



Financial Statements for the year ended 30 June 2006

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Statement of financial performance for the year ended 30 June 2006

	Notes	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
Operating Revenue						
Rates & Levies		81,058	78,839	81,058	80,732	78,839
Grants & Subsidies		37,321	28,521	37,321	48,928	28,521
Investment Revenue		4,548	4,289	4,751	4,376	4,708
Other External Revenue		62,115	65,581	16,109	18,550	21,009
Total External Operating Revenue	1	185,042	177,230	139,239	152,586	133,077
Operating Expenditure						
Personnel	2	41,213	39,405	26,180	27,684	24,692
Grants & Subsidies		53,320	43,368	53,320	54,949	43,368
Interest		10,404	9,203	4,574	4,747	4,627
Depreciation		14,364	14,221	9,321	9,567	9,454
Operating Expenses		56,975	57,757	39,964	47,531	40,141
Total External Operating Expenditure	2	176,276	163,954	133,359	144,478	122,282
Operating Surplus before Taxation		8,766	13,276	5,880	8,108	10,795
Taxation Expense	10	1,149	603	0	0	0
Operating Surplus for the Year		7,617	12,673	5,880	8,108	10,795
Plus Unrealised Increase in the Value of Investment Properties		10,825	14,399	0	0	0
Less Net Surplus Attributable to Minority Interest	14	3,538	4,395	0	0	0
Net Surplus Attributable to Council's Interest		14,904	22,677	5,880	8,108	10,795

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 2006



	Council 2006 Actual \$000's	Council 2006 Budget \$000's		Council 2006 Actual \$000's	Council 2006 Budget \$000's
Operating Revenue			Operating Expenditure		
Environment Management	12,703	12,441	Environment Management	12,356	12,603
Regional Transport	65,698	78,506	Regional Transport	67,809	70,458
Regional Water Supply	24,132	24,051	Regional Water Supply	24,191	24,868
Land Management	10,296	13,004	Land Management	10,198	13,258
Flood Protection	12,263	11,872	Flood Protection	9,665	10,554
Parks & Forests	9,303	6,286	Parks & Forests	6,398	6,679
Investment in Democracy	4,340	4,340	Investment in Democracy	4,287	4,266
Council Investments	7,964	7,645	Council Investments	7,166	7,528
Other	2,186	3,980	Other	935	3,803
Total Operating Revenue	148,885	162,125	Total Operating Expenditure	143,005	154,017
Less: Internal Operating Revenue	9,646	9,539	Less: Internal Operating Expenditure	9,646	9,539
Total External Operating Revenue	139,239	152,586	Total External Operating Expenditure	133,359	144,478
			Operating Surplus	5,880	8,108
			Capital Expenditure	20,917	27,388
			Proceeds from Assets Sales	(266)	(326)
			Loan Funding of Capital Expenditure	(12,526)	(14,692)
			Rate/Levy-Funded Capital Expenditure	8,125	12,370
			Other Loan Funding	(2,447)	(4,359)
			Debt Repayment	15,817	11,194
			Investment Movements	1,881	1,596
			Reserve Movements	(3,167)	(3,126)
			Working Capital Movements	(5,237)	0
			Non-Cash Items	(9,092)	(9,567)
			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 2006

	Notes	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
Parent Interest						
Ratepayers' Funds at the Start of the Year		624,444	602,617	552,913	552,935	542,118
Net Surplus for the Year		14,904	22,677	5,880	8,108	10,795
Increase/(Decrease) in Asset Revaluation Reserves	13	(141)	(850)	(141)	0	0
Total Recognised Revenues & Expenses for the Year		14,763	21,827	5,739	8,108	10,795
Ratepayers' Funds at the End of the Year		639,207	624,444	558,652	561,043	552,913
Minority Interest						
Ratepayers' Funds at the Start of the Year	14	34,198	30,889	0	0	0
Net Surplus for the Year		3,538	4,395	0	0	0
Increase/(Decrease) in Asset Revaluation Reserves		0	(255)	0	0	0
Total Recognised Revenues & Expenses for the Year		3,538	4,140	0	0	0
Distribution to Owners		(831)	(831)	0	0	0
Ratepayers' Funds at the End of the Year		36,905	34,198	0	0	0

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

Statement of financial position as at 30 June 2006



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	Notes	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
Ratepayers' Funds						
Retained Earnings	12	292,101	274,032	241,504	244,182	232,459
Reserves	13	347,106	350,412	317,148	316,861	320,454
		639,207	624,444	558,652	561,043	552,913
Minority Interests	14	36,905	34,198	0	0	0
Total Ratepayers' Funds		676,112	658,642	558,652	561,043	552,913
Assets						
Current Assets	3	63,279	68,670	58,282	75,278	63,963
Non-Current Assets	5	810,899	757,916	579,474	573,624	566,176
Total Assets		874,178	826,586	637,756	648,902	630,139
Liabilities						
Current Liabilities	8	75,116	26,220	20,062	25,924	19,482
Non-Current Liabilities	9	122,950	141,724	59,042	61,935	57,744
Total Liabilities		198,066	167,944	79,104	87,859	77,226
Net Assets		676,112	658,642	558,652	561,043	552,913

Ian Buchanan
Chairman
17 October 2006

David Benham
Chief Executive
17 October 2006

Barry Turefry
Chief Financial Officer
17 October 2006

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 2006

	Notes	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
Cash Flows from Operating Activities						
Cash provided from:						
Customers		46,093	45,866	0	0	0
Rates		59,426	57,031	59,426	57,956	57,031
Water Supply Levy		22,776	22,776	22,776	22,776	22,776
Government Subsidies		37,321	28,521	37,321	48,928	28,521
Interest		4,656	3,963	4,355	3,284	3,963
Dividends		373	364	651	406	435
Fees, Charges & Other Revenue		17,612	18,281	17,612	18,550	20,241
		188,257	176,802	142,141	151,900	132,967
Cash disbursed to:						
Payment to Suppliers & Employees		149,002	149,019	120,545	130,164	115,843
Interest		8,981	8,784	4,167	4,354	4,201
Income Tax Paid / (Refund)		1,200	(1,903)	0	0	0
		159,183	155,900	124,712	134,518	120,044
Net Cash Flows from Operating Activities	20	29,074	20,902	17,429	17,382	12,923
Cash Flows from Investing Activities						
Cash provided from:						
Sale of Property, Plant & Equipment		1,186	4,299	411	326	3,915
Repayment of Advance from Associate Company		200	1,150	0	0	0
Sinking Funds		380	4,002	380	0	4,002
Disposal of Other Investments		0	0	0	400	0
		1,766	9,451	791	726	7,917

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 2006



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Notes	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
Cash disbursed to:					
Purchase of Property, Plant & Equipment	48,016	18,162	20,067	27,388	12,287
Plantation Forestry Development	206	287	206	0	287
Sinking Funds	0	4	0	0	4
Development of Investment Properties	8,744	18,015	0	0	0
Council Contingency Investments	1,676	1,536	1,676	1,309	1,536
	58,642	38,004	21,949	28,697	14,114
Net Cash Flows from Investing Activities	(56,876)	(28,553)	(21,158)	(27,971)	(6,197)
 Cash Flows from Financing Activities					
Cash provided from:					
Loan Funding	34,929	23,880	11,000	18,657	8,000
	34,929	23,880	11,000	18,657	8,000
Cash disbursed to:					
Debt Repayment	9,465	14,574	9,465	8,068	14,413
Repayment of Intercompany Current Account	0	0	352	0	477
Dividends Paid to Minority Interests	830	706	0	0	0
	10,295	15,280	9,817	8,068	14,890
Net Cash Flows from Financing Activities	24,634	8,600	1,183	10,589	(6,890)
 Net Increase/(Decrease) in Cash Held	(3,168)	949	(2,546)	0	(164)
Opening Cash & Call Deposits	3,279	2,330	2,705	2,869	2,869
Closing Cash & Call Deposits	111	3,279	159	2,869	2,705

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 and equipment and depreciation

Greater Wellington has categorised its property, plant and 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 is 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 G H 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 and 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.



Statement of accounting policies

Parks and forests

The parks and forests infrastructure assets were revalued at 30 June 2003 using Optimised Depreciated Replacement Cost (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 K J 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. P M Ollivier and K J Tonks of Tse Group Ltd reviewed the valuation methodology and rates.

Plantation Forestry roads and Wairarapa Forests infrastructure assets were revalued by G H 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 and Forests	25-100 years
Navigational Aids	5-50 years
Waterloo Interchange	40 years
CentrePort Ltd floating plant, cranes and 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.



Statement of accounting policies

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.

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 2005/06 budget as set out in the 2005/06 Annual Plan. In other cases the comparatives are the 2004/05 actual figures. Where necessary, comparatives have been changed to assist comparability.

4. 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 2006



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Note 1

Revenue

	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
General Rates	21,621	21,877	21,621	21,671	21,877
Transport Rates	29,255	27,088	29,255	29,255	27,088
River Rates	3,069	2,941	3,069	3,069	2,941
Regional Water Supply Levy	22,776	22,776	22,776	22,776	22,776
Bovine Tuberculosis Rates	144	142	144	143	142
Stadium Purposes Rate	2,676	2,676	2,676	2,676	2,676
Wairarapa Scheme Rates	1,142	1,083	1,142	1,142	1,083
Rate Penalties	405	403	405	0	403
Remissions of Rate Penalties	(30)	(147)	(30)	0	(147)
Government Grants & Subsidies	37,321	28,521	37,321	48,928	28,521
Dividends	0	12	396	406	662
Equity Accounted Earnings from Associates	411	417	0	0	0
Subvention Revenue	0	0	519	527	1,932
Sinking Fund Interest	0	83	0	0	83
Other Interest	4,656	4,249	4,355	3,970	3,963
Other Subsidiaries Revenue	46,704	45,267	0	0	0
Other Revenue	14,892	19,842	15,590	18,023	19,077
Total Operating Revenue	185,042	177,230	139,239	152,586	133,077



Notes to the financial statements for the year ended 30 June 2006

Note 2

	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
Total Operating Expenditure Includes					
Assets Written Off	1,310	594	2	0	4
Bad Debts Written Off	(59)	122	27	0	107
Directors Fees	345	270	0	0	0
Fees Paid to Principal Auditors for Audit of Financial Statements	120	120	110	121	110
Fees Paid to Other Auditors for Audit of Financial Statements	72	53	0	0	0
Fees Paid to Principal Auditors for Audit of Community Plan	78	6	78	60	6
Fees Paid to Other Auditors for Other Services	194	61	0	0	0
Increase (Decrease) in Provision for Doubtful Debts	253	(84)	4	0	(118)
Loss (Gain) on Sale of Property, Plant & Equipment	303	(3,001)	303	(234)	(3,001)
Operating Lease Rentals	698	875	1,184	1,178	1,394
LGNZ Subscriptions	68	65	68	65	65
Decrease (Increase) in Value of Investments	1,745	0	(531)	0	(496)
Insurance	1,342	1,470	1,342	1,418	1,470
Impairment of Asset	1,320	3,048	0	0	0

Personnel costs for the Group in 2005 have been restated from \$24,692,000 to \$39,405,000. In 2005, they were presented as operating expenses. The principal auditors provided additional services to the value of \$4,500, which were capitalised.

Notes to the financial statements for the year ended 30 June 2006



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Note 2 (continued)

Depreciation by Category

Port, Buildings & Wharves	
Land & Buildings	
Fixtures & Fittings	
Plant & Equipment	
Motor Vehicles	
Computer Equipment/Software	
Floodplain Management Plans	
Flood Protection	
Transport Facilities	
Navigational Aids	
Parks & Forests	
Regional Water Supply	
Infrastructure Assets	
Administration Buildings	
Minor Equipment	
Motor Vehicles	
Total Property, Plant & Equipment	

Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2005 Actual \$000's
2,973	2,618	0	0
65	68	65	68
950	919	27	25
1,363	1,442	216	187
746	772	746	772
650	525	650	525
454	454	454	454
196	196	196	196
206	206	206	206
35	44	35	44
395	397	395	397
6,077	6,333	6,077	6,333
1	1	1	1
133	121	133	121
120	125	120	125
14,364	14,221	9,321	9,454



Notes to the financial statements for the year ended 30 June 2006

Note 3

	Notes	Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
Current Assets					
Bank & Call Deposits		161	3,279	159	2,705
Receivables	4	15,486	18,410	12,177	15,079
Inventory		2,361	2,124	1,946	1,799
Investments	6	44,000	44,380	44,000	44,380
Taxation Refund Due		1,271	477	0	0
		63,279	68,670	58,282	63,963

Current assets are \$17 million less than budget in the Council. \$11 million is due to a reclassification of investment assets to non-current assets, receivable are \$3 million lower and cash is \$2.7 million lower.

Note 4

	Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
Receivables				
Rates Outstanding	5,255	6,399	5,255	6,399
Other Receivables	11,200	12,998	6,977	8,544
Provision for Subvention Receivable	0	0	519	472
Provision for Dividends Receivable	0	0	395	651
Less Provision for Doubtful Debts	(969)	(987)	(969)	(987)
	15,486	18,410	12,177	15,079

Notes to the financial statements for the year ended 30 June 2006



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Note 5

	Notes	Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
Non-Current Assets					
Future Tax Benefit		677	2,320	0	0
Investments	6	150,301	112,101	62,534	60,121
Property, Plant & Equipment	7	659,921	643,495	516,940	506,055
		810,899	757,916	579,474	566,176

Non-current assets are \$6 million above budget in the Council. \$11 million increase is due to a reclassification of current investment assets to non-current assets and delays in signing various contracts have caused a \$6.7 million decrease in budgeted capital expenditure.

Note 6

		Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
Investments					
Bank Deposits		44,000	44,000	44,000	44,000
Sinking Funds		0	380	0	380
Water Supply Contingency Investment		9,472	8,109	9,472	8,109
Major Flood Recovery Fund		1,741	1,428	1,741	1,428
Plantation Forests		14,892	16,431	14,892	16,431
New Zealand Local Government Insurance Corporation Limited Shares		80	80	80	80
WRC Holdings Limited shares		0	0	11,349	9,073
Stadium Advance		25,000	25,000	25,000	25,000
Investment Properties		98,522	59,753	0	0
Other Investments		594	1,300	0	0
Total Investments		194,301	156,481	106,534	104,501
Investments Current Portion	3	44,000	44,380	44,000	44,380
Investments Non-Current Portion	5	150,301	112,101	62,534	60,121
		194,301	156,481	106,534	104,501



Notes to the financial statements for the year ended 30 June 2006

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 2006 these investments have an interest rate of 7.90% (2005 7.43%) and are due to mature on 15 August 2006.

Greater Wellington had money invested on deposit with financial institutions to comply with regulations on the provision of sinking funds. The sinking funds have now been repaid.

As at 30 June 2006 the weighted average interest rate on the water supply contingency investment (after the effect of derivatives) is 7.21% (2005 7.01%) and an estimated fair value of \$9.5 million (2005 \$8.1 million).

As at 30 June 2006 the weighted average interest rate on the major flood recovery fund is 7.48% (2005 7.09%) and has an estimated fair value of \$1.7 million (2005 \$1.4 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 2006 based on a discount rate of 8.0% post-tax is \$14.9 million (2005 \$18 million).

Greater Wellington holds 100% of the shares in WRC Holdings Limited. The book value of these shares \$11.3 million (2005 \$9.2 million) reflects the net asset backing of the investment at 30 June 2006.

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 2006 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 2006. 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 2006



Note 7

Property, Plant & Equipment – Group

Operational Assets

	Historical Cost Basis 2006 \$000's	Revalued Cost Basis 2006 \$000's	Revaluation/ Cost 2006 \$000's	Accumulated Depreciation 2006 \$000's	Book Value 2006 \$000's	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
Port Buildings & Wharves	73,354	0	73,354	28,452	44,902	79,634	0	79,634	25,864	53,770
Land & Buildings	9,479	68,549	78,028	1,093	76,935	4,633	70,590	75,223	1,029	74,194
Fixtures & Fittings	2,626	0	2,626	2,505	121	2,619	0	2,619	2,519	100
Plant & Equipment	47,524	0	47,524	17,045	30,479	29,940	0	29,940	16,055	13,885
Motor Vehicles	5,247	0	5,247	3,087	2,160	5,070	0	5,070	2,876	2,194
Computer Equipment/Software	5,594	0	5,594	4,158	1,436	5,265	0	5,265	3,758	1,507

Floodplain Management Plans

	143,824	68,549	212,373	56,340	156,033	127,161	70,590	197,751	52,101	145,650
	6,938	0	6,938	4,052	2,886	6,640	0	6,640	3,597	3,043

Infrastructural Assets

Flood Protection	9,456	147,051	156,507	768	155,739	6,669	147,179	153,848	583	153,265
Transport Facilities	11,958	0	11,958	4,337	7,621	11,958	0	11,958	4,131	7,827
Navigational Aids	1,737	0	1,737	1,072	665	1,737	0	1,737	1,037	700
Parks & Forests	17,327	23,039	40,366	1,178	39,188	16,347	23,039	39,386	786	38,600

	40,478	170,090	210,568	7,355	203,213	36,711	170,218	206,929	6,537	200,392
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Capital Works In Progress	4,645	0	4,645	0	4,645	1,157	0	1,157	0	1,157
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Total Regional Responsibilities	195,885	238,639	434,524	67,747	366,777	171,669	240,808	412,477	62,235	350,242
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Regional Water Supply Assets

Infrastructure Assets	9,579	293,121	302,700	12,330	290,370	2,442	293,134	295,576	6,315	289,261
Administration Buildings	19	446	465	2	463	0	446	446	1	445
Minor Equipment	1,999	0	1,999	1,278	721	1,871	0	1,871	1,183	688
Motor Vehicles	1,109	0	1,109	690	419	1,032	0	1,032	750	282
Capital Works In Progress	1,171	0	1,171	0	1,171	2,577	0	2,577	0	2,577

Total Regional Water Supply	13,877	293,567	307,444	14,300	293,144	7,922	293,580	301,502	8,249	293,253
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Total Group Property, Plant & Equipment	209,762	532,206	741,968	82,047	659,921	179,591	534,388	713,979	70,484	643,495
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Notes to the financial statements for the year ended 30 June 2006

Note 7 (continued)

	Historical Cost Basis 2006 \$000's	Revalued Cost Basis 2006 \$000's	Revaluation/ Cost 2006 \$000's	Accumulated Depreciation 2006 \$000's	Book Value 2006 \$000's	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
Property, Plant & Equipment – Council										
Operational Assets										
Port Buildings & Wharves	0	0	0	0	0	0	0	0	0	0
Land & Buildings	9,479	0	9,479	1,093	8,386	4,633	0	4,633	1,029	3,604
Fixtures & Fittings	911	0	911	809	102	904	0	904	841	63
Plant & Equipment	2,784	0	2,784	1,816	968	2,580	0	2,580	1,738	842
Motor Vehicles	5,247	0	5,247	3,087	2,160	5,070	0	5,070	2,876	2,194
Computer Equipment/Software	5,594	0	5,594	4,158	1,436	5,265	0	5,265	3,758	1,507
	24,015	0	24,015	10,963	13,052	18,452	0	18,452	10,242	8,210
Floodplain Management Plans	6,938		6,938	4,052	2,886	6,640		6,640	3,597	3,043
Infrastructural Assets										
Flood Protection	9,456	147,051	156,507	768	155,739	6,669	147,179	153,848	583	153,265
Transport Facilities	11,958	0	11,958	4,337	7,621	11,958	0	11,958	4,131	7,827
Navigational Aids	1,737	0	1,737	1,072	665	1,737	0	1,737	1,037	700
Parks & Forests	17,327	23,039	40,366	1,178	39,188	16,347	23,039	39,386	786	38,600
	40,478	170,090	210,568	7,355	203,213	36,711	170,218	206,929	6,537	200,392
Capital Works In Progress	4,645	0	4,645	0	4,645	1,157	0	1,157	0	1,157
Total Regional Responsibilities	76,076	170,090	246,166	22,370	223,796	62,960	170,218	233,178	20,376	212,802
Regional Water Supply Assets										
Infrastructure Assets	9,579	293,121	302,700	12,330	290,370	2,442	293,134	295,576	6,315	289,261
Administration Buildings	19	446	465	2	463	0	446	446	1	445
Minor Equipment	1,999	0	1,999	1,278	721	1,871	0	1,871	1,183	688
Motor Vehicles	1,109	0	1,109	690	419	1,032	0	1,032	750	282
Capital Works In Progress	1,171	0	1,171	0	1,171	2,577	0	2,577	0	2,577
Total Regional Water Supply	13,877	293,567	307,444	14,300	293,144	7,922	293,580	301,502	8,249	293,253
Total Council Property, Plant & Equipment	89,953	463,657	553,610	36,670	516,940	70,882	463,798	534,680	28,625	506,055

Notes to the financial statements for the year ended 30 June 2006



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Note 8

	Notes	Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
Current Liabilities					
Bank Overdraft		50	0	0	0
Accounts Payable		25,122	21,016	14,948	14,729
Employee Provisions		3,874	3,696	1,647	1,575
Current Account WRCHL Group		0	0	1,812	2,086
Provision For Dividend		415	416	0	0
Debt	11	45,655	1,092	1,655	1,092
		75,116	26,220	20,062	19,482

Note 9

		Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
Non-Current Liabilities					
Employee Provisions		758	839	758	839
Debt	11	122,192	140,885	58,284	56,905
		122,950	141,724	59,042	57,744



Notes to the financial statements for the year ended 30 June 2006

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 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
Net Surplus before Taxation	8,766	13,276	5,880	10,795
Net Surplus not subject to Taxation	(5,048)	(11,293)	(7,070)	(12,117)
Net Surplus Subject to Tax	3,718	1,983	(1,190)	(1,322)
Income Tax at 33%	1,227	654	(393)	(436)
Adjustments for Permanent Differences				
Tax Effect of Imputation Credits	(592)	(447)	(215)	(110)
Non-Assessable Income	147	364	0	0
Deferred Tax Benefits not Previously Recognised	(205)	(515)	0	0
Tax Loss not Recognised	632	566	594	532
Prior Period Adjustment	(60)	(19)	14	14
Taxation Expense	1,149	603	0	0
The Taxation Expense is Represented By:				
Current Year Taxation	469	1,716	0	0
Future Taxation Benefit	680	(1,113)	0	0
Taxation Expense	1,149	603	0	0



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 \$0.52 million payable by Pringle House Limited. A subvention payment of \$0.47 million was made by Pringle House Limited to the Greater Wellington Regional Council in relation to the amount accrued in the 2005 year.

Timing differences not recognised

A deferred tax asset of \$0.79 million (2005 \$6.52 million) has not been recognised in relation to timing differences from the difference between accounting and tax depreciation and accruals on the basis that there is no virtual certainty of the realisation of that asset. Of this amount, \$0.56 million (2005 \$6.33 million) relates to CentrePort Limited.

Tax losses not recognised

Greater Wellington has tax losses of \$4.79 million (2005 \$2.96 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$1.58 million (2005 \$0.98 million). WRC Holdings Limited has tax losses of \$0.59 million (2005 \$0.48 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$0.19 million (2005 \$0.16 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 2004.

Imputation credits

\$9.07 million (2005 \$8.47 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 2004.



Notes to the financial statements for the year ended 30 June 2006

Note 11

Debt

Debt Current Portion
Debt Non-Current Portion

Notes

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	Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
	45,655	1,092	1,655	1,092
	122,192	140,885	58,284	56,905
	167,847	141,977	59,939	57,997

Council Debt Maturities

Less than one year
One to two years
Two to three years
Three to four years
Four to five years
Later than five years

	Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
	45,655	1,092	1,655	1,092
	64,976	85,603	1,068	1,623
	1,409	16,683	1,409	16,683
	35,238	1,397	35,238	1,397
	1,376	16,606	1,376	16,606
	19,193	20,596	19,193	20,596
	167,847	141,977	59,939	57,997



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 10.35% (2005 11.00%).

Local Government Stock issued by Greater Wellington prior to 30 June 1997 was repaid during the year (2005 \$200,000). It was secured by a charge against the regional water supply levy. All other Greater Wellington debt is unsecured.

As at 30 June 2006, Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 7.53% (2005 7.50%) and an estimated fair value of \$62.0 million (2005 \$59.9 million). Further detailed analysis of external debt is provided on page 142.

CentrePort Limited has a bank loan facility of \$85.0 million (2005 \$78.0 million) drawn to \$64.0 million (2005 \$40.0 million) which is unsecured with a renewal date in 2007. The interest rate charged on the facility as at 30 June 2006 ranged from 5.68% to 7.725% p.a. (2005 ranged from 5.8% to 7.2% 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. Subsequent to balance date this facility has now been replaced by a facility that matures in 2009. The interest rate charged on the facility as at 30 June 2006 was 8.0% (2005 7.53%).



Notes to the financial statements for the year ended 30 June 2006

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 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
274,032	252,637	232,459	222,946
14,904	22,677	5,880	10,795
6,014	3,371	6,014	3,371
(2,471)	(4,758)	(2,471)	(4,758)
(378)	(397)	(378)	(397)
0	502	0	502
292,101	274,032	241,504	232,459

Note 13

Reserves

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

Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
350,412	349,980	320,454	319,172
2,471	4,758	2,471	4,758
(6,014)	(3,371)	(6,014)	(3,371)
378	397	378	397
0	(502)	0	(502)
(141)	(850)	(141)	0
347,106	350,412	317,148	320,454

Notes to the financial statements for the year ended 30 June 2006



Note 13 (continued)

Reserves (continued)

Represented By

Area of Benefit Reserves

Regional Park Land Purchase Reserve

River Rates Reserves

Wairarapa Scheme Reserves

Transport Reserves

Bovine Tuberculosis Rate Reserve

Regional Water Supply Reserves

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 Carry Forwards

Total Operational Reserves

Asset Revaluation Reserve

Investment Revaluation Reserve

Total Reserves

	Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
Regional Park Land Purchase Reserve	0	826	0	826
River Rates Reserves	739	506	739	506
Wairarapa Scheme Reserves	1,732	1,533	1,732	1,533
Transport Reserves	741	3,029	741	3,029
Bovine Tuberculosis Rate Reserve	863	860	863	860
Regional Water Supply Reserves	0	0	0	0
Wairarapa Workshop Reserve	30	36	30	36
Akura Nursery Reserve	(44)	(26)	(44)	(26)
Bioworks	119	113	119	113
<i>Contingency Reserves</i>				
Rural Fire Contingency Reserve	50	50	50	50
Flood Contingency Reserve	927	1,039	927	1,039
Environment Legal Contingency Reserve	290	276	290	276
<i>Special Reserves</i>				
Election Reserve	115	31	115	31
Corporate Systems Reserves	393	474	393	474
<i>Expense Re-budgeting Reserves</i>				
Expenditure Carry Forwards	1,090	1,463	1,090	1,463
Total Operational Reserves	7,045	10,210	7,045	10,210
Asset Revaluation Reserve	339,858	339,999	309,900	310,041
Investment Revaluation Reserve	203	203	203	203
Total Reserves	347,106	350,412	317,148	320,454



Notes to the financial statements for the year ended 30 June 2006

Note 13 (continued)

Reserves (continued)

Asset Revaluation Reserve by Category

Land & Buildings
Flood Protection
Transport Facilities
Navigational Aids
Parks & Forests
Regional Water Supply – Infrastructure Assets
Total Property, Plant & Equipment

Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
30,314	30,314	356	356
108,075	108,202	108,075	108,202
1,517	1,517	1,517	1,517
(6)	(6)	(6)	(6)
13,648	13,649	13,648	13,649
186,310	186,323	186,310	186,323
339,858	339,999	309,900	310,041

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 2006



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Note 15

Contingencies

Contingent Liabilities

Legal Proceedings & Obligations
Uncalled Capital in WRC Holdings Limited

	Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
Legal Proceedings & Obligations	394	364	394	364
Uncalled Capital in WRC Holdings Limited	0	0	75,000	75,000
	394	364	75,394	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.



Notes to the financial statements for the year ended 30 June 2006

Note 16

Commitments

Transport Operator Commitments

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

	Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
	27,681	24,496	27,681	24,496
	21,549	18,791	21,549	18,791
	28,926	19,631	28,926	19,631
	35,828	0	35,828	0
	113,984	62,918	113,984	62,918
	1,207	1,037	1,920	1,883
	651	959	1,458	1,843
	1,128	1,045	2,954	4,096
	218	1	218	1
	3,204	3,042	6,550	7,823
	5,191	29,196	1,011	2,044
	122,379	95,156	121,545	72,785

Operating Lease Commitments

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

Capital Commitments

Total Commitments

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.



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 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, 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 2006 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 2006

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
Six to Seven Years

Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
(2,000)	2,500	(5,000)	0
7,500	3,000	5,000	(5,000)
12,500	5,000	10,000	5,000
5,000	10,000	5,000	10,000
5,000	5,000	5,000	5,000
10,000	0	10,000	0
25,000	0	5,000	0
63,000	25,500	35,000	15,000

Interest rate cap agreement (options)

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

Commencing	Maturity	Cap	
25/01/05	25/07/06	7.10%	
25/01/05	25/01/07	7.10%	
25/01/05	25/07/07	7.10%	
Commencing	Maturity	Floor	Cap
23/01/07	22/01/09	6.23%	7.20%

Interest rate collars (options)

\$10 million

Fair values

As at 30 June 2006 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
Estimated Fair Value of Interest Rate Caps

Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
503	110	346	(15)
10	(48)	0	0
650	(683)	0	0
36	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.



Note 18

Severance Payments

There were four employees (2005 none) who received severance payments of \$202,232 (2005 zero). One employee received \$59,900, including legal and other costs, one employee received \$63,332, including legal and other costs, one employee received \$71,000, including legal and other costs, and one employee received \$8,000 for legal costs.

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

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 F R Long
Councillor T McDavitt
Councillor M Shields
Councillor R Thomas
Councillor C Turver
Councillor F Wilde
Councillor D Werry

	Council 2006 \$000's	Council 2005 \$000's
	54,681	49,533
	49,526	29,591
	0	14,156
	138,619	122,525
	69,679	55,942
	44,051	29,859
	44,051	29,859
	65,074	55,942
	66,364	62,930
	65,599	62,930
	69,630	66,749
	44,587	74,261
	0	13,676
	73,747	68,618
	44,051	29,859
	0	20,723

Chief Executive Remuneration

For the year ending 30 June 2006 the Chief Executive of the Greater Wellington Regional Council, appointed under section 42(1) of the Local Government Act 2002, received total remuneration of \$239,000 since the Chief Executive was appointed on 5 September 2005 (2005 \$313,000).



Notes to the financial statements for the year ended 30 June 2006

Note 20

Reconciliation of Operating Surplus with Cash Flow from Operating Activities

	Group 2006 \$000's	Group 2005 \$000's	Council 2006 \$000's	Council 2005 \$000's
Operating Surplus	7,617	12,673	5,880	10,795
Add non-cash items				
Depreciation	14,364	14,221	9,321	9,454
Impairment of cranes	1,320	3,048	0	0
Net Loss (Gain) on Sale of Property, Plant & Equipment	300	(3,006)	300	(2,984)
(Gain) on sale of Medical Waste	(133)	0	0	0
Assets Written Off/(Written Back)	1,310	594	2	4
Equity Accounted Earnings from Associate Companies	(136)	(165)	0	0
Decrease (Increase) in Value of Investments	1,745	101	(531)	(496)
Decrease (Increase) in future tax benefit	27	(1,201)	0	0
Decrease (Increase) in deferred taxation liability	750	0	0	0
Bad debt expense	(112)	0	(27)	0
Change in provision for doubtful debts	249	0	0	0
Add (Less) Movements in Working Capital				
Decrease (Increase) in Accounts Receivable	3,159	(1,046)	2,929	(27)
Decrease (Increase) in Inventory	(239)	(21)	(147)	25
Decrease (Increase) in Tax Refund Due	(827)	144	0	0
Increase (Decrease) in Accounts Payable	3,734	(3,226)	219	(3,925)
Increase (Decrease) in Employee Provisions	98	(395)	(9)	(144)
Increase (Decrease) in WRC Holdings Group Current Account	0	0	78	437
Add (Less) Items Classified as Investing Activities				
Decrease (Increase) in Accounts Payable Related to Property, Plant & Equipment	(4,559)	(1,475)	(993)	(559)
Dividends Paid/Payable	0	313	0	0
Sinking Funds Interest Compounded	0	(83)	0	(83)
Add (Less) Items Classified as Financing Activities				
Forestry Encouragement Loan Interest Compounded	407	426	407	426
Net Cash Flow From Operating Activities	29,074	20,902	17,429	12,923



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 Shields, McDavitt, Buchanan and Long are directors of WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd. Councillor F R Long owns 50% of the Sign Factory. Councillor F Wilde is Chair of Wellington Waterfront Limited and is married to the Chief Executive of Landcorp Farming Limited. Greater Wellington purchased Waitangirua Farm from Landcorp during the year. Councillor F Wilde was not present at any meeting where this matter was discussed and did not take part in the decision to purchase the farm.

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2006 included:

	Council 2006 \$000's	Council 2005 \$000's
CentrePort Wellington Group		
Income from Use of Navigational Facilities and Consents Charges	707	695
Expense for Rental & Services	(49)	(64)
Wellington Waterfront Ltd licence fees from CentrePort	153	105
WRC Holdings Group (Excluding CentrePort)		
Income from Management Services Provided	249	247
Income from Subvention Payment	519	477
Income from Dividends	395	651
Expense for Rent of the Regional Council Centre	(1,184)	(1,178)
Expense for Interest on Inter Company Current Account	(162)	(142)
Sign Factory		
Expense for Services	(13)	(2)
Wellington Waterfront Ltd		
Resource consent fees	(22)	(19)
Other income	(2)	0
Land Corp Farming Limited		
Purchase of Waitangirua Farm	(5,600)	0



Notes to the financial statements for the year ended 30 June 2006

■ Note 22

Subsequent events

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