



Financial Statements for the year ended 30 June 2004

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Statement of Financial Performance for the year ended 30 June 2004

	Notes	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
Operating Revenue						
Rates & Levies		77,269	75,569	77,269	77,142	75,569
Grants & Subsidies		27,027	23,624	27,027	27,342	23,624
Investment Revenue		3,893	3,507	4,031	4,399	4,437
Other External Revenue		54,566	54,029	15,673	15,649	13,622
Total External Operating Revenue	1	162,755	156,729	124,000	124,532	117,252
Operating Expenditure						
Personnel		22,845	21,584	22,845	23,887	21,584
Grants & Subsidies		42,804	39,909	42,804	45,190	39,909
Interest		9,522	10,264	5,491	5,775	6,055
Depreciation	2	12,850	12,589	8,448	8,516	8,163
Other External Operating Expenditure		63,144	58,334	37,241	38,354	32,767
Total External Operating Expenditure	2	151,165	142,680	116,829	121,722	108,478
Operating Surplus before Taxation		11,590	14,049	7,171	2,810	8,774
Taxation Expense	10	1,420	1,666	0	0	0
Operating Surplus for the Year		10,170	12,383	7,171	2,810	8,774
Plus Unrealised increase in the value of Investment Properties	6	27,044	0	0	0	0
Plus Asset Acquisitions due to Revaluation		0	14,916	0	0	14,916
Less Net Surplus Attributable to Minority Interest	14	7,441	1,447	0	0	0
Net Surplus Attributable to Parent Interest		29,773	25,852	7,171	2,810	23,690

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 2004



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	Council 2004 Actual \$000's	Council 2004 Budget \$000's		Council 2004 Actual \$000's	Council 2004 Budget \$000's
Operating Revenue			Operating Expenditure		
Environment Management	11,956	11,602	Environment Management	11,931	11,885
Regional Transport	52,872	53,825	Regional Transport	52,013	54,333
Regional Water Supply	23,844	24,092	Regional Water Supply	22,811	23,757
Land Management	9,532	10,964	Land Management	9,201	10,999
Flood Protection	11,633	11,479	Flood Protection	10,005	9,092
Parks & Forests	6,048	6,023	Parks & Forests	6,081	5,859
Investment in Democracy	3,679	3,678	Investment in Democracy	3,491	3,599
Council Investments	9,037	6,127	Council Investments	6,445	5,326
Other	3,360	2,570	Other	2,812	2,700
Total Operating Revenue	131,961	130,360	Total Operating Expenditure	124,790	127,550
Less: Internal Operating Revenue	7,961	5,828	Less: Internal Operating Expenditure	7,961	5,828
Total External Operating Revenue	124,000	124,532	Total External Operating Expenditure	116,829	121,722
			Operating Surplus (Deficit)	7,171	2,810
			Less:		
			Capital Expenditure	9,167	10,475
			Proceeds from Assets Sales	(310)	(270)
			Loan Funding of Capital Expenditure	(5,885)	(7,881)
			Rates & Levy Funded Capital Expenditure	2,972	2,324
			Other Loan Funding	(2,855)	(2,631)
			Debt Repayment	15,486	10,230
			Investment Movements	2,717	2,666
			Reserve Movements	(581)	(1,263)
			Working Capital Movements	(1,859)	0
			Non Cash Items	(8,709)	(8,516)
			Net Funding Surplus (Deficit)	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 2004

	Notes	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
Parent Interest						
Ratepayers' Funds at the Start of the Year		490,310	450,966	483,221	453,258	446,039
Net Surplus for the Year		29,773	25,852	7,171	2,810	23,690
Increase (Decrease) in Asset Revaluation Reserves	13	82,534	13,492	51,726	0	13,492
Total Recognised Revenues & Expenses for the Year		112,307	39,344	58,897	2,810	37,182
Ratepayers' Funds at the End of the Year		602,617	490,310	542,118	456,068	483,221
Minority Interest						
Ratepayers' Funds at the Start of the Year	14	14,866	14,217	0	0	0
Net Surplus for the Year		7,441	1,447	0	0	0
Increase (Decrease) in Asset Revaluation Reserves		9,242	0	0	0	0
Total Recognised Revenues & Expenses for the Year		16,683	1447	0	0	0
Distribution to Owners		(660)	(798)	0	0	0
Minority Interest in Total Ratepayers' Funds at the End of the Year		30,889	14,866	0	0	0
Total Ratepayers' Funds at the End of the Year		633,506	505,176	542,118	456,068	483,221

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

Statement of Financial Position

as at 30 June 2004



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	Notes	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
Ratepayers' Funds						
Retained Earnings	12	252,637	222,185	222,946	204,235	215,096
Reserves	13	349,980	268,125	319,172	251,833	268,125
		602,617	490,310	542,118	456,068	483,221
Minority Interests	14	30,889	14,866	0	0	0
Total Ratepayers' Funds		633,506	505,176	542,118	456,068	483,221
Assets						
Current Assets	3	74,245	69,084	67,928	71,477	64,624
Non-Current Assets	5	722,200	602,822	561,512	478,247	510,965
Total Assets		796,445	671,906	629,440	549,724	575,589
Liabilities						
Current Liabilities	8	36,675	55,328	29,265	26,366	25,127
Non-Current Liabilities	9	126,264	111,402	58,057	67,290	67,241
Total Liabilities		162,939	166,730	87,322	93,656	92,368
Net Assets		633,506	505,176	542,118	456,068	483,221

Margaret Shields
Chairperson
7 October 2004

Barry Harris
Chief Executive
7 October 2004

Barry Turfrey
Chief Financial Officer
7 October 2004

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 2004

	Notes	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
Cash Flows from Operating Activities						
Cash provided from:						
Customers		38,468	40,508	0	0	0
Rates		50,605	51,938	50,605	54,366	51,938
Water Supply Levy		22,776	22,776	22,776	22,776	22,776
Government Subsidies		27,027	23,624	27,027	27,342	23,624
Interest		3,512	3,318	3,204	3,363	3,169
Dividends		250	126	789	1,036	1,801
Fees, Charges & Other Revenue		14,023	14,348	16,316	15,649	14,705
		156,661	156,638	120,717	124,532	118,013
Cash disbursed to:						
Payment to Suppliers & Employees		126,918	117,139	101,804	107,431	92,184
Interest		9,195	10,283	5,117	5,322	5,853
Income Tax Paid (Refund)		(348)	1,540	0	0	0
		135,765	128,962	106,921	112,753	98,037
Net Cash Flows from Operating Activities	21	20,896	27,676	13,796	11,779	19,976
Cash Flows from Investing Activities						
Cash provided from:						
Sale of Property, Plant & Equipment		762	292	308	270	286
Repayment of Advance from Associate Company		0	150	0	0	0
Sinking Funds		145	931	145	125	931
Disposal of Other Investments		200	754	0	0	0
		1,107	2,127	453	395	1,217

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 2004



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Notes	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
Cash disbursed for:					
Purchase of Property, Plant & Equipment	17,578	12,406	8,963	10,475	5,762
Plantation Forestry Development	337	479	337	389	479
Sinking Funds	51	53	51	492	53
Investment in Associate Company Shares	0	820	0	0	0
Council Contingency Investments	1,971	1,070	1,971	1,910	1,070
	19,937	14,828	11,322	13,266	7,364
Net Cash Flows from Investing Activities	(18,830)	(12,701)	(10,869)	(12,871)	(6,147)
Cash Flows from Financing Activities					
Cash provided from:					
Loan Funding	8,848	5,937	8,302	10,059	5,937
	8,848	5,937	8,302	10,059	5,937
Cash disbursed for:					
Debt Repayment	14,905	21,244	14,905	8,967	18,944
Repayment of Intercompany Current Account	0	0	333	0	2,448
Dividends Paid to Minority Interests	785	475	0	0	0
	15,690	21,719	15,238	8,967	21,392
Net Cash Flows from Financing Activities	(6,842)	(15,782)	(6,936)	1,092	(15,455)
Net Increase in Cash Held	(4,776)	(807)	(4,009)	0	(1,626)
Opening Cash & Call Deposits	7,106	7,913	6,878	4,905	8,504
Closing Cash & Call Deposits	2,330	7,106	2,869	4,905	6,878

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



Statement of Accounting Policies

1. Reporting Entity

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

The Group consists of the Greater Wellington Regional Council 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 the Council 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

The Council 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 or 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

The Council 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.

Statement of Accounting Policies



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

Valuation

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 off-sets a previous decrease in value is recognised in the statement of financial performance up to the amount previously expensed, with the remainder 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 the Council 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 were 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

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 doubtful debts.

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 by 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 the Council. 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 and swaps solely to manage interest rate 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. The Council does not have material transactions or hold any monetary assets or liabilities in foreign currencies.

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

The Council allocates overhead from support service functions on a variety of different bases that are largely determined by usage. The treasury operation in the Council 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 the Council 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 Cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council 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 2003/04 budget as set out in the 2003/04 Annual Plan. In other cases the comparatives are the 2002/03 actual figures. Where necessary, comparatives have been changed to assist comparability.

4. Changes in Accounting Policies

On 30 June 2004, CentrePort re-classified some of its fixed assets as investment properties. As a result of this the group has changed the classification of some properties from fixed assets to investment properties. The 2003 comparatives have been adjusted accordingly.

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 \$40,050,000.

(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 \$27,044,000.

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 2004



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Note 1

Revenue

	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
General Rates	21,106	21,005	21,106	21,107	21,005
Transport Rates	26,366	25,324	26,366	26,366	25,324
River Rates	2,782	2,592	2,782	2,782	2,592
Regional Water Supply Levy	22,776	22,776	22,776	22,776	22,776
Bovine Tuberculosis Rates	131	133	131	131	133
Stadium Purposes Rate	2,676	2,676	2,676	2,676	2,676
Wairarapa Scheme Rates	1,080	1,063	1,080	1,079	1,063
Rate Penalties	371	0	371	225	0
Remissions of Rate Penalties	(19)	0	(19)	0	0
Government Grants & Subsidies	27,027	23,624	27,027	27,342	23,624
Dividends	0	1	323	1,036	789
Equity Accounted Earnings from Associates	334	131	0	0	0
Subvention Revenue	1,859	0	2,329	202	422
Sinking Fund Interest	504	476	504	493	476
Other Interest	3,525	3,321	3,204	2,870	3,172
Other Subsidiaries Revenue	39,570	40,967	0	0	0
Other Revenue	12,667	12,640	13,344	15,447	13,200
Total Operating Revenue	162,755	156,729	124,000	124,532	117,252

The Government has allocated \$99,391 to Greater Wellington Regional Council to be used to remit rates on commercial properties in the Region affected by the February 2004 storms.

Greater Wellington had received \$39,757 at year end and will remit rates on the affected properties in the 2004/05 financial year.



Notes to the Financial Statements for the year ended 30 June 2004

Note 2

Total Operating Expenditure Includes

	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
Assets Written Off (Written Back)	394	(412)	485	0	133
Bad Debts Written Off	26	44	14	0	0
Directors Fees	235	188	0	0	0
Fees Paid to Principal Auditors for Audit of Financial Statements	124	105	114	93	95
Fees Paid to Other Auditors for Audit of Financial Statements	52	52	0	0	0
Fees Paid to Principal Auditors for Other Services	8	24	8	20	24
Fees Paid to Other Auditors for Other Services	137	109	0	0	0
Increase (Decrease) in Provision for Doubtful Debts	136	97	91	0	(4)
Loss (Gain) on Sale of Property, Plant & Equipment	284	(23)	467	54	(17)
Operating Lease Rentals	1,008	1,140	1,525	1,560	1,547
LGNZ Subscriptions	65	66	65	65	66
Decrease (Increase) in Value of Investments	0	0	(691)	0	(545)
Insurance	1,459	1,255	1,451	1,532	1,248

Notes to the Financial Statements for the year ended 30 June 2004



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Note 2 (continued)

Depreciation by Category

Operational Assets

Port Buildings & Wharves	2,739	2,772	0	0
Land & Buildings	48	116	48	116
Fixtures & Fittings	79	91	61	72
Plant & Equipment	1,803	1,777	158	142
Motor Vehicles	725	682	725	682
Computer Equipment/Software	804	739	804	739

Floodplain Management Plans

454 442 454 442

Infrastructural Assets

Flood Protection	195	195	195	195
Transport Facilities	206	312	206	312
Navigational Aids	46	48	46	48
Parks & Forests	399	67	399	67

Regional Water Supply

Infrastructure Assets	5,105	5,073	5,105	5,073
Administration Buildings	1	1	1	1
Minor Equipment	109	120	109	120
Motor Vehicles	137	154	137	154

Total Depreciation

12,850 12,589 8,448 8,163



Notes to the Financial Statements for the year ended 30 June 2004

Note 3

Current Assets

	Notes	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Bank & Call Deposits		2,330	7,106	2,869	6,878
Receivables	4	19,779	15,450	15,052	11,796
Inventory		2,195	2,097	1,825	1,812
Investments	6	49,102	44,138	47,952	44,138
Property, Plant & Equipment – Property Intended for Sale		230	0	230	0
Taxation Refund Due		609	293	0	0
		74,245	69,084	67,928	64,624

Note 4

Receivables

		Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Rates Outstanding		7,367	3,479	7,367	3,479
Other Receivables		13,587	13,158	8,067	8,294
Provision for Subvention Receivable		0	0	470	422
Provision for Dividends Receivable		0	0	323	788
Less Provision for Doubtful Debts		(1,175)	(1,187)	(1,175)	(1,187)
	3	19,779	15,450	15,052	11,796

Notes to the Financial Statements for the year ended 30 June 2004



Note 5

	Notes	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Non-Current Assets					
Future Tax Benefit		1,117	1,338	0	0
Investments	6	99,212	74,528	58,144	58,549
Property, Plant & Equipment	7	621,871	526,956	503,368	452,416
		722,200	602,822	561,512	510,965

Note 6

		Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Investments					
Bank Deposits		44,000	44,000	44,000	44,000
Sinking Funds		4,295	3,885	4,295	3,885
Water Supply Contingency Investment		6,856	5,138	6,856	5,138
Major Flood Recovery Fund		1,145	892	1,145	892
Plantation Forests		16,144	15,807	16,144	15,807
New Zealand Local Government Insurance Corporation Limited Shares		80	80	80	80
WRC Holdings Limited Shares		0	0	8,576	7,885
Stadium Advance		25,000	25,000	25,000	25,000
Investment Properties		48,509	21,465	0	0
Other Investments		2,285	2,399	0	0
Total Investments		148,314	118,666	106,096	102,687
Investments (Current)	3	49,102	44,138	47,952	44,138
Investments (Non Current)	5	99,212	74,528	58,144	58,549
Total Investments		148,314	118,666	106,096	102,687



Notes to the Financial Statements for the year ended 30 June 2004

Investments (continued)

The \$44m proceeds from the sale of CentrePort Limited shares and convertible notes from the Council to Port Investments Limited have been invested in a bank deposit. As at 30 June 2004 these investments have an interest rate of 6.34% (2003 5.85%) and are due to mature on 15 August 2004.

The Council has money invested on deposit with financial institutions to comply with regulations on the provision of sinking funds. As at 30 June 2004 the sinking funds have a weighted average interest rate of 13.18% (2003 12.99%) and an estimated fair value of \$4.3m (2003 \$3.9m).

As at 30 June 2004 the weighted average interest rate on the water supply contingency investment (after the effect of derivatives) is 6.72% (2003 5.22%) and an estimated fair value of \$6.9m (2003 \$5.1m).

As at 30 June 2004 the weighted average interest rate on the major flood recovery fund is 6.09% (2003 5.17%) and has an estimated fair value of \$1.1m (2003 \$0.9m).

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 2004 based on a discount rate of 9.0% is \$18m (2003 \$22m).

The Council holds 100% of the shares in WRC Holdings Limited. The book value of these shares of \$8.6m (2003 \$7.9m) reflects the net asset backing of the investment at 30 June 2004.

The Council advanced \$25m 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 2004 the Council expects that the advance, will be fully repaid. The obligations of the Council 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.

If the Trust is a Council Controlled Trading Organisation (CCTO) it will be required to pay interest on its limited-recourse loan at a market rate and it will be a taxpayer. However, because of the uncertainty over the CCTO status of the Trust, this interest has not been charged by the Council and accordingly has not been accrued in the financial statements of the Council.

The Trust, in conjunction with Wellington City Council and the Council, made application to the High Court for a declaratory judgement on the Trust's status. This application was heard in the High Court in June 2004. In July 2004, the High Court declared that the Trust was not a CCTO and that Part 5 of the Local Government Act 2002 did not apply to the Trust. However the Inland Revenue Department has appealed this decision.

There has been some debate about whether the Council should equity account its investments in the Trust. The Council has accounted for its \$25 million advance to the Trust as an investment and has not accounted for any ownership interest in the Trust, as the Trust is a stand alone community trust and operates quite independently of the Council. If the Council had equity accounted the Trust, it would have recognised an increase in net surplus of \$187,000 (2003 \$959,000) and an increase in net assets (over and above the \$25 million advance) of \$6,028,000 (2003 \$5,841,000).

On 30 June 2004, CentrePort re-classified some of its fixed assets as investment properties. As a result of this the group has changed the classification of some properties from fixed assets to investment properties. The 2003 comparatives have been adjusted accordingly.

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 Mr AG Steward and Mr AP Washington, registered valuers with DTZ New Zealand Limited on 30 June 2004. The valuations were based on the assets highest and best use.

Notes to the Financial Statements for the year ended 30 June 2004



Note 7

Property, Plant & Equipment – Group

Operational Assets

	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	Historical Cost Basis 2003 \$000's	Revalued Cost Basis 2003 \$000's	Revaluation/ Cost 2003 \$000's	Accumulated Depreciation 2003 \$000's	Book Value 2003 \$000's
Port Buildings & Wharves	58,338	0	58,338	23,706	34,632	53,704	0	53,704	23,036	30,668
Land & Buildings	4,060	68,540	72,600	1,065	71,535	24,255	7,425	31,680	1,017	30,663
Fixtures & Fittings	2,606	0	2,606	2,476	130	2,589	0	2,589	2,400	189
Plant & Equipment	32,297	0	32,297	16,487	15,810	32,303	0	32,303	15,830	16,473
Motor Vehicles	4,832	0	4,832	2,670	2,162	4,410	0	4,410	2,417	1,993
Computer Equipment/Software	4,435	0	4,435	3,287	1,148	4,045	0	4,045	2,761	1,284
	106,568	68,540	175,108	49,691	125,417	121,306	7,425	128,731	47,461	81,270
Floodplain Management Plans	6,640	0	6,640	3,143	3,497	6,640	0	6,640	2,688	3,952

Infrastructural Assets

Flood Protection	2,495	146,303	148,798	389	148,409	1,049	146,303	147,352	195	147,157
Transport Facilities	11,958	0	11,958	3,924	8,034	11,958	0	11,958	3,718	8,240
Navigational Aids	1,737	0	1,737	993	744	1,737	0	1,737	947	790
Parks & Forests	15,501	23,049	38,550	394	38,156	14,916	23,148	38,064	0	38,064
	31,691	169,352	201,043	5,700	195,343	29,660	169,451	199,111	4,860	194,251
Capital Works In Progress	2,100	0	2,100	0	2,100	1,118	0	1,118	0	1,118

Total Regional Responsibilities

	146,999	237,892	384,891	58,534	326,357	158,724	176,876	335,600	55,009	280,591
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Regional Water Supply Assets

Infrastructure Assets	0	293,134	293,134	0	293,134	14,742	248,346	263,088	19,277	243,811
Administration Buildings	0	446	446	0	446	933	0	933	7	926
Minor Equipment	1,786	0	1,786	1,116	670	1,651	0	1,651	1,022	629
Motor Vehicles	1,009	0	1,009	725	284	985	0	985	653	332
Capital Works In Progress	1,210	0	1,210	0	1,210	667	0	667	0	667
Total Regional Water Supply	4,005	293,580	297,585	1,841	295,744	18,978	248,346	267,324	20,959	246,365

Total Group Property, Plant & Equipment

	151,004	531,472	682,476	60,375	622,101	177,702	425,222	602,924	75,968	526,956
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Notes to the Financial Statements for the year ended 30 June 2004

Note 7 (continued)

	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	Historical Cost Basis 2003 \$000's	Revalued Cost Basis 2003 \$000's	Revaluation/ Cost 2003 \$000's	Accumulated Depreciation 2003 \$000's	Book Value 2003 \$000's
Property, Plant & Equipment – Council										
Operational Assets										
Port Buildings & Wharves	0	0	0	0	0	0	0	0	0	0
Land & Buildings	4,060	0	4,060	1,065	2,995	3,916	0	3,916	1,017	2,899
Fixtures & Fittings	891	0	891	816	75	874	0	874	758	116
Plant & Equipment	2,111	0	2,111	1,577	534	1,866	0	1,866	1,428	438
Motor Vehicles	4,832	0	4,832	2,670	2,162	4,410	0	4,410	2,417	1,993
Computer Equipment/Software	4,435	0	4,435	3,287	1,148	4,045	0	4,045	2,761	1,284
	16,329	0	16,329	9,415	6,914	15,111	0	15,111	8,381	6,730
Floodplain Management Plans	6,640	0	6,640	3,143	3,497	6,640	0	6,640	2,688	3,952
Infrastructural Assets										
Flood Protection	2,495	146,303	148,798	389	148,409	1,049	146,303	147,352	195	147,157
Transport Facilities	11,958	0	11,958	3,924	8,034	11,958	0	11,958	3,718	8,240
Navigational Aids	1,737	0	1,737	993	744	1,737	0	1,737	947	790
Parks & Forests	15,501	23,049	38,550	394	38,156	14,916	23,148	38,064	0	38,064
	31,691	169,352	201,043	5,700	195,343	29,660	169,451	199,111	4,860	194,251
Capital Works In Progress	2,100	0	2,100	0	2,100	1,118	0	1,118	0	1,118
Total Regional Responsibilities	56,760	169,352	226,112	18,258	207,854	52,529	169,451	221,980	15,929	206,051
Regional Water Supply Assets										
Infrastructure Assets	0	293,134	293,134	0	293,134	14,742	248,346	263,088	19,277	243,811
Administration Buildings	0	446	446	0	446	933	0	933	7	926
Minor Equipment	1,786	0	1,786	1,116	670	1,651	0	1,651	1,022	629
Motor Vehicles	1,009	0	1,009	725	284	985	0	985	653	332
Capital Works In Progress	1,210	0	1,210	0	1,210	667	0	667	0	667
Total Regional Water Supply	4,005	293,580	297,585	1,841	295,744	18,978	248,346	267,324	20,959	246,365
Total Council Property, Plant & Equipment	60,765	462,932	523,697	20,099	503,598	71,507	417,797	489,304	36,888	452,416

Notes to the Financial Statements for the year ended 30 June 2004



Note 8

	Notes	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Current Liabilities					
Payables		25,473	23,227	18,654	17,750
Employee Provisions		4,012	4,287	1,640	1,395
Current Account – WRC Holdings Group		0	0	2,126	2,137
Provision For Dividend		291	415	0	0
Debt	11	6,899	27,399	6,845	3,845
		36,675	55,328	29,265	25,127

Note 9

	Notes	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Non-Current Liabilities					
Employee Provisions		918	939	918	939
Debt	11	125,346	110,463	57,139	66,302
		126,264	111,402	58,057	67,241



Notes to the Financial Statements for the year ended 30 June 2004

Note 10

Taxation

Operating Surplus before Taxation

Net Surplus not subject to Taxation

Net Surplus Subject to Taxation

Income Tax at 33%

Adjustments for Permanent Differences

Tax Effect of Imputation Credits

Non Assessable Income

Subvention Payments

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 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Operating Surplus before Taxation	11,590	14,049	7,171	8,774
Net Surplus not subject to Taxation	(8,178)	(8,908)	(7,679)	(8,863)
Net Surplus Subject to Taxation	3,412	5,141	(508)	(89)
Income Tax at 33%	1,127	1,696	(168)	(29)
Adjustments for Permanent Differences				
Tax Effect of Imputation Credits	(549)	(12)	(260)	(594)
Non Assessable Income	540	45	0	0
Subvention Payments	0	0	0	139
Deferred Tax Benefits not Previously Recognised	(127)	(444)	0	0
Tax Loss not Recognised	460	541	428	510
Prior Period Adjustment	(31)	(160)	0	(26)
Taxation Expense	1,420	1,666	0	0
The Taxation Expense is Represented By:				
Current Year Taxation	1,349	1,908	0	0
Future Taxation Benefit	71	(242)	0	0
Taxation Expense	1,420	1,666	0	0

Notes to the Financial Statements for the year ended 30 June 2004



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Note 10 (continued)

Taxation (continued)

The net income subject to tax includes the gross income of the Council, net of related expenses, derived from the WRC Group of companies, including the CentrePort Group and NZLGIC. All other income currently derived by the Council 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 \$0.47m payable by Pringle House Limited.

A subvention payment of \$0.42m was made by Pringle House Limited to the Greater Wellington Regional Council in relation to the amount accrued in the 2003 year.

A subvention payment of \$1.87m was made by 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 2003 year.

Timing Differences Not Recognised

A deferred tax asset of \$6.26m (2003 \$6.29m), 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 \$6.1m relates to CentrePort Limited.

Tax Loss Offset to Group Entities

The Council had tax losses of \$10.10m available to carry forward at June 2003. \$5.63m of these losses were offset by way of subvention (\$1.87m) and loss offset (\$3.76m) to various CentrePort Group entities with respect to the 2003 year.

Tax Losses Not Recognised

The Council has tax losses of \$5.76m (2003 \$10.10m) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$1.9m (2003 \$3.33m). WRC Holdings Limited has tax losses of \$0.37m (2003 \$0.27m) available to be carried forward and to be offset against taxable income in the future.

The tax effect of these losses is \$0.12m (2003 \$0.09m). 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

\$8.25m (2003 \$8.61m) of imputation credits are available within the subsidiaries to attach to future dividends paid to the Council. 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 the Council. The Council's advisors are of the opinion that the interest expenditure should be deductible. The tax effect of the amount at issue is \$0.28m (2003 \$0.19m).



Notes to the Financial Statements for the year ended 30 June 2004

Note 11

	Notes	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Debt					
Opening Balance		137,862	152,505	70,147	82,705
New Loans Raised		8,742	6,386	8,742	6,386
Loans Repaid		(14,359)	(21,029)	(14,905)	(18,944)
Total Debt		132,245	137,862	63,984	70,147
Debt (Current)	8	6,899	27,399	6,845	3,845
Debt (Non Current)	9	125,346	110,463	57,139	66,302
Total Debt		132,245	137,862	63,984	70,147

Debt by Maturity

	Group 2004 \$000's	Council 2004 \$000's
2005	6,899	6,845
2006	25,246	1,092
2007	45,646	1,593
2008	15,683	15,683
2009	16,386	16,386
2010 and Later	22,385	22,385
	132,245	63,984

Notes to the Financial Statements for the year ended 30 June 2004



Note 11 (continued)

Debt (continued)

The Council has an overdraft facility of \$1m with the National Bank (not drawn at year end) which is unsecured. The current interest rate on the facility is 10.00% (2003 10.00%).

Local Government Stock issued by the Council prior to 30 June 1997 is fully secured, \$4.0m (2003 \$7.0m) is secured by a charge against special rates and \$2.2m (2003 \$2.3m) is secured by a charge against the regional water supply levy. This stock will mature by July 2005. All other Council debt is unsecured.

As at 30 June 2004, the Council's debt has a weighted average interest rate (after the effect of derivatives) of 7.63% (2003 7.57%) and an estimated fair value of \$66.0m (2003 \$74.6m). Further detailed analysis of Council debt is provided on page 134.

CentrePort Limited has a bank loan facility drawn of \$40.0m (drawn to \$24.1m) which is unsecured and matures on 14 April 2006. The interest rate charged on the facility as at 30 June 2004 ranged from 5.8% to 6.6% p.a. (2003 ranged from 5.4% to 6.1% p.a.). Subsequent to balance date the New Zealand dollar Commercial Bill facility of \$40.0m was increased to \$55.0m. CentrePort Limited also has \$0.15m of other borrowing which is unsecured and is repayable by three equal instalments of \$0.05m on 1 May each year. There is no interest charged on this borrowing.

WRC Holdings Limited has a bank loan facility of \$44m (drawn to \$44.0m) 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 2004 was 6.44% (2003 5.95%).



Notes to the Financial Statements for the year ended 30 June 2004

Note 12

Retained Earnings

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

Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
222,185	198,584	215,096	193,657
29,773	25,852	7,171	23,690
3,144	1,278	3,144	1,278
(2,202)	(3,132)	(2,202)	(3,132)
(361)	(511)	(361)	(511)
98	114	98	114
252,637	222,185	222,946	215,096

Note 13

Reserves

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

Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
268,125	252,382	268,125	252,382
2,202	3,132	2,202	3,132
(3,144)	(1,278)	(3,144)	(1,278)
361	511	361	511
(98)	(114)	(98)	(114)
82,534	13,492	51,726	13,492
349,980	268,125	319,172	268,125

Notes to the Financial Statements for the year ended 30 June 2004



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

Contingency Reserves

Rural Fire Contingency Reserve

Flood Contingency Reserve

Environment Legal Contingency Reserve

Special Reserves

Election Reserve

Expense Re-budgeting Reserves

Expenditure Carried Forward

Total Operational Reserves

Asset Revaluation Reserve*

Investment Revaluation Reserve

Total Reserves

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Regional Park Land Purchase Reserve	877	832	877	832
River Rate Reserves	401	317	401	317
Wairarapa Scheme Reserves	1,746	1,781	1,746	1,781
Transport Reserve	2,296	2,679	2,296	2,679
Bovine Tuberculosis Rate Reserve	871	853	871	853
Regional Water Supply Reserve	0	605	0	605
Wairarapa Workshop Reserve	30	34	30	34
Akura Nursery Reserve	(14)	(4)	(14)	(4)
<i>Contingency Reserves</i>				
Rural Fire Contingency Reserve	50	50	50	50
Flood Contingency Reserve	77	426	77	426
Environment Legal Contingency Reserve	330	410	330	410
<i>Special Reserves</i>				
Election Reserve	205	116	205	116
<i>Expense Re-budgeting Reserves</i>				
Expenditure Carried Forward	1,558	909	1,558	909
Total Operational Reserves	8,427	9,008	8,427	9,008
Asset Revaluation Reserve*	341,351	258,915	310,543	258,915
Investment Revaluation Reserve	202	202	202	202
Total Reserves	349,980	268,125	319,172	268,125



Notes to the Financial Statements for the year ended 30 June 2004

Note 13 (continued)

Reserves (continued)

*Asset Revaluation Reserve by Category

Operational Assets

Land & Buildings

Infrastructure Assets

Flood Protection

Transport Facilities

Parks & Forests

Regional Water Supply Assets

Infrastructure Assets

Total Asset Revaluation Reserve

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Land & Buildings	31,299	491	491	491
Flood Protection	108,073	108,073	108,073	108,073
Transport Facilities	1,517	1,517	1,517	1,517
Parks & Forests	13,658	13,751	13,658	13,751
Infrastructure Assets	186,804	135,083	186,804	135,083
Total Asset Revaluation Reserve	341,351	258,915	310,543	258,915

Note 14

Minority Interests

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

Note 15

Employees

Number of Employees

Council 2004	Council 2003
357	348

Notes to the Financial Statements for the year ended 30 June 2004



Note 16

Contingencies

Contingent Liabilities

Legal Proceedings & Possible Obligations
Uncalled Capital in WRC Holdings Limited

Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
2,201	1,296	2,201	1,296
0	0	75,000	75,000
2,201	1,296	77,201	76,296

Contingent Assets

Supplementary Claim to Transfund

Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
0	125	0	125
0	125	0	125

Greater Wellington Regional Council 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 the Council is unaware of.

Subsidiary Companies – CentrePort Limited

In respect of CentrePort the following contingent liabilities existed at 30 June 2004:

A party has commenced litigation disputing the level of the Company'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 Ltd as appropriate, are included within trade receivables (Note 5) at balance date. Professional advice indicates that CentrePort Ltd has no significant exposure to this claim.



Notes to the Financial Statements for the year ended 30 June 2004

Note 17

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
Greater than Five Years

Capital Commitments

Total Commitments

Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
35,488	21,385	35,488	21,385
15,488	10,245	15,488	10,245
26,876	17,018	26,876	17,018
694	1,388	694	1,388
78,546	50,036	78,546	50,036
1,171	819	1,978	1,635
779	390	1,793	164
1,113	164	4,389	13
6	0	1,298	0
3,069	1,373	9,458	1,812
25,064	2,395	4,372	254
106,679	53,804	92,376	52,102

The Council 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 \$20,692,000 (2003 \$2,141,000).



Note 18

Financial Instruments

Currency Risk

The Council is not exposed to any material currency risk.

Credit Risk

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.

The Council 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 the Council's treasury management policy. No collateral is held by the Council 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

The Council 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 the Council by the territorial authorities in the region on an agency basis. Funding for public transport is received from Transfund 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.

The Council minimises liquidity risk principally by maintaining liquid financial investments, undrawn committed lines and overdraft facilities with its relationship banks, in accordance with the treasury management policy. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

Interest Rate Risk

The Group has exposure to interest rate movements as a result of its investments, external debt and money market portfolios.

To minimise the risk on debt and investments, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements to hedge interest rates when rates are anticipated to change. At 30 June 2004 the Group had entered into forward rate and swap agreements to hedge debt (investments) with maturities of:



Notes to the Financial Statements for the year ended 30 June 2004

Note 18 (continued)

Financial Instruments (continued)

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
Seven to Eight Years

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Less than One Year	7,500	7,000	0	0
One to Two Years	2,500	7,500	0	0
Two to Three Years	3,000	2,500	(5,000)	0
Three to Four Years	5,000	0	5,000	0
Four to Five Years	10,000	5,000	10,000	5,000
Five to Six Years	5,000	10,000	5,000	10,000
Six to Seven Years	0	5,000	0	5,000
Seven to Eight Years	0	5,000	0	5,000
	33,000	42,000	15,000	25,000

Fair Value of Interest Rate Swap Agreements

Estimated Fair Value of Interest Rate Swap Agreements as at 30 June 2004

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Estimated Fair Value of Interest Rate Swap Agreements as at 30 June 2004	269	(1,740)	149	(1,521)

Except where 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 2004



Note 19

Severance Payments

During the year ended 30 June 2004, the Greater Wellington Regional Council has not made any severance payments to the CEO. There was one employee who received a severance payment of \$41,952.

Note 20

Remuneration

Councillor J Aitken	42,421
Councillor H Barr	43,022
Councillor I Buchanan	67,914
Councillor G Evans	43,022
Councillor R Kirton	42,587
Councillor C Laidlaw	64,306
Councillor R Long	64,306
Councillor T McDavitt	67,209
Chairperson M Sheilds	121,380
Councillor R Thomas	42,587
Councillor C Turver	64,542
Councillor D Werry	64,362
Councillor I Yardley (<i>resigned 19 February 2004</i>)	27,627

Council 2004 \$000's

Executive Remuneration

For the year ending 30 June 2004 the Chief Executive of the Greater Wellington Regional Council, appointed under section 42(1) of the Local Government Act 2002, received total remuneration of \$276,000. His contract commenced on 4 August 2003. For the year ending 30 June 2003 the previous General Manager received total remuneration of \$261,985.



Notes to the Financial Statements for the year ended 30 June 2004

Note 21

Reconciliation of Operating Surplus with Cash Flow from Operating Activities

Operating Surplus

Add Non-Cash Items

Depreciation

Net Loss (Gain) on Sale of Property, Plant & Equipment

Assets Written Off (Written Back)

Equity Accounted Earnings from Associate Companies

Decrease (Increase) in Value of Investments

Decrease (Increase) in Future Tax Benefit

Add (Less) Movements in Working Capital

Decrease (Increase) in Accounts Receivable

Decrease (Increase) in Inventory

Decrease (Increase) in Tax Refund Due

Increase (Decrease) in Accounts Payable

Increase (Decrease) in Employee Provisions

Increase (Decrease) in WRC Holdings Group Current Account

Add (Less) Items Classified as Investing Activities

Decrease (Increase) in Accounts Payable Related to Property, Plant & Equipment

Dividends Paid/Payable

Sinking Funds Interest Compounded

Add (Less) Items Classified as Financing Activities

Forestry Encouragement Loan Interest Compounded

Net Cash Flow From Operating Activities

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Operating Surplus	10,170	12,383	7,171	8,774
Add Non-Cash Items				
Depreciation	12,850	12,589	8,448	8,163
Net Loss (Gain) on Sale of Property, Plant & Equipment	283	(3)	466	3
Assets Written Off (Written Back)	394	(545)	485	0
Equity Accounted Earnings from Associate Companies	(85)	(6)	0	0
Decrease (Increase) in Value of Investments	0	0	(691)	(545)
Decrease (Increase) in Future Tax Benefit	221	(193)	0	0
Add (Less) Movements in Working Capital				
Decrease (Increase) in Accounts Receivable	(4,329)	(1,169)	(3,256)	903
Decrease (Increase) in Inventory	(98)	10	(13)	17
Decrease (Increase) in Tax Refund Due	(316)	308	0	0
Increase (Decrease) in Accounts Payable	2,121	3,255	904	1,825
Increase (Decrease) in Employee Provisions	(296)	837	224	(111)
Increase (Decrease) in WRC Holdings Group Current Account	(1)	0	322	822
Add (Less) Items Classified as Investing Activities				
Decrease (Increase) in Accounts Payable Related to Property, Plant & Equipment	(78)	562	(200)	154
Dividends Paid/Payable	124	(323)	0	0
Sinking Funds Interest Compounded	(504)	(478)	(504)	(478)
Add (Less) Items Classified as Financing Activities				
Forestry Encouragement Loan Interest Compounded	440	449	440	449
Net Cash Flow From Operating Activities	20,896	27,676	13,796	19,976

Notes to the Financial Statements for the year ended 30 June 2004



Note 22

Related Parties

The Council owns 100% of the shares in WRC Holdings Limited and indirectly, 76.9% of the shares of CentrePort Limited. Councillors 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.

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2004 included:

CentrePort Group

Income from Use of Navigational Facilities and Consent Charges
Income from Subvention Payment
Expense for Rental & Services

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

NZ Local Government Insurance Corporation Limited

Income from Dividends

	Council 2004 \$000's	Council 2003 \$000's
	677	550
	1,859	0
	(25)	(24)
	243	218
	470	422
	323	788
	(1,146)	(1,110)
	(116)	(137)
	(6)	(1)
	0	0



Notes to the Financial Statements for the year ended 30 June 2004

Note 23

Subsequent Events

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