



Financial Statements for the year ended 30 June 2005

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Statement of Financial Performance for the year ended 30 June 2005

	Notes	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
Operating Revenue						
Rates & Levies		78,839	77,269	78,839	78,367	77,269
Grants & Subsidies		28,521	27,027	28,521	28,759	27,027
Investment Revenue		4,289	3,893	4,708	4,286	4,031
Other External Revenue		65,581	54,566	21,009	17,892	15,673
Total External Operating Revenue	1	177,230	162,755	133,077	129,304	124,000
Operating Expenditure						
Personnel		24,692	22,845	24,692	24,949	22,845
Grants & Subsidies		43,368	42,804	43,368	45,989	42,804
Interest		9,203	9,522	4,627	5,163	5,491
Depreciation		14,221	12,850	9,454	8,968	8,448
Operating Expenses		72,470	63,144	40,141	43,281	37,241
Total External Operating Expenditure	2	163,954	151,165	122,282	128,350	116,829
Operating Surplus before Taxation		13,276	11,590	10,795	954	7,171
Taxation Expense	10	603	1,420	0	0	0
Operating Surplus for the Year		12,673	10,170	10,795	954	7,171
Less Net Surplus Attributable to Minority Interest	14	4,395	7,441	0	0	0
Plus Unrealised increase in the value of Investment Properties		14,399	27,044	0	0	0
Net Surplus Attributable to Council's Interest		22,677	29,773	10,795	954	7,171

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

Statement of Financial Performance by Groups of Activities for the year ended 30 June 2005



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	Council 2005 Actual \$000's	Council 2005 Budget \$000's		Council 2005 Actual \$000's	Council 2005 Budget \$000's
Operating Revenue			Operating Expenditure		
Environment Management	12,590	12,625	Environment Management	12,163	12,568
Regional Transport	56,042	55,925	Regional Transport	54,975	57,087
Regional Water Supply	26,970	23,780	Regional Water Supply	26,096	24,172
Land Management	9,916	12,055	Land Management	9,786	12,307
Flood Protection	15,951	12,049	Flood Protection	10,900	9,517
Parks & Forests	5,947	5,918	Parks & Forests	6,253	6,028
Investment in Democracy	3,829	3,828	Investment in Democracy	3,907	3,970
Council Investments	9,978	8,509	Council Investments	7,152	7,966
Other	2,976	3,195	Other	2,172	3,315
Total Operating Revenue	144,199	137,884	Total Operating Expenditure	133,404	136,930
Less: Internal Operating Revenue	11,122	8,580	Less: Internal Operating Expenditure	11,122	8,580
Total External Operating Revenue	133,077	129,304	Total External Operating Expenditure	122,282	128,350
			Operating Surplus	10,795	954
			Capital Expenditure	12,829	14,977
			Proceeds from Assets Sales	(3,915)	(425)
			Loan Funding of Capital Expenditure	(9,299)	(11,500)
			Rate/Levy-Funded Capital Expenditure	(385)	3,052
			Other Loan Funding	(5,539)	(3,126)
			Debt Repayment	15,127	14,568
			Investment Movements	1,824	(2,146)
			Reserve Movements	1,783	(2,426)
			Working Capital Movements	3,946	0
			Non-Cash Items	(5,961)	(8,968)
			Net Funding Required	0	0

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



Statement of Movements in Ratepayers' Funds for the year ended 30 June 2005


	Notes	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
Parent Interest						
Ratepayers' Funds at the Start of the Year		602,617	490,310	542,118	487,539	483,221
Net Surplus for the Year		22,677	29,773	10,795	954	7,171
Increase/(Decrease) in Asset Revaluation Reserves	13	(850)	82,534	0	0	51,726
Total Recognised Revenues & Expenses for the Year		21,827	112,307	10,795	954	58,897
Ratepayers' Funds at the End of the Year		624,444	602,617	552,913	488,493	542,118
Minority Interest						
Ratepayers' Funds at the Start of the Year	14	30,889	14,866	0	0	0
Net Surplus for the Year		4,395	7,441	0	0	0
Increase/(Decrease) in Asset Revaluation Reserves		(255)	9,242	0	0	0
Total Recognised Revenues & Expenses for the Year		4,140	16,683	0	0	0
Distribution to Owners		(831)	(660)	0	0	0
Ratepayers' Funds at the End of the Year		34,198	30,889	0	0	0

Statement of Financial Position


as at 30 June 2005



	Notes	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
Ratepayers' Funds						
Retained Earnings	12	274,032	252,637	232,459	222,847	222,946
Reserves	13	350,412	349,980	320,454	265,646	319,172
		624,444	602,617	552,913	488,493	542,118
Minority Interests	14	34,198	30,889	0	0	0
Total Ratepayers' Funds		658,642	633,506	552,913	488,493	542,118
Assets						
Current Assets	3	68,670	74,245	63,963	72,899	67,928
Non-Current Assets	5	757,916	722,200	566,176	504,037	561,512
Total Assets		826,586	796,445	630,139	576,936	629,440
Liabilities						
Current Liabilities	8	26,220	36,675	19,482	30,072	29,265
Non-Current Liabilities	9	141,724	126,264	57,744	58,371	58,057
Total Liabilities		167,944	162,939	77,226	88,443	87,322
Net Assets		658,642	633,506	552,913	488,493	542,118


Ian Buchanan
 Chairman
 18 October 2005


David Benham
 Chief Executive
 18 October 2005


Barry Turfrey
 Chief Financial Officer
 18 October 2005



Statement of Cash Flows for the year ended 30 June 2005

	Notes	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
Cash Flows from Operating Activities						
Cash provided from:						
Customers		45,866	38,468	0	0	0
Rates		57,031	50,605	57,031	55,589	50,605
Water Supply Levy		22,776	22,776	22,776	22,776	22,776
Government Subsidies		28,521	27,027	28,521	28,759	27,027
Interest		5,674	3,512	3,963	2,844	3,204
Dividends		364	250	435	819	789
Fees, Charges & Other Revenue		18,281	14,023	20,241	17,894	16,316
		178,513	156,661	132,967	128,681	120,717
Cash disbursed to:						
Payment to Suppliers & Employees		149,019	126,918	115,843	114,219	101,804
Interest		8,784	9,195	4,201	4,742	5,117
Income Tax Paid / (Refund)		(192)	(348)	0	0	0
		157,611	135,765	120,044	118,961	106,921
Net Cash Flows from Operating Activities	20	20,902	20,896	12,923	9,720	13,796
Cash Flows from Investing Activities						
Cash provided from:						
Sale of Property, Plant & Equipment		4,299	762	3,915	425	308
Repayment of Advance from Associate Company		1,150	0	0	0	0
Sinking Funds		4,002	145	4,002	3,974	145
Disposal of Other Investments		0	200	0	0	0
		9,451	1,107	7,917	4,399	453

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

Statement of Cash Flows for the year ended 30 June 2005



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Notes	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
Cash disbursed to:					
Purchase of Property, Plant & Equipment	18,162	17,578	12,287	14,977	8,963
Plantation Forestry Development	287	337	287	0	337
Sinking Funds	4	51	4	0	51
Development of Investment Properties	18,015	0	0	0	0
Council Contingency Investments	1,536	1,971	1,536	1,206	1,971
	38,004	19,937	14,114	16,183	11,322
Net Cash Flows from Investing Activities	(28,553)	(18,830)	(6,197)	(11,784)	(10,869)
Cash Flows from Financing Activities					
Cash provided from:					
Loan Funding	27,849	8,848	11,969	14,206	8,302
	27,849	8,848	11,969	14,206	8,302
Cash disbursed to:					
Debt Repayment	18,543	14,905	18,382	12,142	14,905
Repayment of Intercompany Current Account	0	0	477	0	333
Dividends Paid to Minority Interests	706	785	0	0	0
	19,249	15,690	18,859	12,142	15,238
Net Cash Flows from Financing Activities	8,600	(6,842)	(6,890)	2,064	(6,936)
Net Increase/(Decrease) in Cash Held	949	(4,776)	(164)	0	(4,009)
Opening Cash & Call Deposits	2,330	7,106	2,869	1,878	6,878
Closing Cash & Call Deposits	3,279	2,330	2,705	1,878	2,869

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



Statement of Accounting Policies

1. Reporting entity

The Wellington Regional Council (Greater Wellington) is a regional local authority governed by the Local Government Act 2002.

The Group consists of Greater Wellington and its subsidiary companies WRC Holdings Limited (100% owned), Pringle House Limited (100% owned), Port Investments Limited (100% owned) and CentrePort Limited and subsidiaries (76.9% owned).

The financial statements and group financial statements of Greater Wellington have been prepared in accordance with the requirements of section 98 of the Local Government Act 2002 which includes the requirement to comply with generally accepted accounting practice

2. Measurement base

The financial statements have been prepared on an historical basis, modified by the revaluation of certain assets.

3. Accounting policies

Accounting policies adopted in the financial statements, which have a significant effect on the results and the financial position disclosed, are set out below:

3.1 Basis of consolidation

Greater Wellington has used the purchase method of consolidation for WRC Holdings Limited and its subsidiaries. All significant intercompany transactions have been eliminated.

3.2 Revenue recognition

Rates and levies are recognised as income in the year the assessments are issued. Government grants and contributions from territorial local authorities for contract works are recognised as income when eligibility has been established by the grantor. Revenue from dividends is recognised on an accrual basis (net of imputation credits) once the entity paying the dividend has incurred a constructive obligation. Other income is also recognised on an accrual basis.

3.3 Investments

Plantation forests are shown at 1991 revalued cost and, apart from silviculture costs, which are capitalised, any gain in value is recognised on the realisation of logging revenues.

Investment properties are revalued annually to net current value by an independent register valuer. The change in valuation is credited or debited to the Statement of Financial Performance. There is no depreciation on investment properties.

Investments in subsidiaries are revalued annually at the lower of cost and net asset backing.

Other investments are shown at the lower of cost or net realisable value (where there is a market).

3.4 Property, plant & equipment and depreciation

Greater Wellington has categorised its property, plant & equipment into operational assets, regional water supply assets, floodplain management plans, and infrastructural assets (including flood protection, transport, navigational aids and parks and forests) and capital works in progress.



Properties intended for resale are valued at the lower of cost and net realisable value.

Valuation and additions

All valuations are carried out or reviewed by independent qualified valuers and a carried out at least every 5 years.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, it will be expensed in the statement of financial performance. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

An asset valuation exercise undertaken in 1991 was for the purpose of bringing all assets on balance sheet for the first time. Asset values based on the 1991 valuation are land and buildings (1990 government valuation), and transport facilities infrastructure assets (1991 depreciated replacement costs). Additions to assets since 1991 are recorded at cost. In respect of these asset classes Greater Wellington is not on a revaluation cycle.

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 2002 using Optimised Depreciated Replacement Cost (ODRC) methodology. The valuations were carried out by:

- Western Flood Protection infrastructure assets were revalued by Geoff Dick, Flood Protection manager.
- Wairarapa Flood Protection infrastructure assets were revalued by Widana Gamage BE (Civil).

The valuation methodology and rates were reviewed and certified by John Easter, Chartered Engineer of Risk Works Limited.

Western Flood Protection land was revalued at 30 June 2002 by Stewart Littlejohn FNZIV, FNZPI & Martin Veale ANZIV, SNZPI, 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 on 1 June 2002. Land valuation was completed by F T Rutherford BBS (VPM) NZPI, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

Parks & Forests

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



Statement of Accounting Policies

Parks & 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)

Freehold land comprises operational port freehold land and is stated at valuation determined every three years by an independent registered valuer. The basis of valuation is highest and best use. Any increase in the value on revaluation is recognised through the Statement of Movements in Equity unless it offsets a previous decrease in value recognised in the Statement of Financial Performance, in which case it is recognised in the Statement of Financial Performance. A decrease in the value on revaluation is recognised in the Statement of Financial Performance where it exceeds the increase previously recognised in equity.

The remaining fixed assets acquired by CentrePort on 1 October 1988 are stated at cost, based on a business valuation carried out in accordance with the company plan under section 21 of the Port Companies Act 1988.

Subsequent purchases of fixed assets are recorded at cost. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

All fixed assets, except land are depreciated.

The Regional Council Centre (RCC) is treated as an investment property within WRCH Group and as Property, Plant and Equipment within the GWRC Group.

The RCC is revalued annually to net current value by an independent registered valuer.

Depreciation

Depreciation is provided on a straight line basis 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:

Buildings	10-100 years
Water Pipelines/Reservoirs/Dams	50-150 years
Plant/Vehicles/Equipment	3-25 years
Floodplain Management Plans	15 years
Parks & Forests	25-100 years
Navigational Aids	5-50 years
Waterloo Interchange	40 years
CentrePort Ltd floating plant, cranes & wharves	10-50 years
Te Marua Lakes	150 years

Flood protection infrastructure assets (principally stopbanks) are generally considered to be non-depreciable. This is based on the engineering assessment that stopbanks in the Wellington region are not subject to detectable settlement.

Work in progress is not depreciated until the project phase is completed.

3.5 Inventories

Cost of inventories held for maintenance and construction purposes is calculated using the weighted average cost method.

Nursery stocks are valued at 50% of current market value. All other inventories are valued at the lower of cost or net realisable value on a first in first out basis.



3.6 Taxation

The income tax expense charged to the statement of financial performance includes both current and deferred tax and is calculated after allowing for non-taxable income and non-deductible costs.

Deferred taxation is accounted for using the liability method on a comprehensive basis. A deferred tax benefit is only recognised if there is virtual certainty of realisation.

3.7 Accounts receivable

Accounts receivable are stated at estimated realisable value after providing for debts where collection is doubtful.

3.8 Leases

The Greater Wellington Regional Council leases office space, office equipment and some vehicles, while other Group entities lease 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.

3.9 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 twelve months of balance date, the provision is the estimated amount expected to be paid by Greater Wellington. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred.

3.10 Financial instruments

The Group is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors and creditors. All of these are recognised in the statement of financial position. Group entities use forward rate agreements, swaps and interest rate collars solely to manage interest rate exposure. CentrePort Group entities use forward exchange contracts solely to manage foreign exchange exposure. Revenue and expenses in relation to financial instruments are recognised in the statement of financial performance.

3.11 Foreign currency

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction. Greater Wellington does not have material transactions or hold any monetary assets or liabilities in foreign currencies. CentrePort Group entities enter into forward exchange contracts to hedge the currency risk on major asset purchases.

3.12 Goods and services tax

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

3.13 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 in Greater Wellington is treated as an internal banking activity. Any surplus generated is credited directly to the Statement of Financial Performance.



Statement of Accounting Policies

Individual significant activity operating revenue and operating expenditure is stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in both Greater Wellington and Group 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 i.e. Regional Water Supply and Regional Transport.

3.14 Statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Greater Wellington or 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.

3.15 Rounding of amounts

All amounts have been rounded to the nearest thousand dollars unless otherwise stated.

3.16 Comparatives

In most cases comparison is made with the 2004/05 budget as set out in the 2004/05 Annual Plan. In other cases the comparatives are the 2003/04 actual figures. Where necessary, comparatives have been changed to assist comparability.

4. Changes in accounting policies

During 2005 CentrePort Limited created a new category of non-current assets; Investment Properties, and changed its accounting policy for the treatment of unrealised changes in value of investment properties. Under the new categorisation developed investment properties and land held for development are classes within investment properties. Previously these classes were within fixed assets. The new accounting policy recognises changes in the valuation of investment properties in the statement of financial performance whereas previously these changes were recognised against equity.

In respect to:

- (a) CentrePort’s operational port freehold land, the group changed its policy of accounting from recording these assets at cost to recording them at valuation in accordance with FRS 3. The implementation of the new accounting policy has had the impact of increasing equity and fixed assets in the group statement of financial position in the current year by \$13,903,000.
- (b) Investment properties, the reclassification of these properties has changed the group’s accounting from recording these assets at cost to recording them at valuation in accordance with SSAP 17 and the groups existing policy on investment properties. The implementation of the new accounting policy has had the impact of increasing the group’s net surplus recorded in the statement of financial performance and fixed assets in the statement of financial position in the current year by \$13,903,000.

With the exception of the above changes in accounting policies, there have been no material changes in Accounting Policies since the date of the last audited statements.

Notes to the Financial Statements for the year ended 30 June 2005



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Note 1

	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
Revenue					
General Rates	21,877	21,106	21,877	21,659	21,106
Transport Rates	27,088	26,366	27,088	27,088	26,366
River Rates	2,941	2,782	2,941	2,942	2,782
Regional Water Supply Levy	22,776	22,776	22,776	22,776	22,776
Bovine Tuberculosis Rates	142	131	142	143	131
Stadium Purposes Rate	2,676	2,676	2,676	2,676	2,676
Wairarapa Scheme Rates	1,083	1,080	1,083	1,083	1,080
Rate Penalties	403	371	403	0	371
Remissions of Rate Penalties	(147)	(19)	(147)	0	(19)
Government Grants & Subsidies	28,521	27,027	28,521	28,759	27,027
Dividends	12	0	662	819	323
Equity Accounted Earnings from Associates	417	334	0	0	0
Subvention Revenue	1,460	1,859	1,932	382	2,329
Sinking Fund Interest	83	504	83	78	504
Other Interest	4,249	3,525	3,963	3,389	3,204
Other Subsidiaries Revenue	45,267	39,570	0	0	0
Other Revenue	18,382	12,667	19,077	17,510	13,344
Total Operating Revenue	177,230	162,755	133,077	129,304	124,000

The Government has allocated \$105,438 to Greater Wellington Regional Council to be used to remit rates on commercial properties in the region affected by the February 2004 storms. The affected properties have had their rates remitted in the 2004/05 financial year.



Notes to the Financial Statements for the year ended 30 June 2005

Note 2

Total Operating Expenditure Includes

	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
Assets Written Off	594	394	4	0	485
Bad Debts Written Off	122	26	107	0	14
Directors Fees	270	235	0	0	0
Fees Paid to Principal Auditors for Audit of Financial Statements	120	124	110	103	114
Fees Paid to Other Auditors for Audit of Financial Statements	53	52	0	0	0
Fees Paid to Principal Auditors for Other Services	6	8	6	30	8
Fees Paid to Other Auditors for Other Services	61	137	0	0	0
Increase (Decrease) in Provision for Doubtful Debts	(84)	136	(118)	0	91
Operating Lease Rentals	875	1,008	1,394	1,560	1,525
LGNZ Subscriptions	65	65	65	65	65
Insurance	1,470	1,459	1,470	1,521	1,451
Impairment of Asset	3,048	0	0	0	0

Notes to the Financial Statements for the year ended 30 June 2005



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Note 2 (continued)

Depreciation by Category

Operational by Assets

Port Buildings & Wharves	2,618	2,739	0	0
Land & Buildings	68	48	68	48
Fixtures & Fittings	919	79	25	61
Plant & Equipment	1,442	1,803	187	158
Motor Vehicles	772	725	772	725
Computer Equipment/Software	525	804	525	804

Floodplain Management Plans

454 454 454 454

Infrastructural Assets

Flood Protection	196	195	196	195
Transport Facilities	206	206	206	206
Navigational Aids	44	46	44	46
Parks & Forests	397	399	397	399

Regional Water Supply

Infrastructure Assets	6,333	5,105	6,333	5,105
Administration Buildings	1	1	1	1
Minor Equipment	121	109	121	109
Motor Vehicles	125	137	125	137

Total Depreciation

14,221 12,850 9,454 8,448



Notes to the Financial Statements for the year ended 30 June 2005

Note 3

	Notes	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Current Assets					
Bank & Call Deposits		3,279	2,330	2,705	2,869
Receivables	4	18,410	19,779	15,079	15,052
Inventory		2,124	2,195	1,799	1,825
Investments	6	44,380	49,102	44,380	47,952
Property, Plant & Equipment – Property Intended for Sale		0	230	0	230
Taxation Refund Due		477	609	0	0
		68,670	74,245	63,963	67,928

Note 4

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Receivables				
Rates Outstanding	6,399	7,367	6,399	7,367
Other Receivables	12,998	13,587	8,544	8,067
Provision for Subvention Receivable	0	0	472	470
Provision for Dividends Receivable	0	0	651	323
Less Provision for Doubtful Debts	(987)	(1,175)	(987)	(1,175)
	18,410	19,779	15,079	15,052

Notes to the Financial Statements for the year ended 30 June 2005



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Note 5

	Notes	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Non-Current Assets					
Future Tax Benefit		2,320	1,117	0	0
Investments	6	112,101	99,212	60,121	58,144
Property, Plant & Equipment	7	643,495	621,871	506,055	503,368
		757,916	722,200	566,176	561,512

Note 6

		Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Investments					
Bank Deposits		44,000	44,000	44,000	44,000
Sinking Funds		380	4,295	380	4,295
Water Supply Contingency Investment		8,109	6,856	8,109	6,856
Major Flood Recovery Fund		1,428	1,145	1,428	1,145
Plantation Forests		16,431	16,144	16,431	16,144
New Zealand Local Government Insurance Corporation Limited Shares		80	80	80	80
WRC Holdings Limited Shares		0	0	9,073	8,576
Stadium Advance		25,000	25,000	25,000	25,000
Investment Properties		59,753	48,509	0	0
Other Investments		1,300	2,285	0	0
Total Investments		156,481	148,314	104,501	106,096
Investments Current Portion	3	44,380	49,102	44,380	47,952
Investments Non-Current Portion	5	112,101	99,212	60,121	58,144
Total Investments		156,481	148,314	104,501	106,096



Notes to the Financial Statements for the year ended 30 June 2005

Investments (continued)

The \$44 million proceeds from the sale of CentrePort Limited shares and convertible notes from Greater Wellington to Port Investments Limited have been invested in a bank deposit.

As at 30 June 2005 these investments have an interest rate of 7.43% (2004 6.34%) and are due to mature on 15 August 2005.

Greater Wellington has money invested on deposit with financial institutions to comply with regulations on the provision of sinking funds. As at 30 June 2005 the sinking funds have a weighted average interest rate of 9.5% (2004 13.18%) and an estimated fair value of \$380,000 (2004 \$4.3 million).

As at 30 June 2005 the weighted average interest rate on the water supply contingency investment (after the effect of derivatives) is 7.01% (2004 6.72%) and an estimated fair value of \$8.1 million (2004 \$6.9million).

As at 30 June 2005 the weighted average interest rate on the major flood recovery fund is 7.09% (2004 6.09%) and has an estimated fair value of \$1.4 million (2004 \$1.1 million).

Independent valuations of the plantation forests have been completed by Alan Bell and Associates. The estimated value of plantation forests (excluding land, roads, bridges and fences) as at 30 June 2005 based on a discount rate of 8.0% post-tax is \$18 million (2004 \$20 million).

Greater Wellington holds 100% of the shares in WRC Holdings Limited. The book value of these shares \$9.2 million (2004 \$8.6 million) reflects the net asset backing of the investment at 30 June 2005.

Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest free basis, with limited rights of recourse recognising the "quasi equity" nature of the advance. At 30 June 2005 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.

The Court of Appeal has ruled that the Trust is not a Council Controlled Trading Organisation (CCTO) and Greater Wellington is not obliged to charge interest on this advance. Greater Wellington does not equity account its investment in the Trust because it does not have any entitlement to the proceeds.

The Group's investment properties comprise of CentrePort's developed and undeveloped properties which are revalued annually to net current value. These were valued by P Butchers and W Bunt, independent registered valuers of CB Richard Ellis on 30 June 2005. The valuations were based on market value less estimated cost of disposal.

Greater Wellington also 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 previously a member of the Association.

Notes to the Financial Statements for the year ended 30 June 2005



Note 7

Property, Plant & Equipment – Group

Operational Assets

	Historical Cost Basis 2005 \$000's	Revalued Cost Basis 2005 \$000's	Revaluation/ Cost 2005 \$000's	Accumulated Depreciation 2005 \$000's	Book Value 2005 \$000's	Historical Cost Basis 2004 \$000's	Revalued Cost Basis 2004 \$000's	Revaluation/ Cost 2004 \$000's	Accumulated Depreciation 2004 \$000's	Book Value 2004 \$000's
Port Buildings & Wharves	79,634	0	79,634	25,864	53,770	58,338	0	58,338	23,706	34,632
Land & Buildings	4,633	70,590	75,223	1,029	74,194	4,060	68,540	72,600	1,065	71,535
Fixtures & Fittings	2,619	0	2,619	2,519	100	2,606	0	2,606	2,476	130
Plant & Equipment	29,940	0	29,940	16,055	13,885	32,297	0	32,297	16,487	15,810
Motor Vehicles	5,070	0	5,070	2,876	2,194	4,832	0	4,832	2,670	2,162
Computer Equipment/Software	5,265	0	5,265	3,758	1,507	4,435	0	4,435	3,287	1,148
	127,161	70,590	197,751	52,101	145,650	106,568	68,540	175,108	49,691	125,417
Floodplain Management Plans	6,640	0	6,640	3,597	3,043	6,640	0	6,640	3,143	3,497
Infrastructural Assets										
Flood Protection	6,669	147,179	153,848	583	153,265	2,495	146,303	148,798	389	148,409
Transport Facilities	11,958	0	11,958	4,131	7,827	11,958	0	11,958	3,924	8,034
Navigational Aids	1,737	0	1,737	1,037	700	1,737	0	1,737	993	744
Parks & Forests	16,347	23,039	39,386	786	38,600	15,501	23,049	38,550	394	38,156
	36,711	170,218	206,929	6,537	200,392	31,691	169,352	201,043	5,700	195,343
Capital Works In Progress	1,157	0	1,157	0	1,157	2,100	0	2,100	0	2,100
Total Regional Responsibilities	171,669	240,808	412,477	62,235	350,242	146,999	237,892	384,891	58,534	326,357
Regional Water Supply Assets										
Infrastructure Assets	2,442	293,134	295,576	6,315	289,261	0	293,134	293,134	0	293,134
Administration Buildings	0	446	446	1	445	0	446	446	0	446
Minor Equipment	1,871	0	1,871	1,183	688	1,786	0	1,786	1,116	670
Motor Vehicles	1,032	0	1,032	750	282	1,009	0	1,009	725	284
Capital Works In Progress	2,577	0	2,577	0	2,577	1,210	0	1,210	0	1,210
Total Regional Water Supply	7,922	293,580	301,502	8,249	293,253	4,005	293,580	297,585	1,841	295,744
Group Property, Plant & Equipment	179,591	534,388	713,979	70,484	643,495	151,004	531,472	682,476	60,375	622,101
Item classified as current asset	0	0	0	0	0	0	0	0	0	230
Total Group Property, Plant & Equipment	179,591	534,388	713,979	70,484	643,495	151,004	531,472	682,476	60,375	621,871



Notes to the Financial Statements for the year ended 30 June 2005

Note 7 (continued)

Property, Plant & Equipment – Council

Operational Assets

	Historical Cost Basis 2005 \$000's	Revalued Cost Basis 2005 \$000's	Revaluation/ Cost 2005 \$000's	Accumulated Depreciation 2005 \$000's	Book Value 2005 \$000's	Historical Cost Basis 2004 \$000's	Revalued Cost Basis 2004 \$000's	Revaluation/ Cost 2004 \$000's	Accumulated Depreciation 2004 \$000's	Book Value 2004 \$000's
Port Buildings & Wharves	0	0	0	0	0	0	0	0	0	0
Land & Buildings	4,633	0	4,633	1,029	3,604	4,060	0	4,060	1,065	2,995
Fixtures & Fittings	904	0	904	841	63	891	0	891	816	75
Plant & Equipment	2,580	0	2,580	1,738	842	2,111	0	2,111	1,577	534
Motor Vehicles	5,070	0	5,070	2,876	2,194	4,832	0	4,832	2,670	2,162
Computer Equipment/Software	5,265	0	5,265	3,758	1,507	4,435	0	4,435	3,287	1,148
	18,452	0	18,452	10,242	8,210	16,329	0	16,329	9,415	6,914
Floodplain Management Plans	6,640		6,640	3,597	3,043	6,640	0	6,640	3,143	3,497

Infrastructural Assets

Flood Protection	6,669	147,179	153,848	583	153,265	2,495	146,303	148,798	389	148,409
Transport Facilities	11,958	0	11,958	4,131	7,827	11,958	0	11,958	3,924	8,034
Navigational Aids	1,737	0	1,737	1,037	700	1,737	0	1,737	993	744
Parks & Forests	16,347	23,039	39,386	786	38,600	15,501	23,049	38,550	394	38,156
	36,711	170,218	206,929	6,537	200,392	31,691	169,352	201,043	5,700	195,343

Capital Works In Progress

	1,157	0	1,157	0	1,157	2,100	0	2,100	0	2,100
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Total Regional Responsibilities

Regional Water Supply Assets

Infrastructure Assets	2,442	293,134	295,576	6,315	289,261	0	293,134	293,134	0	293,134
Administration Buildings	0	446	446	1	445	0	446	446	0	446
Minor Equipment	1,871	0	1,871	1,183	688	1,786	0	1,786	1,116	670
Motor Vehicles	1,032	0	1,032	750	282	1,009	0	1,009	725	284
Capital Works In Progress	2,577	0	2,577	0	2,577	1,210	0	1,210	0	1,210
Total Regional Water Supply	7,922	293,580	301,502	8,249	293,253	4,005	293,580	297,585	1,841	295,744

Council Property, Plant & Equipment

Item classified as current asset

Total Group Property, Plant & Equipment

	70,882	463,798	534,680	28,625	506,055	60,765	462,932	523,697	20,099	503,598
	0	0	0	0	0	0	0	0	0	230
Total Group Property, Plant & Equipment	70,882	463,798	534,680	28,625	506,055	60,765	462,932	523,697	20,099	503,368

Notes to the Financial Statements for the year ended 30 June 2005



Note 8

Current Liabilities

Accounts Payable
Employee Provisions
Current Account WRCHL Group
Provision For Dividend
Debt

Notes

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	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Accounts Payable	21,016	25,473	14,729	18,654
Employee Provisions	3,696	4,012	1,575	1,640
Current Account WRCHL Group	0	0	2,086	2,126
Provision For Dividend	416	291	0	0
Debt	1,092	6,899	1,092	6,845
	26,220	36,675	19,482	29,265

Note 9

Non-Current Liabilities

Employee Provisions
Debt

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	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Employee Provisions	839	918	839	918
Debt	140,885	125,346	56,905	57,139
	141,724	126,264	57,744	58,057



Notes to the Financial Statements for the year ended 30 June 2005

Note 10

Taxation

Net Surplus before Taxation
Net Surplus not subject to Taxation
Net Surplus Subject to Tax

Income Tax at 33%

Adjustments for Permanent Differences

Tax Effect of Imputation Credits
Non Assessable Income
Deferred Tax Benefits not Previously Recognised
Tax Loss not Recognised
Prior Period Adjustment

Taxation Expense

The Taxation Expense is Represented By:

Current Year Taxation
Future Taxation Benefit
Taxation Expense

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Net Surplus before Taxation	13,276	11,590	10,795	7,171
Net Surplus not subject to Taxation	(11,293)	(8,178)	(12,117)	(7,679)
Net Surplus Subject to Tax	1,983	3,412	(1,322)	(508)
Income Tax at 33%	654	1,127	(436)	(168)
Adjustments for Permanent Differences				
Tax Effect of Imputation Credits	(447)	(549)	(110)	(260)
Non Assessable Income	364	540	0	0
Deferred Tax Benefits not Previously Recognised	(515)	(127)	0	0
Tax Loss not Recognised	566	460	532	428
Prior Period Adjustment	(19)	(31)	14	0
Taxation Expense	603	1,420	0	0
The Taxation Expense is Represented By:				
Current Year Taxation	1,716	1,349	0	0
Future Taxation Benefit	(1,113)	71	0	0
Taxation Expense	603	1,420	0	0

Notes to the Financial Statements for the year ended 30 June 2005



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Note 10 (continued)

Taxation (continued)

For Greater Wellington, the net income subject to tax consists of its gross income net of related expenses derived from the Greater Wellington Group of companies, including CentrePort Group and NZLGIC. All other income currently derived by Greater Wellington is exempt from income tax.

Subvention Payments

The financial statements accrue a subvention payment for the utilisation of losses of the Greater Wellington Regional Council of \$0.48 million payable by Pringle House Limited. A subvention payment of \$0.48 million was made by Pringle House Limited to the Greater Wellington Regional Council in relation to the amount accrued in the 2004 year. A subvention payment of \$1.45 million was received from the CentrePort Group during the year in consideration for the CentrePort Group's utilisation of losses of the Greater Wellington Regional Council in relation to the 2004 year.

Timing Differences Not Recognised

A deferred tax asset of \$6.52 million (2004 \$6.26 million), has not been recognised in relation to timing differences in the subsidiary companies from the difference between accounting and tax depreciation on the basis that there is no virtual certainty of the realisation of that asset. Of this amount \$6.33 million relates to CentrePort Limited.

Tax Losses Not Recognised

Greater Wellington has tax losses of \$2.96 million (2004 \$5.76 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$0.98 million (2004 \$1.90 million). WRC Holdings Limited has tax losses of \$0.58 million (2004 \$0.37 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$0.16 million (2004 \$0.12 million). WRC Holdings Limited's ability to carry forward tax losses is contingent upon them continuing to meet the requirements of the Income Tax Act 1994.

Imputation Credits

\$8.47 million (2004 \$8.25 million) of imputation credits are available within the subsidiaries to attach to future dividends paid to Greater Wellington. The subsidiaries' ability to carry forward imputation credits is contingent upon them continuing to meet the requirements of the Income Tax Act 1994.

Interest Deductibility

Inland Revenue are currently reviewing the deductibility of certain interest payments made by Greater Wellington. Greater Wellington's advisors are of the opinion that the interest expenditure should be deductible. The tax effect of the amount at issue to \$0.40 million (2004 \$0.28 million).



Notes to the Financial Statements for the year ended 30 June 2005

Note 11

	Notes	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Debt					
Opening Balance		132,245	137,862	63,984	70,147
New Loans Raised		12,395	8,742	12,395	8,742
Loans Repaid		(2,663)	(14,359)	(18,382)	(14,905)
Total Debt		141,977	132,245	57,997	63,984
Debt Current Portion	8	1,092	6,899	1,092	6,845
Debt Non-Current Portion	9	140,885	125,346	56,905	57,139
		141,977	132,245	57,997	63,984
Council Debt Maturities					
		Group 2005 \$000's		Council 2005 \$000's	
2006		1,092		1,092	
2007		85,603		1,623	
2008		16,683		16,683	
2009		1,397		1,397	
2010		16,606		16,606	
2011 and Later		20,596		20,596	
		141,977		57,997	

Notes to the Financial Statements for the year ended 30 June 2005



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Note 11 (continued)

Debt (continued)

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 11.00% (2004 10.00%).

Local Government Stock issued by Greater Wellington prior to 30 June 1997 is fully secured. \$200,000 (2004 \$4.0 million) is secured by a charge against the regional water supply levy. All other Greater Wellington debt is unsecured.

As at 30 June 2005, Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 7.50% (2004 7.63%) and an estimated fair value of \$59.9 million (2004 \$66.0 million). Further detailed analysis of external debt is provided on page 136.

CentrePort Limited has a bank loan facility of \$78.0 million (drawn to \$40.0 million) which is unsecured with a renewal date in 2007. The interest rate charged on the facility as at 30 June 2005 ranged from 5.8% to 7.2% p.a. (2004 ranged from 5.8% to 6.6% p.a.).

WRC Holdings Limited has a bank loan facility of \$44 million (drawn to \$44.0 million) which is secured by a debenture over the assets of company and matures on 28 October 2006. The interest rate charged on the facility as at 30 June 2005 was 7.53% (2004 6.44%).



Notes to the Financial Statements for the year ended 30 June 2005

Note 12

Retained Earnings

Opening Balance	
Operating Surplus for the Year	
Transferred from Reserves	
Transferred to Reserves	
Interest Earned	
Realised Asset Revaluation on Disposal	
Closing Balance	

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
252,637	222,185	222,946	215,096
22,677	29,773	10,795	7,171
3,371	3,144	3,371	3,144
(4,758)	(2,202)	(4,758)	(2,202)
(397)	(361)	(397)	(361)
502	98	502	98
274,032	252,637	232,459	222,946

Note 13

Reserves

Opening Balance	
Transferred from Operations	
Transferred to Operations	
Interest Earned	
Realised Asset Movements	
Infrastructure Asset Revaluation	
Closing Balance	

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
349,980	268,125	319,172	268,125
4,758	2,202	4,758	2,202
(3,371)	(3,144)	(3,371)	(3,144)
397	361	397	361
(502)	(98)	(502)	(98)
(850)	82,534	0	51,726
350,412	349,980	320,454	319,172

Notes to the Financial Statements for the year ended 30 June 2005



Note 13 (continued)

Reserves (continued)

Represented By

Area of Benefit Reserves

Regional Park Land Purchase Reserve

River Rate Reserves

Wairarapa Scheme Reserves

Transport Reserve

Bovine Tuberculosis Rate Reserve

Regional Water Supply Reserve

Wairarapa Workshop Reserve

Akura Nursery Reserve

BioWorks

Contingency Reserves

Rural Fire Contingency Reserve

Flood Contingency Reserve

Environment Legal Contingency Reserve

Special Reserves

Election Reserve

Corporate Systems Reserves

Expense Re-budgeting Reserves

Expenditure Carried Forwards

Total Operational Reserves

Asset Revaluation Reserve

Investment Revaluation Reserve

Total Reserves

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Regional Park Land Purchase Reserve	826	877	826	877
River Rate Reserves	506	401	506	401
Wairarapa Scheme Reserves	1,533	1,746	1,533	1,746
Transport Reserve	3,029	2,296	3,029	2,296
Bovine Tuberculosis Rate Reserve	860	871	860	871
Regional Water Supply Reserve	0	0	0	0
Wairarapa Workshop Reserve	36	30	36	30
Akura Nursery Reserve	(26)	(14)	(26)	(14)
BioWorks	113	0	113	0
<i>Contingency Reserves</i>				
Rural Fire Contingency Reserve	50	50	50	50
Flood Contingency Reserve	1,039	77	1,039	77
Environment Legal Contingency Reserve	276	330	276	330
<i>Special Reserves</i>				
Election Reserve	31	205	31	205
Corporate Systems Reserves	474	0	474	0
<i>Expense Re-budgeting Reserves</i>				
Expenditure Carried Forwards	1,463	1,558	1,463	1,558
Total Operational Reserves	10,210	8,427	10,210	8,427
Asset Revaluation Reserve	339,999	341,351	310,041	310,543
Investment Revaluation Reserve	203	202	203	202
Total Reserves	350,412	349,980	320,454	319,172



Notes to the Financial Statements for the year ended 30 June 2005

Note 13 (continued)

Reserves (continued)

Asset Revaluation Reserve by Category

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Land & Buildings	30,314	31,299	356	491
Flood Protection	108,202	108,073	108,202	108,073
Transport Facilities	1,517	1,517	1,517	1,517
Navigational Aids	(6)	0	(6)	0
Parks & Forests	13,649	13,658	13,649	13,658
Regional Water Supply – Infrastructure Assets	186,323	186,804	186,323	186,804
Total Asset Revaluation Reserve	339,999	341,351	310,041	310,543

Note 14

Minority Interests

Minority interests represent Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited.

Notes to the Financial Statements for the year ended 30 June 2005



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Note 15

Contingencies

Contingent Liabilities

Legal Proceedings & Obligations
Uncalled Capital in WRC Holdings Limited

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
364	2,201	364	2,201
0	0	75,000	75,000
364	2,201	75,364	77,201

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 of which Greater Wellington is unaware.

Subsidiary Companies – CentrePort Limited

In respect of CentrePort the following contingent liabilities existed at 30 June 2005:

- (a) A party has commenced litigation disputing the level of CentrePort's charges and seeking some reimbursement of charges paid. CentrePort has lodged counter claims against this party for breach of contract in respect of charges that have been withheld. The charges determined by CentrePort as appropriate, are included within trade receivables (Note 3) at balance date. Professional advice indicates that the group has no significant further exposure to this claim.
- (b) A party has commenced litigation claiming that CentrePort provided an unsafe work environment. Professional advice indicates that CentrePort has no significant exposure to this claim.



Notes to the Financial Statements for the year ended 30 June 2005

Note 16

Commitments

Transport Operator Commitments

Less than One year
One to Two Years
Two to Five Years
Later than Five Years

Operating Lease Commitments

Less than One Year
One to Two Years
Two to Five Years
Later than Five Years

Capital Commitments

Total Commitments

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
	24,496	35,488	24,496	35,488
	18,791	15,488	18,791	15,488
	19,631	26,876	19,631	26,876
	0	694	0	694
	62,918	78,546	62,918	78,546
	1,037	1,171	1,883	1,978
	959	779	1,843	1,793
	1,045	1,113	4,096	4,389
	1	6	1	1,298
	3,042	3,069	7,823	9,458
	29,196	25,064	2,044	4,372
	95,156	106,679	72,785	92,376

Greater Wellington has contractual commitments for operating leases, capital works and to transport operators as disclosed above.

Operating lease commitments are for vehicles, computer equipment and office equipment as well as rental for space in the Regional Council Centre. This rental is paid to a subsidiary Pringle House Limited.

Subsidiary Companies – CentrePort Limited

At balance date there were commitments in respect of contracts for capital expenditure of \$27,152,000 (2004 \$20,692,000) and for operating leases \$1,847,000 (2004 \$1,363,000).



Note 17

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 has some exposure to currency risk on asset purchases denominated in foreign currencies.

Greater Wellington manages currency risk by ensuring that where possible asset purchases are denominated in NZ dollars. CentrePort Ltd 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.

Greater Wellington manages receivables on behalf of itself and the WRC Holdings Group of companies, (excluding CentrePort Limited) and a provision for doubtful debts is maintained and monitored on a regular 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 to 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, undrawn committed lines and overdraft facilities with its relationship banks, in accordance with Greater Wellington's Treasury Management Policy. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

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, swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2005 the Group had entered into the following interest rate swaps and interest rate collar agreements:



Notes to the Financial Statements for the year ended 30 June 2005

Note 17 (continued)

Interest rate swap maturities:

Less than One Year
One to Two Years
Two to Three Years
Three to Four Years
Four to Five Years
Five to Six Years

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
2,500	7,500	0	0
3,000	2,500	(5,000)	0
5,000	3,000	5,000	(5,000)
10,000	5,000	10,000	5,000
5,000	10,000	5,000	10,000
0	5,000	0	5,000
25,500	33,000	15,000	15,000

Interest rate collars:

\$5 million
\$5 million
\$5 million
\$10 million

Commencing	Maturity	Floor	Cap
25/01/05	25/07/06	6.25%	7.10%
25/01/05	25/01/07	6.25%	7.10%
25/01/05	25/07/07	6.25%	7.10%
23/01/07	22/01/09	6.23%	7.00%

Fair values

As at 30 June 2005 the estimated fair values of the Group's interest rate swap agreements are:

Estimated Fair Value of Interest Rate Swap Agreements
Estimated Fair Value of Interest Rate Collars
Estimated Fair Value of Foreign Exchange Contracts

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
110	269	(15)	149
(48)	0	0	0
(683)	0	0	0

Except where otherwise stated, the estimated fair values of all other financial instruments of the Group are the book value of those instruments.

Notes to the Financial Statements for the year ended 30 June 2005



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Note 18

Severance Payments

During the year ended 30 June 2005, the Greater Wellington Regional Council had not made any severance payments to the Chief Executive.

There was no employee (2004 one) who received a severance payment (2004 \$41,952).

Note 19

Remuneration

Councillor Remuneration

Councillor J Aitken
Councillor S Baber
Councillor H Barr
Chairman I Buchanan
Councillor G Evans
Councillor P Glensor
Councillor S Greig
Councillor R Kirton
Councillor C Laidlaw
Councillor R Long
Councillor T McDavitt
Councillor M Shields
Councillor R Thomas
Councillor C Turver
Councillor F Wilde
Councillor D Werry
Councillor I Yardley (<i>resigned 19 February 2004</i>)

Council 2005 \$000's	Council 2004 \$000's
----------------------------	----------------------------

49,533	42,421
29,591	0
14,156	43,022
122,525	67,914
55,942	43,022
29,859	0
29,859	0
55,942	42,587
62,930	64,306
62,930	64,306
66,749	67,209
74,261	121,380
13,676	42,587
68,618	64,542
29,859	0
20,723	64,362
0	27,627

Chief Executive Remuneration

For the year ending 30 June 2005 the Chief Executive of the Greater Wellington Regional Council, appointed under section 42(1) of the Local Government Act 2002, received total remuneration of \$313,000 (2004 \$276,000). The Chief Executive resigned on 14 June 2005.



Notes to the Financial Statements for the year ended 30 June 2005

Note 20

Reconciliation of Operating Surplus with Cash Flow from Operating Activities

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Operating Surplus	12,673	10,170	10,795	7,171
Add non-cash items				
Depreciation	14,221	12,850	9,454	8,448
Impairment of cranes	3,048	0	0	0
Net Loss (Gain) on Sale of Property, Plant & Equipment	(3,006)	283	(2,984)	466
Assets Written Off/(Written Back)	594	394	4	485
Equity Accounted Earnings from Associate Companies	(165)	(85)	0	0
Decrease (Increase) in Value of Investments	101	0	(496)	(691)
Decrease (Increase) in future tax benefit	(1,201)	221	0	0
Add (Less) Movements in Working Capital				
Decrease (Increase) in Accounts Receivable	(1,046)	(4,329)	(27)	(3,256)
Decrease (Increase) in Inventory	(21)	(98)	25	(13)
Decrease (Increase) in Tax Refund Due	144	(316)	0	0
Increase (Decrease) in Accounts Payable	(3,226)	2,121	(3,925)	904
Increase (Decrease) in Employee Provisions	(395)	(296)	(144)	224
Increase (Decrease) in WRC Holdings Group Current Account	0	(1)	437	322
Add (Less) Items Classified as Investing Activities				
Decrease (Increase) in Accounts Payable Related to Property, Plant & Equipment	(1,475)	(78)	(559)	(200)
Dividends Paid/Payable	313	124	0	0
Sinking Funds Interest Compounded	(83)	(504)	(83)	(504)
Add (Less) Items Classified as Financing Activities				
Forestry Encouragement Loan Interest Compounded	426	440	426	440
Net Cash Flow From Operating Activities	20,902	20,896	12,923	13,796

Notes to the Financial Statements for the year ended 30 June 2005



Note 21

Related Parties

Greater Wellington owns 100% of the shares in WRC Holdings Limited and indirectly, 76.9% of the shares of CentrePort Limited. Councillors Buchanan, Shields, McDavitt and Long are directors of WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd. Councillor FR Long owns 50% of the Sign Factory. Councillor F Wilde is Chair of Wellington Waterfront Limited.

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2005 included:

CentrePort Wellington Group

Income from Use of Navigational Facilities and Consents Charges
Expense for Rental & Services
Wellington Waterfront Ltd license fees from Centreport

WRC Holdings Group (Excluding CentrePort)

Income from Management Services Provided
Income from Subvention Payment
Income from Dividends
Expense for Rent of the Regional Council Centre
Expense for Interest on Inter Company Current Account

Sign Factory

Expense for Services

Wellington Waterfront Ltd

Resource consent fees

	Council 2005 \$000's	Council 2004 \$000's
	695	677
	(64)	(25)
	105	0
	247	243
	477	470
	651	323
	(1,178)	(1,146)
	(142)	(116)
	(2)	(6)
	(19)	0



Notes to the Financial Statements for the year ended 30 June 2005

Note 22

Subsequent events

There have been no significant events subsequent to balance date that would materially affect these accounts.