For Greater Wellington’s subsidiaries, it is

calculated as being the estimated future cashflows which are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Forestry investments

Forestry investments are stated at fair value, less point-of-sale costs. They are independently revalued to an estimate of market valuation based on net present value. The net gain or loss arising from changes in forestry valuation is included in the Income Statement.

(k) Financial instruments

The Group classifies its financial assets and liabilities according to the purpose for which they were acquired.

Financial assets and liabilities are only offset when there is a legally enforceable right to offset them and there is an intention to settle on a net basis.

(i) Financial assets

The Group's financial assets are categorised as follows:

- *Financial assets at fair value accounted through the Income Statement*
  Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re-measurement are recognised in the Income Statement.

- *Financial assets at fair value accounted through equity*
  Financial assets are classified in this category if they were not acquired principally for selling in the short term. After initial recognition these assets are measured at their fair value. Any gains and losses are recognised directly to equity, except for impairment losses which are recognised in the Income Statement.

  Available-for-sale financial assets are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are initially recorded at fair value plus transaction costs when it can be reliably estimated. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised directly through equity. If there is no active market and no intention to sell the asset, the item is measured at cost.

  Fair value is equal to Greater Wellington's share of the net assets of the entity. Upon sale, the cumulative fair value gain or loss previously recognised directly in equity is recognised in the Income Statement.

- *Loans and receivables*
  These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised costs using the effective interest method. Gains and losses when the asset is impaired or sold are accounted for in the Income Statement.

- *Held-to-maturity investments*
  These are assets with fixed or determinable payments with fixed maturities that the Group has the intention and ability to hold to maturity. After initial recognition they are recorded at amortised cost using the effective interest method. Gains and losses when the asset is impaired or settled are recognised in the Income Statement.

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

(ii) Financial liabilities

Financial liabilities comprise trade, other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair

value, less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Amortisation is recognised in the Income Statement as is any gain or loss when the liability is settled. Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

(l) Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to interest rate and foreign exchange risks arising from its operational, financing and investment activities. In accordance with its treasury policies, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are initially recognised at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. For those instruments which do not qualify for hedge accounting, the gain or loss on re-measurement to fair value is recognised immediately in the Income Statement.

The fair value of an interest rate swap is the estimated amount that the Group would receive or pay to terminate the swap at balance date, based on current interest rates. The fair value of forward-exchange contracts is their quoted market price at the balance date.

(m) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value, less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

(n) Inventories

Inventories are valued at the lower of cost or net realisable value on a first-in first-out basis.

The value of harvested timber is its fair value, less estimated point-of-sale costs at the date of harvest. Any change in value at the date of harvest is recognised in the Income Statement.

(o) Income tax

Income tax in the Income Statement for the year comprises current and deferred tax. Income tax is usually recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity. In this case, that amount is recognised in equity.

Deferred tax is provided using the balance sheet liability method. This provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments is subsidiaries, branches, associates and joint ventures, except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

(p) Foreign currency

In the event that the Group has any material foreign currency risk, it will be managed by derivative instruments to hedge the currency risk.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange gains and losses arising on their translation are recognised in the Income Statement.

(q) Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include salaries, annual leave and long-service leave. Where the benefits are expected to be paid for within 12 months of balance date, the provision is the estimated amount expected to be paid by the Group. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred. Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Income Statement as incurred.

Greater Wellington belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer-defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined-contribution scheme.

(r) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an amount will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(s) Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive.

(t) Leases

The Group leases office space, office equipment, vehicles, land, buildings and wharves.

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

(u) Overhead allocation and internal transactions

Greater Wellington allocates overhead from support service functions on a variety of different bases that are largely determined by usage. The treasury operation of Greater Wellington is treated as an internal banking activity. Any surplus generated is credited directly to the Income Statement.

Individual significant activity operating revenue and operating expenditure is stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in the Group's financial statements.

The "Investment in Democracy" costs have not been allocated to significant activities, except where there is a major separate community of benefit other than the whole region, ie, regional water supply and regional transport.

(v) Equity

Equity is the community's interest in the Group, and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Group.

The components of equity are accumulated funds and retained earnings, revaluation reserves and restricted funds.

(w) Statement of cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Group invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Group and the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure.

(x) Budget figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Greater Wellington for the preparation of these financial statements.

(y) Comparative figures

The comparative information for 2006 has been restated to reflect the new standards. The resulting changes arising from the transition to NZ IFRS have been adjusted directly to ratepayer's equity. Reconciliations of prior period equity and surplus to NZ IFRS are included in Note 33.

(z) Changes in Accounting Policies

There have been no changes from the accounting policies adopted in the last audited financial statements, other than those required under NZ IFRS as detailed in Note 33.

Notes to the financial statements for the year ended 30 June 2007

Note 1

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Operating income					
General rates	22,525	21,621	22,525	21,890	21,621
Targeted rates	40,060	36,286	40,060	40,060	36,286
Rates penalties	461	405	461	-	405
Remission of rates penalties	(32)	(30)	(32)	-	(30)
Regional rates	63,014	58,282	63,014	61,950	58,282
Regional water supply levy	22,776	22,776	22,776	22,776	22,776
Total rates and levies	**85,790**	**81,058**	**85,790**	**84,726**	**81,058**
Government grants and subsidies	51,090	37,321	51,090	102,777	37,321
Other income:					
Sale of goods	5,040	4,632	5,040	4,909	4,632
Logging revenue	5,962	5,325	5,962	6,298	5,325
Subsidiaries revenue	39,375	39,117	-	-	-
Rendering of services	675	710	675	8	710
Animal Health Board	4,688	3,991	4,688	4,295	3,991
Rental income	827	647	827	642	647
Rents from investment properties	10,285	6,876	-	-	-
Management fees	-	-	249	250	249
Dividends received	-	-	543	463	396
Subvention revenue	-	-	629	511	519
Interest received	3,966	4,656	3,807	4,316	4,355
Other operating revenue	-	37	-	-	36
Equity accounted earnings from associates	308	411	-	-	-
	71,126	66,402	22,420	21,692	20,860
Other gains:					
Gain on sale of associate	-	231	-	-	-
Reversal of impairment of property plant and equipment	3,240	3,200	-	-	-
Total operating income	**211,246**	**188,212**	**159,300**	**209,195**	**139,239**

Note 2

Employee benefits

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Employee-benefits expense	41,833	39,176	26,771	26,819	24,143
Post-employment benefit expense	1,681	1,207	1,187	1,382	1,207
Councillor remuneration	851	830	851	836	830
	44,365	41,213	28,809	29,037	26,180

Note 3

Depreciation and amortisation

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Depreciation				
Port wharves and pavings	2,098	1,971	-	-
Land and buildings	935	1,067	70	65
Plant and equipment	3,476	2,351	945	669
Motor vehicles	775	746	775	746
Flood protection at valuation	199	196	199	196
Flood protection at cost	474	454	474	454
Transport facilities	336	206	336	206
Navigational aids	32	35	32	35
Parks and forests	404	395	404	395
Regional water supply asset depreciation				
Infrastructure assets	5,874	6,077	5,874	6,077
Administration buildings	1	1	1	1
Minor equipment	123	61	123	61
Motor vehicles	161	120	161	120
Total regional water supply depreciation	6,159	6,259	6,159	6,259
Total depreciation	**14,888**	**13,680**	**9,394**	**9,025**
Amortisation				
Software	505	684	82	296
Total amortisation	**505**	**684**	**82**	**296**
Total depreciation and amortisation	**15,393**	**14,364**	**9,476**	**9,321**

Note 4

Finance costs

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Interest expense					
Interest on bank borrowings	13,063	10,404	4,760	5,674	4,574
Net finance costs	**13,063**	**10,404**	**4,760**	**5,674**	**4,574**

Note 5

Other losses

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Loss on disposal of property, plant and equipment	79	303	79	-	303
	79	303	79	-	303

Note 6

Other operating expenses

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Auditor's remuneration:					
Fees to principal auditor for financial statement audit	161	120	133	121	110
Fees to principal auditor for NZ IFRS transition	94	-	55	-	-
Fees to principal auditor for audit of community plan	15	78	15	-	78
Fees to other auditor for financial statement audit	75	72	-	-	-
Fees to other auditor for IFRS, tax and other services	182	311	-	-	-
Impairment:					
Bad debts written off/(back)	224	(59)	-	-	27
Change in provision for impairment of trade receivables	(40)	253	(40)	-	4
Impairment of asset	-	1,320	-	-	-
Insurance:					
Insurance	1,314	1,354	1,184	1,397	1,342
General:					
Asset write-offs/(written back)	149	1,310	149	-	2
Directors fees	315	345	-	-	-
LGNZ subscriptions	68	68	68	68	68
Operating lease rentals	-	698	1,199	1,212	1,184
Energy costs	5,847	4,559	3,436	2,076	2,601
Maintenance	17,422	16,984	14,434	17,259	14,414
Consultancy	27,772	20,468	25,429	29,448	20,383
Other operating expenses	7,865	8,406	-	-	1,340
	61,463	56,287	46,062	51,581	41,553

Note 7

Unrealised gains/(losses)

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2007 Budget $000s	Council 2006 Actual $000s
Unrealised increase/(decrease) in forestry investment	529	(1,802)	529	3,736	(1,802)
Unrealised increase/(decrease) in value of Stadium advance	251	233	251	669	232
Unrealised increase/(decrease) in value of loans	2,444	726	2,444	-	726
Unrealised increase/(decrease) in investment properties (developed property)	6,585	7,514	-	-	-
Unrealised increase/(decrease) in investment properties (undeveloped land)	4,634	2,193	-	-	-
Unrealised increase/(decrease) in financial instruments					
Interest rate swaps	4,760	392	1,562	-	361
Interest rate collars	(11)	58	-	-	-
Interest rate caps	19	36	-	-	-
Foreign exchange contracts	(1,092)	1,333	-	-	-
	3,676	1,819	1,562	-	361
	18,119	10,683	4,786	4,405	(483)

Note 8

Taxation

For Greater Wellington, the net income subject to tax consists of its assessable income net of related expenses derived from the Greater Wellington Group of companies, including the CentrePort Group and the New Zealand Local Government Insurance Corporation. All other income currently derived by is Greater Wellington exempt from income tax.

	Group 2007 $000s	Group 2006 $000s	Council 2007 $000s	Council 2006 $000s
(a) Income tax recognised in profit or loss tax expense/(benefit) comprises:				
Current tax expense/(benefit)	1,063	306	(642)	(608)
Adjustments recognised in the current period in relation to the current tax of prior periods	(14)	(74)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	2,686	4,260	-	-
Deferred tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset	302	236	642	608
Impact of tax rate change	219	-	-	-
Total tax expense/(benefit)	**4,256**	**4,728**	**-**	**-**

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Group 2007 $000s	Group 2006 $000s	Council 2007 $000s	Council 2006 $000s
(Profit)/loss from operations	(37,856)	(23,004)	4,586	(3,505)
Income tax expense/(benefit) calculated at 33%	12,492	7,591	(1,513)	1,157
(Profit)/loss not subject to taxation	1,248	(1,550)	1,049	(1,550)
Non-deductible expenses	4	-	-	-
Non-assessable income	(9,999)	(3,824)	-	-
Unused tax losses and timing differences not recognised as deferred tax assets	900	844	598	608
Tax effect of imputation credits	(594)	(591)	(134)	(215)
Previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets	-	2,488	-	-
Other	219	-	-	-
	4,270	4,958	-	-
(Over)/under provision of income tax in previous period	(14)	(230)	-	-
Total tax expense/(benefit)	**4,256**	**4,728**	**-**	**-**

Note 8 (continued)

The tax rate used in the above reconciliation is the company tax rate of 33% payable by New Zealand corporate entities on taxable profits under New Zealand tax law. Though for the current period there has been no change in the company tax rate when compared with the previous reporting period, from 1 July 2008 the Group will be subject to tax at the recently enacted rate of 30%.

(b) Subvention payments

The financial statements accrue a subvention payment from Pringle House Limited (PHL) for the utilisation $628,634 of losses of Greater Wellington tax. A subvention payment of $492,033 was made by PHL to Greater Wellington in relation to the amount accrued in the 2006 year.

	Group 2007 $000s	Group 2006 $000s	Council 2007 $000s	Council 2006 $000s
(c) Income tax recognised directly in equity				
The following current and deferred amounts were charged/(credited) directly to equity during the period:				
Current tax:	-	-	-	-
Deferred tax:				
Adjustments to opening retained earnings associated with changes in accounting policies for financial instruments	-	-	-	-
Other – change in deferred tax recognised	-	6,579	-	-
	-	**6,579**	**-**	**-**
(d) Current tax assets and liabilities				
Current tax assets:				
Subvention receivable	-	32	-	-
Tax refund receivable	446	1,271	-	-
Other	-	-	-	-
	446	**1,303**	**-**	**-**
Current tax payables:				
Income tax payable attributable to:				
Parent entity	**-**	**-**	**-**	**-**
Other	-	-	-	-
	-	**-**	**-**	**-**

Note 8 (continued)

	Group 2007 $000s	Group 2006 $000s	Council 2007 $000s	Council 2006 $000s
(e) Deferred tax balances				
Deferred tax assets comprise:				
Tax losses	**-**	**-**	**-**	**-**
Temporary differences	6,537	5,508	-	-
	6,537	**5,508**	**-**	**-**
Deferred tax liabilities comprise:				
Temporary differences	4,867	933	-	-
	4,867	**933**	**-**	**-**

Note 8 (continued)

Taxable and deductible temporary differences arise from the following:

	Opening balance 2007 $000s	Charged to income 2007 $000s	Charged to equity 2007 $000s	Change in tax rate 2007 $000s	Closing balance 2007 $000s	Opening balance 2006 $000s	Charged to income 2006 $000s	Charged to equity 2006 $000s	Change in tax rate 2006 $000s	Closing balance 2006 $000s
Group										
Investment properties	(3,010)	(1,107)	-	375	(3,742)	(544)	(2,466)	-	-	(3,010)
Property, plant and equipment	6,686	(725)	-	(488)	5,473	8,254	(1,568)	-	-	6,686
Trade and other payables	1,108	(6)	-	(100)	1,002	987	121	-	-	1,108
Other financial liabilities	(281)	(844)	-	-	(1,125)	200	(481)	-	-	(281)
Other	72	(4)	-	(6)	62	-	72	-	-	72
Total	**4,575**	**(2,686)**	**-**	**(219)**	**1,670**	8,897	(4,322)	-	-	4,575
Council										
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	Group 2007 $000s	Group 2006 $000s	Council 2007 $000s	Council 2006 $000s
Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as assets:				
Tax losses	2,894	1,994	2,200	1,602
Temporary differences	-	-	-	-
	2,894	**1,994**	**2,200**	**1,602**

Note 8 (continued)

Tax losses not recognised

Greater Wellington has tax losses of $6.667 million (2006 $4.854 million) available to be carried forward and to be offset against taxable income in the future that have not been recognised. The tax effect of these losses at 33% is $2.200 million (2006 $1.602 million). The tax effect of these losses at 30% is $2.000 million.

WRC Holdings Limited has unrecognised tax losses of $0.766 million (2006 $0.590 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 33% is $0.253 million (2006 $0.195 million). The tax effect of these losses at 30% is $0.230 million.

Port Investments Limited has unrecognised tax losses of $1.337 million (2006 $0.599 million) available to be carried forward and offset against taxable income in the future. The tax effect of these losses at 33% is $0.441 million (2006 $0.198 million). The tax effect of these losses at 30% is $0.401 million.

The ability to carry forward tax losses is contingent upon continuing to meet the requirements of the Income Tax Act 2004.

	Group 2007 $000s	Group 2006 $000s	Council 2007 $000s	Council 2006 $000s
(f) Imputation credit account balances				
Balance at beginning of the period	9,067	8,469	-	-
Attached to dividends received	102	155	-	-
Taxation paid	473	923	-	-
Attached to dividends paid	(195)	(480)	-	-
Balance at end of the period	**9,447**	**9,067**	**-**	**-**

Imputation credits available directly and indirectly to shareholders of Greater Wellington through:

	Group 2007 $000s	Group 2006 $000s
Greater Wellington	-	-
Subsidiaries	9,447	9,067
	9,447	**9,067**

Note 9

Cash and cash equivalents

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Cash	1,339	161	1,034	159
Bank deposits	33,000	44,000	33,000	44,000
Water supply contingency investment	10,976	9,472	10,976	9,472
Major flood recovery fund	2,084	1,741	2,084	1,741
Bank overdraft	-	(50)	-	-
	47,399	55,324	47,094	55,372

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is the stated values.

At 30 June 2007, Greater Wellington had available $50,260,000 (2006: $31,390,000) of un-drawn committed borrowing facilities in respect of which all conditions precedent had been met.

The $33 million proceeds from the sale of CentrePort Limited shares and convertible notes from Greater Wellington to Port Investments Limited have been invested in bank deposits.

As at 30 June 2007 these investments have an interest rate of 8.10% (2006 7.90%) and are due to mature on 15 August 2007. They are available for day to day cash management.

As at 30 June 2007 the weighted average interest rate on the water supply contingency investment is 8.34% (2006 7.21%) and is recorded at fair value.

As at 30 June 2007 the weighted average interest rate on the major flood recovery fund is 8.34% (2006 7.21%) and is recorded at fair value.

Note 10

Trade and other receivables

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Rates outstanding	7,732	5,255	7,732	5,255
Trade customers	10,132	7,776	4,487	3,784
Accrued revenue	19,370	2,521	19,370	2,521
Subvention receivable	-	-	629	519
Dividends receivable	-	-	543	395
Interest receivable	465	565	465	565
Prepayments	637	339	259	107
	38,336	16,456	33,485	13,146
Less provision for impairment of receivables	(1,010)	(969)	(881)	(969)
	37,326	15,487	32,604	12,177
Trade customers are non-interest bearing and are generally on 30-90 days' terms				
Provision of doubtful debts				
Opening balance	(969)	(991)	(969)	(991)
Movement	(41)	22	88	22
Closing balance	(1,010)	(969)	(881)	(969)

Note 11

Inventories

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Harbours	5	2	5	2
Depots	125	116	125	116
Water supply	1,590	1,452	1,590	1,452
Wairarapa	422	376	422	376
Port maintenance	521	415	-	-
	2,663	2,361	2,142	1,946

In 2007, inventories recognised as cost of sales amounted to $0 (2006: $0).

Note 12

Other financial assets

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Stadium advance	3,390	3,139	3,390	3,139
Local Government Insurance Corporation Limited Shares	80	80	80	80
Other investments	632	594	-	-
	4,102	3,813	3,470	3,219

Greater Wellington holds 21,000 fully paid-up shares in Airtel Ltd, which were acquired at no cost in 2001 as a result of the Wairarapa Radio Telephone Users Association's decision to form a limited liability company and issue shares to users. Greater Wellington was a previously a member of the association. These shares cannot be sold until 2007.

Greater Wellington advanced $25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest-free basis with limited rights of recourse recognising the "quasi equity" nature of the advance. At 30 June 2007, Greater Wellington expects that the advance will be fully repaid. The obligations of Greater Wellington to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. It is not repayable until after all other debts of the Trust are extinguished. Refer to Note 33 (g) for more details.

Note 13

Property, plant and equipment

	Cost/ revaluation on 1 July 2006 $000s	Accumulated depreciation and impairment 1 July 2006 $000s	Carrying amount 1 July 2006 $000s	Additions $000s	Disposals $000s	Revaluations $000s	Impairment losses $000s	Reversal of impairment losses $000s	Other transfers $000s	Cost/ revaluation 30 June 2007 $000s	Accumulated depreciation and impairment 30 June 2007 $000s	Carrying amount 30 June 2007 $000s
Council operational assets												
Land and buildings	9,479	(1,093)	8,386	65	(1)	-	-	-	28	9,571	(1,162)	8,409
Plant and equipment	8,093	(6,081)	2,012	671	(285)	-	-	-	16	8,495	(6,508)	1,987
Motor vehicles	5,247	(3,087)	2,160	700	(555)				57	5,449	(3,411)	2,038
	22,819	**(10,261)**	**12,558**	**1,436**	**(841)**	**-**	**-**	**-**	**101**	**23,515**	**(11,081)**	**12,434**
Council infrastructural assets												
Flood protection at valuation	156,507	(768)	155,739	-	(187)	46,688	-	-	2,949	205,957	(2)	205,955
Flood protection at cost	6,938	(4,052)	2,886	-	-	-	-	-	637	7,575	(4,530)	3,045
Transport facilities	11,958	(4,337)	7,621	-	-	-	-	-	96	12,054	(4,673)	7,381
Navigational aids	1,737	(1,072)	665	4	(16)	-	-	-	-	1,725	(1,088)	637
Parks and forests	40,366	(1,178)	39,188	551	(45)	-	-	-	200	41,072	(1,571)	39,501
Capital work in progress	4,645	-	4,645	2,831	-	-	-	-	(3,342)	4,134	-	4,134
	222,151	**(11,407)**	**210,744**	**3,386**	**(248)**	**46,688**	**-**	**-**	**540**	**272,517**	**(11,864)**	**260,653**

Note 13 (continued)

	Cost/ revaluation on 1 July 2006 $000s	Accumulated depreciation and impairment 1 July 2006 $000s	Carrying amount 1 July 2006 $000s	Additions $000s	Disposals $000s	Revaluations $000s	Impairment losses $000s	Reversal of impairment losses $000s	Other transfers $000s	Cost/ revaluation 30 June 2007 $000s	Accumulated depreciation and impairment 30 June 2007 $000s	Carrying amount 30 June 2007 $000s
Regional water supply assets												
Infrastructure assets	302,700	(12,330)	290,370	-	-	-	-	-	3,490	306,190	(18,138)	288,052
Administration buildings	465	(2)	463	-	-	-	-	-	-	465	(3)	462
Minor equipment	1,062	(561)	501	48	(341)	-	-	-	8	777	(430)	347
Motor vehicles	1,109	(690)	419	340	(155)	-	-	-	19	1,313	(698)	615
Capital work in progress	1,171	-	1,171	3,868		-	-	-	(3,695)	1,344	-	1,344
Total regional water supply	**306,507**	**(13,583)**	**292,924**	**4,256**	**(496)**	**-**	**-**	**-**	**(178)**	**310,089**	**(19,269)**	**290,820**
Total council property, plant and equipment	**551,477**	**(35,251)**	**516,226**	**9,078**	**(1,585)**	**46,688**	**-**	**-**	**463**	**606,121**	**(42,214)**	**563,907**
Subsidiary assets												
Land and buildings	35,914	(6,661)	29,253	17,902	(105)	-	-	3,240	397	57,348	(7,341)	50,007
Plant and equipment	43,023	(14,223)	28,800	4,186	(841)	-	-	-	-	46,368	(15,936)	30,432
Rail Rolling Stock	-	-	-	19,809	-	-	-	-	-	19,809	-	19,809
Port wharves and paving	49,439	(21,791)	27,648	3,378	(82)	-	-	-	-	52,735	(23,854)	28,881
Port freehold land	56,729	-	56,729	2,420	-	9,087	-	-	10,528	78,764	-	78,764
Total subsidiary assets	**185,105**	**(42,675)**	**142,430**	**47,695**	**(1,028)**	**9,087**	**-**	**3,240**	**10,925**	**255,024**	**(47,131)**	**207,893**
Total group property, plant and equipment	**736,582**	**(77,926)**	**658,656**	**56,773**	**(2,613)**	**55,775**	**-**	**3,240**	**11,388**	**861,145**	**(89,345)**	**771,800**

Note 13 (continued)

Property, plant and equipment

	Cost/ revaluation on 1 July 2005 $000s	Accumulated depreciation and impairment 1 July 2005 $000s	Carrying amount 1 July 2005 $000s	Additions $000s	Disposals $000s	Revaluations $000s	Impairment losses $000s	Reversal of impairment losses $000s	Other transfers $000s	Cost/ revaluation 30 June 2006 $000s	Accumulated depreciation and impairment 30 June 2006 $000s	Carrying amount 30 June 2006 $000s
Council operational assets												
Land and buildings	4,633	(1,029)	3,604	4,846	-	-	-	-		9,479	(1,093)	8,386
Plant and equipment	7,682	(5,859)	1,823	459	(446)	-	-	-	398	8,093	(6,081)	2,012
Motor vehicles	5,070	(2,876)	2,194	789	(612)					5,247	(3,087)	2,160
	17,385	**(9,764)**	**7,621**	**6,094**	**(1,058)**	**-**	**-**	**-**	**398**	**22,819**	**(10,261)**	**12,558**
Council Infrastructural assets												
Flood protection at valuation	153,848	(583)	153,265	5	(3)	(127)	-	-	2,784	156,507	(768)	155,739
Flood protection at cost	6,640	(3,597)	3,043	-	-	-	-	-	298	6,938	(4,052)	2,886
Transport facilities	11,958	(4,131)	7,827	-	-	-	-	-	-	11,958	(4,337)	7,621
Navigational aids	1,737	(1,037)	700	-	-	-	-	-	-	1,737	(1,072)	665
Parks and forests	39,386	(786)	38,600	760	(15)	-	-	-	235	40,366	(1,178)	39,188
Capital work in progress	1,157	-	1,157	7,290	-	-	-	-	(3,802)	4,645	-	4,645
	214,726	**(10,134)**	**204,592**	**8,055**	**(18)**	**(127)**	**-**	**-**	**(485)**	**222,151**	**(11,407)**	**210,744**

Note 13 (continued)

	Cost/ revaluation on 1 July 2005 $000s	Accumulated depreciation and impairment 1 July 2005 $000s	Carrying amount 1 July 2005 $000s	Additions $000s	Disposals $000s	Revaluations $000s	Impairment losses $000s	Reversal of impairment losses $000s	Other transfers $000s	Cost/ revaluation 30 June 2006 $000s	Accumulated depreciation and impairment 30 June 2006 $000s	Carrying amount 30 June 2006 $000s
Regional water supply assets												
Infrastructure assets	295,576	(6,315)	289,261	5,533	(538)	(14)	-	-	2,143	302,700	(12,330)	290,370
Administration buildings	446	(1)	445	-	-	-	-	-	19	465	(2)	463
Minor equipment	1,029	(538)	491	45	(41)	-	-	-	29	1,062	(561)	501
Motor vehicles	1,032	(750)	282	269	(191)	-	-	-	(1)	1,109	(690)	419
Capital work in progress	2,577	-	2,577	756	-	-	-	-	(2,162)	1,171	-	1,171
Total regional water supply	**300,660**	**(7,604)**	**293,056**	**6,603**	**(770)**	**(14)**	**-**	**-**	**28**	**306,507**	**(13,583)**	**292,924**
Total council property, plant and equipment	**532,771**	**(27,502)**	**505,269**	**20,752**	**(1,846)**	**(141)**	**-**	**-**	**(59)**	**551,477**	**(35,251)**	**516,226**
Subsidiary assets												
Land and buildings	48,309	(6,241)	42,068	4,146	(2,434)	-	-	3,200	(17,307)	35,914	(6,661)	29,253
Plant and equipment	26,110	(13,681)	12,429	20,018	(1,975)	(1,130)	-	-	-	43,023	(14,223)	28,800
Port wharves and paving	40,125	(19,623)	20,502	9,904	(590)	-	-	-	-	49,439	(21,791)	27,648
Port freehold land	61,944	-	61,944	-	-	(5,215)	-	-	-	56,729	-	56,729
Total subsidiary assets	**176,488**	**(39,545)**	**136,943**	**34,068**	**(4,999)**	**(6,345)**	**-**	**3,200**	**(17,307)**	**185,105**	**(42,675)**	**142,430**
Total group property, plant and equipment	**709,259**	**(67,047)**	**642,212**	**54,820**	**(6,845)**	**(6,486)**	**-**	**3,200**	**(17,366)**	**736,582**	**(77,926)**	**658,656**

Note 14

Intangible assets

	Group software $000s	Council software $000s
Carrying amount		
Balance at 1 July 2006	1,444	714
Additions	797	85
Disposals	(211)	(211)
Increase (decrease) due to revaluation	-	-
Impairment losses recognised in Income Statement during period	-	-
Impairment looses reversed in Income Statement during period	-	-
Amortisation recognised during period	(505)	(82)
Other changes	(97)	(97)
Net carrying amount at 30 June 2007	1,428	409
Balance at 1 July 2005	1,437	759
Additions	510	43
Increase (decrease) due to revaluation	-	-
Impairment losses recognised in the income statement during period	-	-
Impairment looses reversed in the income statement during period	-	-
Amortisation recognised during period	(657)	(269)
Other changes	154	181
Net carrying amount at 30 June 2006	1,444	714
Balance at 30 June 2007		
Gross carrying amount	5,905	2,218
Accumulated amortisation and impairment	(4,477)	(1,809)
Net carrying amount at 30 June 2007	1,428	409
Balance at 30 June 2006		
Gross carrying amount	5,565	2,133
Accumulated amortisation and impairment	(4,121)	(1,419)
Net carrying amount at 30 June 2006	1,444	714

Note 15

Forestry investments

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Balance at 1 July	14,892	17,849	14,892	17,849
Forestry sold	(1,118)	(1,155)	(1,118)	(1,155)
Change in fair value less estimated point of sale costs	529	(1,802)	529	(1,802)
Balance at 30 June	14,303	14,892	14,303	14,892

Plantation forestry activity, including planting, silviculture and harvesting, is undertaken on 5,700 hectares of predominantly pinus radiata plantings. Approximately 85,000 tonnes are harvested annually. Plantation forests are independently valued annually to estimate of market valuation based on net present value using a pre-tax discount rate of 9.0%. The valuation is based on the existing tree crop only and does not include cashflows associate with future replanting. No allowance is made for inflation and no real price increases are assumed. A land-in land-out formula is applied to exclude the value of land, bridges, roads and fences.

Loans have been taken out which are contractually bound to be repaid from the proceeds of harvest in relation to these forestry assets via a registered interest under Section 5 of the Forestry Encouragement Act 1962.

Greater Wellington is exposed to financial risks arising from changes in timber prices. Greater Wellington is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, and has therefore not taken any measures to manage the risks of a decline in timber prices. Greater Wellington reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Note 16

Investment properties

Valuation

Investment properties are revalued every year. Investment properties were valued on 30 June 2007 by independent registered valuers. The Regional Council Centre at 142-146 Wakefield Street, Wellington, was valued by CB Richard Ellis Limited as at 30 June 2007. Colliers International valued the CentrePort investment properties. The properties are valued at fair value. The properties are valued in accordance NZ Property Institute Practise Standard 3 – valuations for financial reporting purposes at fair value arrived at using comparable market rental information. The CentrePort valuation assumes the completion of the Harbour Quays Development plan as approved by the CentrePort Board and certain costs to complete the infrastructure development for its intended use have been identified to the inspection date of 30 June 2007. These costs do not include expenditure relating to improving or enhancing the infrastructure.

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Developed investment properties				
Carrying amount at 1 July 2006	65,701	28,023	-	-
Additions to investment property	65	25,020	-	-
Fair value adjustments	6,585	7,458	-	-
Transfer (to)/from operational port land	(9,521)	5,200	-	-
	62,830	65,701	-	-
Land available for development				
Carrying amount at 1 July 2006	35,511	33,262	-	-
Fair value adjustments	4,634	2,249	-	-
Transfer (to)/from operational port land	(2,146)	-	-	-
	37,999	35,511	-	-
Total investment properties	**100,829**	**101,212**	**-**	**-**

The group's investment properties comprise CentrePort's developed and undeveloped investment properties.

Note 17

Investment in subsidiaries

Greater Wellington Regional Council has the following subsidiary relationships:

	Relationship	Equity held 2007	Equity held 2006	Parent
WRC Holdings	Subsidiary	100%	100%	Greater Wellington
Pringle House Limited	Subsidiary	100%	100%	WRC Holdings
Port Investment Limited	Subsidiary	100%	100%	WRC Holdings
CentrePort Limited	Subsidiary	76.9%	76.9%	Port Investment Limited
Greater Wellington Rail Limited	Subsidiary	100%	Did not exist	WRC Holdings
Greater Wellington Infrastructure Limited	Subsidiary	100%	Did not exist	WRC Holdings
Greater Wellington Transport Limited	Subsidiary	100%	Did not exist	WRC Holdings
Regional EDA Limited	Subsidiary	100%	Did not exist	Greater Wellington

All the companies mentioned above were incorporated in New Zealand and have a balance date of 30 June. All significant intra-group transactions have been eliminated on consolidation. Please see Note 27 on related party transactions for details.

	Council 2007 Actual $000s	Council 2006 Actual $000s
WRC Holdings Limited shares	34,542	34,542
Regional EDA Limited shares	-	-
	34,542	**34,542**

Greater Wellington holds 100% of the shares in WRC Holdings Limited and Regional EDA Limited.

Note 18

Derivative financial instruments

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Current				
Interest rate swaps – cash flow hedges	-	-	-	-
Total current	-	-	-	-
Non-current				
Interest rate swaps – cash flow hedges	4,874	1,198	1,908	346
Total non-current	4,874	1,198	1,908	346
Total	**4,874**	**1,198**	**1,908**	**346**

For further information on the interest rate swaps please refer to note 26 financial instruments.

Note 19

Equity

Reconciliation of movement in retained earnings and reserves

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Asset revaluation reserve				
Balance at beginning of year	208,922	212,221	179,840	179,981
Revaluation gains/(losses)	53,100	-	46,688	-
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	(141)	(141)	(141)	(141)
Transfer from operational port land	7,495	-	-	-
Transfer to retained earnings	-	(3,158)	-	-
Balance at end of year	269,376	208,922	226,387	179,840
Operational reserves				
Balance at beginning of year	7,045	10,210	7,045	10,210
Interest earned	2,871	378	2,871	378
Transfer to retained earnings	(2,243)	(6,014)	(2,243)	(6,014)
Transfer from retained earnings	420	2,471	420	2,471
Balance at end of year	8,093	7,045	8,093	7,045
Total reserves	**277,469**	**215,967**	**234,480**	**186,885**

Note 19 (continued)

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Retained earnings				
Balance at beginning of year	407,138	386,108	373,071	366,401
Net surplus for the year	29,172	14,707	(4,586)	3,505
Discount on acquisition	730	-	-	-
Transferred from operational reserves	2,243	6,014	2,243	6,014
Transferred to operational reserves	(420)	(2,471)	(420)	(2,471)
Interest earned on operational reserves	(2,871)	(378)	(2,871)	(378)
Transfer from asset revaluation reserve	141	3,158	141	-
Transfer from operational port land	(7,495)	-	-	-
Balance at end of year	428,638	407,138	367,578	373,071
Minority interest				
Balance at beginning of year	38,589	35,851		
Dividends paid	(831)	(831)		
Asset revaluation gains taken directly to equity	1,945	-		
Net surplus for the year	4,428	3,569		
Balance at end of year	44,131	38,589		

Note 20

Trade and other payables

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Trade payables	35,750	23,620	17,175	13,446
Amounts due to related parties	-	-	1,442	1,812
Income received in advance	445	841	445	661
Amounts due to Greater Wellington Rail Limited	-	-	10,181	-
Accrued interest payable	178	661	178	841
Trade and other payables	36,373	25,122	29,421	16,760

Note 21

Debt

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 26.

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Current liabilities				
Commercial paper	29,369	-	29,369	-
Committed lines	48,000	44,000	4,000	1,655
Forestry encouragement loans	2,566	1,655	2,565	-
	79,935	45,655	35,934	1,655
Non-current liabilities				
Committed lines	90,014	95,868	5,760	31,960
Forestry encouragement loans	3,803	6,772	3,803	6,772
Crown loan	1,787	-	1,787	-
Stadium loan	18,985	19,925	18,985	19,925
	114,589	122,565	30,335	58,657
Total financial liabilities	**194,524**	**168,220**	**66,269**	**60,312**

Terms and conditions

Greater Wellington has an overdraft facility of $1 million with the National Bank (not drawn at year end) which is unsecured. The current interest rate on the facility is 10.46% (2006 10.35%).

As at 30 June 2007, Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 7.13% (2006 7.35%) and is recorded at fair value. Further detailed analysis of Greater Wellington external debt is provided on p174.

CentrePort Limited has a bank loan facility of $85 million which is unsecured with a renewal date in 2007. The interest rate charged on the facility as at 30 June 2007 ranged from 7.695% to 8.605% pa (2006: 5.68% to 7.725% pa). No collateral was required on lending, but CentrePort has a negative pledge and there are restrictions on the quantum of borrowings made. Subsequent to balance date, CentrePort executed a revised facility agreement of $170 million with Westpac Banking Corporation, with renewal dates in 2008, 2009 and 2010.

WRC Holdings Limited has a bank loan facility of $44 million (drawn to $44.million), which is secured by a debenture over uncalled capital in the company. The interest rate charged on the facility as at 30 June 2007 was 8.07% (2006 8.00%).

Note 22

Employee benefits

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Annual leave	4,502	3,875	1,971	1,647
Long-service leave	463	475	463	475
Retirement gratuities	162	384	162	234
Lieu leave	35	48	35	50
Total employee benefit liabilities	5,162	4,782	2,631	2,406
Comprising:				
Current	3,749	3,365	1,971	1,647
Non-current	1,413	1,417	660	759
Total employee-benefit liabilities	5,162	4,782	2,631	2,406

Note 23

Provisions

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Carrying amount at 1 July	415	415	-	-
Additions including increases	1,353	415	-	-
Provisions used during the year	(415)	(415)	-	-
Provisions reversed during the year	(810)	-	-	-
Carrying amount at 30 June	543	415	-	-
Current provisions	543	415	-	-
Non current provisions	-	-	-	-
	543	**415**	**-**	**-**

Provision for dividend

An amount is provided for a dividend payment at the end of the year. A dividend has been declared but not yet paid.

Note 24

Reconciliation of operating surplus with cashflow from operating activities

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Operating surplus	33,600	18,276	(4,586)	3,505
Add/(less) non-cash items				
Depreciation and amortisation	15,393	14,364	9,476	9,321
Impairment of property, plant and equipment	(3,240)	(1,880)	-	-
Sale of fixed assets	108	300	79	300
(Gain) on sale of Medical Waste	-	(133)	-	-
Assets written off/(written back)	149	1,310	149	2
Equity accounted earnings from associate companies	(38)	(136)	-	-
Change in value of future tax benefit	2,907	4,322	-	-
Changes in fair value of forestry investments	(529)	2,957	(529)	2,957
Changes in fair value of investment property	(11,219)	(9,707)	-	-
Changes in fair value of derived financial instruments	(3,675)	(1,819)	(1,561)	(361)
Changes in fair value of stadium advance	(251)	(232)	(251)	(232)
Changes in fair value of stadium loan	(2,444)	(725)	(2,444)	(725)
Bad debts	224	(112)	-	(27)
Movement in provision for impairment of doubtful debts	52	249	40	-

Note 24 (continued)

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Add/(less) movements in working capital				
Accounts receivable	(32,022)	3,159	(20,465)	2,854
Inventory	(301)	(239)	(196)	(147)
Tax refund due	826	(827)	-	-
Accounts payable	21,974	3,734	13,063	219
Employee provisions	381	98	225	(9)
WRC Holdings Group current account	-	352	(370)	78
Add/(less) items classified as investing or financing activities				
Accounts payable related to fixed assets	(19,039)	(4,292)	(358)	(713)
WRC activities relating to financing	-	(352)	167	-
Forestry encouragement loan interest compounded	426	407	426	407
Net cashflow from operating activities	**3,282**	**29,074**	**(7,135)**	**17,429**

Note 25

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Contingencies				
Contingent liabilities				
Legal proceedings and obligations	871	364	871	364
Uncalled capital in WRC Holdings Limited	-	-	50,000	75,000
	871	**364**	**50,871**	**75,364**

Greater Wellington has responsibility for 13 contaminated sites in the region. None are considered high risk and any clean-up costs are considered to be negligible. There may also be other contaminated sites which Greater Wellington is unaware of.

Note 26

Financial instruments

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group had exposure to currency risk on asset purchases denominated in foreign currencies during the period but not at balance date. Greater Wellington manages currency risk by ensuring that where possible asset purchases are denominated in New Zealand dollars. CentrePort Limited enters into forward exchange contracts to hedge foreign currency risk on major asset purchases.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments which expose the Group to credit risk are principally bank balances, receivables and investments. The Group monitors credit risk on an ongoing basis. Bank balances and short-term investments are held with New Zealand-registered banks in accordance with Greater Wellington's Treasury Management Policy. No collateral is held by Greater Wellington in respect of bank balances or investments. CentrePort Limited performs credit evaluations on all customers requiring credit and generally does not require collateral.

Concentration of credit risk

Greater Wellington derives the majority of its income from rates, the regional water supply levy and transport subsidies. Regional water supply levies are collected from the four Wellington metropolitan cities and rates are collected for Greater Wellington by the territorial authorities in the region on an agency basis. Funding for public transport is received from Land Transport New Zealand.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet financial commitments as they fall due. Greater Wellington minimises liquidity risk principally by maintaining liquid financial investments, un-drawn committed lines and overdraft facilities with its relationship banks, in accordance with the Treasury Management Policy. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

Note 26 (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group has exposure to interest rate movements as a result of its investments, external debt and cash balances. To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2007 the Group had entered into the following interest rate swaps and interest rate collar agreements:

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Interest rate swap agreements:				
Less than one year	5,000	(2,000)	5,000	(5,000)
One to two years	34,000	7,500	29,000	5,000
Two to five years	40,000	22,500	20,000	20,000
Greater than five years	75,000	35,000	25,000	15,000

Interest rate collars:	Commencing	Maturity	Cap	Floor
$7.5 million	25/07/2007	25/04/2009	7.60%	7.15%
$5 million	25/01/2005	25/07/2007	7.10%	

Note 27

Related parties

Identity of related parties

The Group has related party relationships with its subsidiaries (see note 17), Councillors, directors and executive management team. Greater Wellington owns 100% of the shares in WRC Holdings Limited and indirectly 76.9% of the shares of CentrePort Limited. Councillors Shields, McDavitt, Buchanan and Long are directors of WRC Holdings Limited, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Greater Wellington Transport Limited and Greater Wellington Infrastructure Limited.

Councillor F Long owns 50% of the Sign Factory.

Greater Wellington owns 100% of the shares in Regional EDA Limited. The Directors of Regional EDA Limited are B Albiston, M Bain, V Beck, G Coughlan, J Lumsden, M McCaw, J McFadzean and L Pham. M McCaw has been paid $33,443 for consulting services, J Lumsden, M McCaw and J Ogden (resigned 30 June) have been paid $3,000 respectively for directors fees.

Councillor F Wilde is Chair of Wellington Waterfront Limited and is married to the Chief Executive of Landcorp Farming Limited.

All transactions with related parties have been carried out on normal commercial terms.

Note 27 (continued)

Transactions with related parties

Significant transactions during the year ended 30 June 2007 included:

	Council 2007 Actual $000s	Council 2006 Actual $000s
CentrePort Wellington Group		
Income from use of navigational facilities and consents charges	752	707
Expense for rental and services	(49)	(49)
Wellington Waterfront Ltd licence purchases from CentrePort	(6)	-
Wellington Waterfront Ltd licence fees to CentrePort	138	153
WRC Holdings Group (excluding CentrePort)		
Income from management services provided	249	249
Income from subvention payment	629	519
Income from dividends	313	395
Expense for rent of the Regional Council Centre	(1,199)	(1,184)
Expense for interest on inter-company current account	(146)	(162)
Sign Factory		
Expense for services	-	(13)
NZ Local Government Insurance Corporation Limited		
Income from dividends	-	-
Wellington Waterfront Ltd		
Resource consent fees	(3)	(22)
Other income	-	(2)
Land Corp Farming Limited		
Purchase of Waitangirua Farm	-	(5,600)

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2006: $0).

Note 27 (continued)

Key management personnel

Key management personnel include the Councillors, Chief Executive and members of the Executive Management Team (EMT) – for details of EMT see the Chief Executive's report.

During the year, key management personnel, as part of normal customer relationships, were involved in minor transactions with Greater Wellington, such as rates payments.

	Council 2007 Actual $000s
Short-term employee benefits	2,303
Post-employee benefits	176
Other long-term benefits	-
Termination benefits	-
	2,479

Note 28

Remuneration

Chief Executive remuneration

For the year ending 30 June 2007, the Chief Executive of the Greater Wellington Regional Council, appointed under section 42(1) of the Local Government Act 2002, received total remuneration of $324,948 (2006 $262,341). The Chief Executive was appointed on 5 September 2005.

	Council 2007 Actual $000s	Council 2006 Actual $000s
Councillor remuneration		
Councillor J Aitken	55,547	54,681
Councillor S Baber	48,513	49,526
Chairperson I Buchanan	142,801	138,619
Councillor G Evans	64,948	69,679
Councillor P Glensor	49,676	44,051
Councillor S Greig	44,744	44,051
Councillor R Kirton	66,107	65,074
Councillor C Laidlaw	74,694	66,364
Councillor R Long	66,647	65,599
Councillor T McDavitt	70,005	69,630
Councillor M Sheilds	46,202	44,587
Councillor C Turver	76,189	73,747
Councillor F Wilde	44,744	44,051

Note 29

Capital commitments and operating leases

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Capital commitments				
Capital expenditure contracted for at balance date but not yet incurred	83,265	5,191	2,541	1,011

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Operating lease commitments – lessee				
Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:				
Within one year	1,640	1,207	2,409	1,920
After one year but no more than five years	1,574	1,779	4,730	4,412
More than five years	172	218	172	1
	3,386	**3,204**	**7,311**	**6,333**

Operating lease commitments are for vehicles, computer equipment, forklift trucks and office equipment, as well as rental for space in the Regional Council Centre. This rental is paid to a subsidiary Pringle House Limited. These leases have an average life of between one and 10 years, with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year, $1,199,000 was recognised as an expense in the Income Statement (2006 $1,184,000). Contingent rent was not paid (2006: $0).

Note 29 (continued)

Transport operating lease commitments – lessee

Future minimum lease payments under non-cancellable operating transport leases as at 30 June are as follows:

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Within one year	42,429	27,681	42,429	27,681
After one year but no more than five years	112,205	50,475	112,205	50,475
More than five years	80,541	35,828	80,541	35,828
	235,175	**113,984**	**235,175**	**113,984**

Operating lease commitments – lessor

The Group leases its investment properties under operating leases. The lease terms have non-cancellable terms from one to four years. The future aggregated minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Group 2007 Actual $000s	Group 2006 Actual $000s	Council 2007 Actual $000s	Council 2006 Actual $000s
Within one year	223	217	-	-
After one year but no more than five years	201	270	-	-
	424	**487**	**-**	**-**

No contingent rents have been recognised in the income statement during the period.

Note 30

Severance payments

There were nine employees (2006 – four) who received severance payments of $236,944 (2006 $202,232). Employee one received $8,500, employee two $42,375, employee three $44,346, employee four $74,461, employee five $14,671, employee six $14,920, employee seven $11,838, employee eight $13,380 and employee nine $12,453.

These disclosures have been made in accordance with clause 19, Schedule 10 of the Local Government Act 2002.

Note 31

Major variances between actual and budget

	Note	Council 2007 Actual $000s	Council 2007 Budget $000s	Variance $000s
Income statement				
Revenue				
Government grants and subsidies	a	51,090	102,777	(51,687)
Expenditure				
Grants and subsidies	b	79,480	55,461	24,019
Balance sheet				
Cash and cash equivalents	c	47,094	59,686	(12,592)
Trade and other receivables	d	32,604	16,880	15,724
Other financial assets	e	3,470	9,832	(6,362)
Forestry investments	f	14,303	19,389	(5,086)
Investment in subsidiaries	g	34,542	89,365	(54,823)
Trade and other payables	d	29,421	19,230	10,191
Debt	h			
Current debt	h	35,934	2,482	33,452
Term debt	h	30,335	90,956	(60,621)
Total debt		66,269	93,438	(27,169)
Cashflow statement				
Government grants and subsidies received	a	40,909	102,777	(61,868)
Capital expenditure	i	10,266	20,237	(9,971)
Acquisition of investments	g	-	81,242	(81,242)
Net increase in debt	j	7,808	31,983	(24,175)

Note 31 (continued)

Explanations

Note a – Government grants

The budget assumed the contract for the supply of new Electric Multiple Units (EMUs) would be signed by June 2007 and that initial payments would be made under the contract. These payments would have been funded 90% by the Government by way of grants. The contract for the supply of the new EMUs was not signed by 30 June 2007 and no payments for their supply have been made. Therefore, no grants from the Government were received.

Note b – Grants and subsidies

Greater Wellington's investment in rail rolling stock will be owned by Greater Wellington Rail Limited (GWRL), a wholly owned subsidiary. The purchase of the Wairarapa carriages and the new EMUs by GWRL was to be funded per the budget by an increase in GWRL's share capital funded by Greater Wellington and not as an expense through the income statement. However, GWRL is now funded by way of a capital grant from Greater Wellington. The amount of this grant expensed at 30 June 2007 was $19.8 million.

Note c – Cash and cash equivalents

During the year, Greater Wellington utilised $11 million of its cash deposits to repay debt. This was not budgeted for.

Note d – Trade and other receivables/Trade and other payables

Both trade receivables and payables are higher than budgeted. This is due to the timing of year-end payments mainly for public transport and amounts due from the Government.

Note e – Other financial assets

The $25 million advance to Westpac Stadium was written down to fair value as required by the new accounting standards. The written down value was lower than budgeted due to changed assumptions, particularly in respect of the timing of repayments.

Note f – Forestry investments

The 2006/07 budget was finalised and approved before the completion of the forestry valuation as at 30 June 2006. The valuation resulted in a write down of the forestry assets which were not budgeted for.

Note 31 (continued)

Explanations

Note g – Investment in subsidiaries

The large variance in investments in subsidiaries is due in part to the change in accounting treatment for rail rolling stock. Under the budget, these were to be funded by an increase in share capital. They are currently accounted for as capital grants, which has no impact on investments. Partly offsetting this unfavourable variance is the increase in the value of Greater Wellington's investment in WRC Holdings Limited, as this investment is now accounted for at cost.

Note h – Current and term debt

Debt is significantly lower than budgeted due to:

- Capital expenditure in 2006/07 being lower than expected
- The delay in finalising the contract for the new EMUs reducing the borrowing requirements of Greater Wellington
- Delays in the completion of the Wairarapa carriages decreasing the borrowing required

Note i – Purchase of property, plant and equipment

A number of flood protection projects were delayed as land issues were resolved. In addition, some water and public transport projects were deferred.

Note j – Net decrease in debt

The reduction in capital expenditure and the delay in signing the EMUs reduced the amount of debt required.

Note 31 (continued)

Council and Group surplus

	Council 2007 Actual $000s	Council 2007 Budget $000s
Calculation of Council underlying surplus:		
Surplus/(deficit) before unrealised gains and tax	(9,372)	57,873
(Surplus)/deficit arising from purchase of rail rolling stock	9,495	(59,689)
Underlying surplus/(deficit)	**123**	**(1,816)**

The main reason for Greater Wellington's deficit of $9.372 million is due to the way GWRL is funded for the Wairarapa carriages. Greater Wellington receives 60% of the funding for the Wairarapa carriages from Land Transport New Zealand. This amount is recorded in Greater Wellington's income statement.

The remaining 40% is funded by debt which is accounted for in Greater Wellington's balance sheet. Greater Wellington pays out 100% of the funds required by GWRL by way of grant. This expense is accounted for in Greater Wellington's income statement, effectively resulting in a "loss" of 40%. The "loss" up to 30 June 2007 amounted to $9.495 million. From a cash perspective, there is no loss to Greater Wellington, as 100% in cash is received and a 100% is paid out as grant expenditure.

The amount of this grant expensed to GWRL in 2007 was $19.809 million. On consolidation of Greater Wellington and GWRL, this transaction is eliminated resulting in an additional surplus of $19.809 million to the Group.

	Group 2007 Actual $000s
Reconciliation of Council deficit to Group surplus:	
Council deficit before unrealised gains	(9,372)
Elimination of GWRL inter-company transactions for rail rolling stock	19,809
Group unrealised gains	18,119
Other group surplus net of eliminations	9,300
Consolidated group surplus	37,856

The Group's unrealised gains mainly relate to revaluation gains on CentrePort investment properties of $11.2 million and gains from interest rate hedges of $4.9 million, which under NZ IFRS are required to be accounted for in the income statement.

Note 32

Events occurring after balance date

There were no significant events after balance date.

Note 33

Adoption of International Financial Reporting Standards (IFRS)

The Group changed its accounting policies on 1 July 2006 to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with *NZ IFRS-1 First Time Adoption of New Zealand Equivalents to International Financial Reporting Standards*, with 1 July 2005 as the date of transition.

An explanation of how the transition from superseded policies to NZ IFRS has affected Greater Wellington, and the Groups income statements and balance sheet, is set out in the following tables and the notes accompanying the tables. There are no material differences in the cashflow statement presented under IFRS than the statement of cashflow presented under NZ GAAP.

Note 33 (continued)

Explanation of transition to IFRS
Reconciliation of operating surplus for 2005/06

	Note	Group Previous GAAP $000s	Group Effect of transition to IFRS $000s	Group IFRS $000s	Council Previous GAAP $000s	Council Effect of transition to IFRS $000s	Council IFRS $000s
Rates and levies		81,058	-	81,058	81,058	-	81,058
Grants and subsidies		37,321	-	37,321	37,321	-	37,321
Other gains/(losses)	j,o	-	3,431	3,431	-	-	-
Other revenue	o	66,663	(261)	66,402	20,860	-	20,860
Total income		185,042	3,170	188,212	139,239	-	139,239
Personnel cost		41,213	-	41,213	26,180	-	26,180
Grants and subsidies		53,320	-	53,320	53,320	-	53,320
Interest	o	10,404	(10,404)	-	4,574	(4,574)	-
Depreciation and amortisation		14,364	-	14,364	9,321	-	9,321
Finance costs – net	o	-	10,404	10,404	-	4,574	4,574
Share of profit of associate		-	-	-	-	-	-
Other (gains)/losses	o	-	303	303	-	303	303
Other operating expenses	e,f,o	56,975	(688)	56,287	39,964	1,589	41,553
Total operating expenditure		176,276	(385)	175,891	133,359	1,892	135,251
Surplus/(deficit) before tax		8,766	3,555	12,321	5,880	(1,892)	3,988
Income tax expense	d	1,149	3,579	4,728	-	-	-
Surplus/(deficit) after tax		7,617	(24)	7,593	5,880	(1,892)	3,988
Unrealised increase/(decrease) in the value of investments	e,f,g,h,I,m	10,825	(142)	10,683	-	(483)	(483)
Surplus/(deficit) for the year		18,442	(166)	18,276	5,880	(2,375)	3,505
Attributable to:							
Minority interest		3,539	30	3,569	-	-	-
Greater Wellington Regional Council		14,903	(196)	14,707	5,880	(2,375)	3,505
		18,442	(166)	18,276	5,880	(2,375)	3,505

Note 33 (continued)

Explanation of transition to IFRS
Reconciliation of equity for years ended 30 June 2005 and 30 June 2006

		Group 2005 Accounts			Group 2006 Accounts			Council 2005 Accounts			Council 2006 Accounts		
	Note	Previous GAAP $000s 30-Jun-05	Effect of transition to IFRS $000s 30-Jun-05	IFRS $000s 30-Jun-05	Previous GAAP $000s 30-Jun-06	Effect of transition to IFRS $000s 30-Jun-06	IFRS $000s 30-Jun-06	Previous GAAP $000s 30-Jun-05	Effect of transition to IFRS $000s 30-Jun-05	IFRS $000s 30-Jun-05	Previous GAAP $000s 30-Jun-06	Effect of transition to IFRS $000s 30-Jun-06	IFRS $000s 30-Jun-06
Cash		3,279	-	3,279	161	-	161	2,705	-	2,705	159	-	159
Cash investment	a	-	44,000	44,000	-	44,000	44,000	-	44,000	44,000	-	44,000	44,000
Sinking fund investment	b	-	380	380	-	-	-	-	380	380	-	-	-
Water contingency reserve	c	-	8,109	8,109	-	9,472	9,472	-	8,109	8,109	-	9,472	9,472
Flood protection reserve	c	-	1,428	1,428	-	1,741	1,741	-	1,428	1,428	-	1,741	1,741
Cash and cash equivalents	a,b,c	3,279	53,917	57,196	161	55,213	55,374	2,705	53,917	56,622	159	55,213	55,372
Trade and other receivables		18,410	-	18,410	15,486	1	15,487	15,079	-	15,079	12,177	-	12,177
Inventories		2,124	-	2,124	2,361	-	2,361	1,799	-	1,799	1,946	-	1,946
Investments	a,b	44,380	(44,380)	-	44,000	(44,000)	-	44,380	(44,380)	-	44,000	(44,000)	-
Income tax receivable		477	-	477	1,271	-	1,271	-	-	-	-	-	-
Total current assets		**68,670**	**9,537**	**78,207**	**63,279**	**11,214**	**74,493**	**63,963**	**9,537**	**73,500**	**58,282**	**11,213**	**69,495**

Note 33 (continued)

Explanation of transition to IFRS
Reconciliation of equity for years ended 30 June 2005 and 30 June 2006 (continued)

		Group 2005 Accounts			Group 2006 Accounts			Council 2005 Accounts			Council 2006 Accounts		
	Note	Previous GAAP $000s 30-Jun-05	Effect of transition to IFRS $000s 30-Jun-05	IFRS $000s 30-Jun-05	Previous GAAP $000s 30-Jun-06	Effect of transition to IFRS $000s 30-Jun-06	IFRS $000s 30-Jun-06	Previous GAAP $000s 30-Jun-05	Effect of transition to IFRS $000s 30-Jun-05	IFRS $000s 30-Jun-05	Previous GAAP $000s 30-Jun-06	Effect of transition to IFRS $000s 30-Jun-06	IFRS $000s 30-Jun-06
Deferred tax assets	d	2,320	6,577	8,897	677	3,898	4,575	-	-	-	-	-	-
Other financial assets	c,e,f,g	52,348	(48,061)	4,287	51,779	(47,966)	3,813	60,121	(57,134)	2,987	62,534	(59,315)	3,219
Investment in subsidiary	e	-	-	-	-	-	-	-	34,541	34,541	-	34,542	34,542
Forestry investments	f	-	17,849	17,849	-	14,892	14,892	-	17,849	17,849	-	14,892	14,892
Investment property	h	59,753	1,532	61,285	98,522	2,690	101,212	-	-	-	-	-	-
Derived financial instruments	i	-	-	-	-	1,198	1,198	-	-	-	-	346	346
Property, plant and equipment	j,k	643,495	(1,283)	642,212	659,921	(1,265)	658,656	506,055	(786)	505,269	516,940	(714)	516,226
Intangible assets	k	-	1,437	1,437	-	1,444	1,444	-	786	786	-	714	714
Other non current assets		-	-	-	-	-	-	-	-	-	-	-	-
Total non current assets		**757,916**	**(21,949)**	**735,967**	**810,899**	**(25,109)**	**785,790**	**566,176**	**(4,744)**	**561,432**	**579,474**	**(9,535)**	**569,939**
Total assets		**826,586**	**(12,412)**	**814,174**	**874,178**	**(13,895)**	**860,283**	**630,139**	**4,793**	**634,932**	**637,756**	**1,678**	**639,434**

Note 33 (continued)

Explanation of transition to IFRS
Reconciliation of equity for years ended 30 June 2005 and 30 June 2006 (continued)

		Group 2005 Accounts			Group 2006 Accounts			Council 2005 Accounts			Council 2006 Accounts		
	Note	Previous GAAP $000s 30-Jun-05	Effect of transition to IFRS $000s 30-Jun-05	IFRS $000s 30-Jun-05	Previous GAAP $000s 30-Jun-06	Effect of transition to IFRS $000s 30-Jun-06	IFRS $000s 30-Jun-06	Previous GAAP $000s 30-Jun-05	Effect of transition to IFRS $000s 30-Jun-05	IFRS $000s 30-Jun-05	Previous GAAP $000s 30-Jun-06	Effect of transition to IFRS $000s 30-Jun-06	IFRS $000s 30-Jun-06
Bank overdraft		-	-	-	50	-	50	-	-	-	-	-	-
Trade and other payables		21,016	-	21,016	25,122	-	25,122	14,729	-	14,729	14,948	-	14,948
Employee-benefit liabilities	l	3,696	150	3,846	3,874	150	4,024	1,575	-	1,575	1,647	-	1,647
Other current liabilities		-	-	-	-	-	-	2,086	-	2,086	1,812	-	1,812
Provisions		416	-	416	415	-	415	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-	-	-
Loans and borrowings		1,092	-	1,092	45,655	-	45,655	1,092	-	1,092	1,655	-	1,655
Current liabilities		**26,220**	**150**	**26,370**	**75,116**	**150**	**75,266**	**19,482**	**-**	**19,482**	**20,062**	**-**	**20,062**
Loans and borrowings	m	140,885	1,099	141,984	122,192	373	122,565	56,905	1,099	58,004	58,284	373	58,657
Provisions		839	-	839	758	-	758	839	-	839	758	1	759
Derived financial instruments	i	-	591	591	-	-	-	-	15	15	-	-	-
Non current liabilities		**141,724**	**1,690**	**143,414**	**122,950**	**373**	**123,323**	**57,744**	**1,114**	**58,858**	**59,042**	**374**	**59,416**
Total liabilities		**167,944**	**1,840**	**169,784**	**198,066**	**523**	**198,589**	**77,226**	**1,114**	**78,340**	**79,104**	**374**	**79,478**
Retained earnings		274,032	112,075	386,107	292,101	115,037	407,138	232,459	133,942	366,401	241,504	131,567	373,071
Other reserves	n	350,412	(350,412)	-	347,106	(347,106)	-	320,454	(320,454)	-	317,148	(317,148)	-
Specific reserves	n	-	10,210	10,210	-	7,045	7,045	-	10,210	10,210	-	7,045	7,045
Minority interests		34,198	1,654	35,852	36,905	1,684	38,589	-	-	-	-	-	-
Revaluation reserves	j,n	-212,221	212,221	-	208,922	208,922	-		179,981	179,981	-	179,840	179,840
Total equity		**658,642**	**(14,252)**	**644,390**	**676,112**	**(14,418)**	**661,694**	**552,913**	**3,679**	**556,592**	**558,652**	**1,304**	**559,956**

Note 33 Explanation of transition to IFRS

Notes to the reconciliation of equity

As a result of adopting NZ IFRS, there have been changes to Greater Wellington's accounting policies. Changes that have had a significant effect on the prospective financial information are:

Note a	Term deposits have been reclassified from current investments to cash and cash equivalents in accordance with NZ IAS 1-Presentation of Financial Statements; refer to note 9. The value of this investment was $44 million in 2006 and 2005. There has been no change in the value due to the transition to IFRS.
Note b	Sinking fund investments have been reclassified from current investments to cash and cash equivalents in accordance with NZ IAS 1-Presentation of Financial Statements; refer to note 9. The value of this investment was $0.38 million in 2005. There has been no change in the value due to the transition to IFRS.
Note c	Water and flood contingency reserves have been reclassified from non-current investments to cash and cash equivalents in accordance with NZ IAS 1-Presentation of Financial Statements; refer to note 9. The value of these reserves was $11.213 million in 2006 and $9.537 million in 2005. There has been no change in the value due to the transition to IFRS.
Note d	Under superseded policies, the Group adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting, were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable. Under NZ IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.
Note e	Equity investments are recognised and measured in accordance with NZ IAS 27 and 28, as set out in accounting policy (3(b)). They are held at cost and tested for impairment annually. Previously, they were held at the lower of cost and net asset backing. As a result of this, the investments in subsidiaries in the Council accounts have been increased to the $34.5 million, being the cost of the investment in WRC Holdings Limited, recognising that the value of CentrePort Limited, which was funded by loan, is greater than the cost of this investment.
Note f	Forestry assets have been reclassified from financial investment to forestry investment. They are now recorded on the balance sheet at fair value in accordance with NZ IAS 41, as set out in accounting policy (3 (j)). Previously, they were held at cost with the fair value disclosed in the notes. This change in policy has resulted in a write-up of the opening book value of forestry investments by $1.418 million, which was taken directly to retained earnings. Under previous polices sericulture expenditure was capitalised – this is now expensed.

Notes to the reconciliation of equity (continued)

Note g	Other financial assets are accounted for at amortised cost using the effective interest rate method in accordance with IAS 39. Previously, they were shown at the lower of cost or net realisable value (where there was a market). This change in policy has resulted in a write-down in the opening book value of the advance to Wellington Regional Stadium Trust by $21.861 million in 2006 and $22.093 million in 2005. The 2005 amount was taken directly to retained earnings and the movement between 2005 and 2006 is taken through the 2006 income statement. There has been no change in the value of other items in this category. As the repayment of the stadium advance gets nearer, a higher projected value is recorded.
Note h	Investment properties are now measured at fair value, not net current value under NZ IFRS. Disposal costs as measured using net current value are added back under NZ IFRS. This change also impacted the deferred tax calculations as noted in note d.
Note i	Derivative financial instruments are now recognised at fair value in accordance with NZ IAS 39, as set out in accounting policy (3(l)) and note 18. This change in policy has resulted in a group financial liability of $0.591 million in 2005, which was taken directly to retained earnings. The change in value to a group financial asset of $1.198 million in 2006 is taken through the 2006 income statement.
Note j	Property, plant and equipment are now accounted for in accordance with NZ IAS 16, as set out in accounting policy (3(e)). For the Water infrastructural assets, a previous revalued amount has been deemed their cost. To reflect the correct revaluation reserve balance, a transfer of $138 million was made to retained earnings. With the exception of transferring out of intangible assets (see note j), there was no other change in the total value of the fixed-asset balances. The increase in the value of the Regional Council Centre is recognised in the income statement as a reversal of an earlier impairment in value in the group accounts.
Note k	Software has been reclassified from property, plant and equipment to intangible assets in accordance with NZ IAS 38, as set out in policy (3(g)). The value of the group intangible assets is $4.330 million in 2006 and $4.480 million in 2005. There has been no change in the value due to the transition to IFRS.
Note l	The Group currently provides sick leave to all its employees in accordance with the Holidays Act 2003. Generally, every employee is entitled to a certain number of days of sick leave per year, and if not fully utilised in that year the unutilised leave is able to be accumulated for use in subsequent years. Under NZ IFRS, the Group has provided for sick leave earned that is expected to be taken in future years. The group total increased the liability by $0.150 million in 2005, which was taken directly to retained earnings in accordance with NZ IFRS 1.
Note m	Reserves are now disclosed separately as required by NZ IAS 1-Presentation of financial statements. In the past, these were disclosed showing a total balance for reserves. Apart from the changes detailed above there have been no other changes to the balance of reserves.
Note n	Long-term financial liabilities are accounted for at amortised cost using the effective interest rate method in accordance with IAS 39. Long-term loans have increased by $1.099 million in 2005 and $0.373 million in 2006. The 2005 amount was taken directly to retained earnings and the movement between 2005 and 2006 is taken through the 2006 income statement.
Note o	A number of income statement items have been disclosed differently under IFRS, these totals have not changed.