

27 September 2007

Rudie Tomlinson
Director
Audit New Zealand
Private Box 99
WELLINGTON

Dear Rudie

LETTER OF REPRESENTATION FOR THE YEAR ENDED 30 JUNE 2007

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of the financial statements for the year ended 30 June 2007 of:

- ✓ the Wellington Regional Council (the Regional Council)
- ✓ the Group, comprising the Regional Council and its interests in its subsidiaries.

This representation letter is furnished to you in connection with your responsibility to express an opinion as to whether the financial statements comply with generally accepted accounting practice in New Zealand and fairly reflect the financial position of the Wellington Regional Council and Group as at 30 June 2007 and of the results of its operations and cash flows and service performance achievements for the year then ended in accordance with:

- ✓ the Local Government Act 2002
- ✓ the Local Government Rating Act 2002
- ✓ the Local Authorities (Members' Interest) Act 1968

We understand that your examination was conducted in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We also understand that your examination was (to the extent that you deemed appropriate) for the purposes of expressing an opinion on the financial statements, and that such an examination would not necessarily disclose any or all irregularities should any exist.

We confirm, to the best of our knowledge and belief, the following representations:

General

- 1 The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand.
- 2 The financial statements are free of material misstatements, including omissions.
- 3 The statement of service performance fairly reflects the achievements of the Wellington Regional Council and Group.
- 4 Accounting policies, as defined in the financial statements, have been applied consistently throughout the year and any significant change in accounting policy has been disclosed in the financial statements.
- 5 No transactions and balances (including cash and investment accounts) have been offset, except where a right of set-off is permitted by generally accepted accounting practice in New Zealand.
- 6 The records maintained by the Wellington Regional Council and Group during the year were:
 - v adequate for the preparation of the Wellington Regional Council and Group's financial statements *and*
 - v in accordance with the requirements of the Inland Revenue Department.
- 7 We have made available to you all accounting records, including supporting documentation, and there have been no material transactions which have not been recorded in the accounting records.
- 8 All minutes of meetings of the Council and its sub-committees held to date have been made available to you for inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.
- 9 We have informed you of the existence of all agreements relating to agencies, subsidiary companies, joint ventures, trust funds or partnerships or other contractual agreements.
- 10 We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 11 We are not aware of any events subsequent to year end which require adjustment of, or disclosure in, the financial statements or notes thereto.
- 12 The information contained in the Wellington Regional Council and Group's financial statements are consistent with the information contained elsewhere in the annual report.

Publication of financial statements and related audit reports on web sites

- 13 The Wellington Regional Council accepts that it is responsible for the electronic presentation of the audited financial statements.
- 14 The electronic version of the audited financial statements and related audit report presented on the web site are the same as the final signed version of the audited financial statements and audit report.
- 15 The Wellington Regional Council has clearly differentiated between audited and unaudited information in the construction of its web site and understands the risk of potential misrepresentation in the absence of appropriate controls.
- 16 The Wellington Regional Council has assessed the security controls over audited financial information and the related audit report and is satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- 17 Where the audit report on the full financial statements is provided on the web site, the financial statements are also provided in full.

Internal control systems and compliance with laws, regulations and contractual obligations

- 18 The Council acknowledges its responsibility to ensure, through oversight of management, that the Wellington Regional Council establishes and maintains internal controls to provide reasonable assurance with regard to the integrity and reliability of financial reporting, the effectiveness and efficiency of operations, the safeguard of assets and compliance with applicable laws and regulations.
- 19 The Council acknowledges its responsibility for the design and implementation of internal controls to prevent and detect fraud. The Council has considered the potential for management override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage financial and non-financial results in order to influence the Wellington Regional Council's performance and are satisfied with the assurance provided by internal control systems in place.
- 20 There have been no changes to, or introduction of new, information systems during the year that could adversely impact the completeness and accuracy of the Wellington Regional Council and Group's information systems and underlying data.
- 21 The Council accepts that it is responsible for ensuring and has in place appropriate systems and mechanisms to ensure, that all applicable aspects of legislative, regulatory and contractual requirements, which impact on the activities and functions of the Wellington Regional Council and Group have been complied with. To the best of its knowledge the Wellington Regional Council and Group have complied with all legislative, regulatory and contractual requirements during the year.
- 22 The Council's actions during the financial year were according to and within its powers. In addition, we have disclosed to you all known actual or potential instances of non-compliance with any legislative, regulatory or contractual

requirement which we have considered for inclusion in the financial statements as a liability, contingency or commitment.

- 23 No claims or notices of litigation have been or are expected to be received, other than in Note 25.
- 24 The Wellington Regional Council and Group have not been directly represented by solicitors for the year ended 30 June 2007, other than by Simpson Grierson, DLA Phillips Fox, Oakley Moran, Chapman Tripp and Andrew Beatson.
- 25 Expenditure relating to restricted reserves, trusts and monies held on behalf of third parties has been paid in accordance with the purposes of the restricted reserve, trust deed or any other agreement or understanding, and has been appropriately authorised.

Large or unusual transactions or events

- 26 We have provided full and complete information regarding the identification of related parties. The identity of related parties, related party transactions, and related amounts receivable or payable (including fees, commissions, purchases and sales, loans, transfers, leasing arrangements and guarantees) has been properly recorded and disclosed in the financial statements.
- 27 No loan has been made to any member of the Council or staff member of the Wellington Regional Council and Group. Nor have any guarantees been entered into or securities provided in connection with a loan made to a member of the Council or staff member during the year that have not been disclosed in the financial statements.
- 28 All revenue earned prior to 30 June 2007 has been taken into account and, except as disclosed in the financial statements, the results for the year were not materially affected by:
- ∨ transactions of a sort not usually undertaken by the Wellington Regional Council and Group
 - ∨ circumstances of an exceptional or non-recurrent nature
 - ∨ charges or credits relating to prior years
 - ∨ any change in the basis of accounting or application of accounting policies
 - ∨ losses arising from sale and purchase commitments *and*
 - ∨ transactions or agreements with related parties (such as subsidiaries, in-substance subsidiaries, affiliates, principal stakeholders, members of the Council or management) which were not in the ordinary course of business.

- 29 We have disclosed to you:
- v the results of any assessment made by the Council or management that the financial statements of the Wellington Regional Council and Group may be materially misstated as a result of fraud
 - v any fraud or suspected fraud affecting the Wellington Regional Council and Group involving members of the Council, management, employees of the Council or any of its subsidiaries, or any other parties *and*
 - v any allegations of fraud, or suspected fraud, affecting the Wellington Regional Council and Group's financial statements communicated by employees, former employees, analysts, regulators and others.
- 30 We have disclosed all obligations in respect of options (put and call), guarantees, on-selling and buy back agreements, and all other arrangements (contingent or otherwise) relating to the acquisition or disposal of assets, including investments.
- 31 The Wellington Regional Council and Group has no off-balance sheet assets or liabilities, including financial derivatives, except as disclosed in the financial statements.

Assets

- 32 The Wellington Regional Council and Group has satisfactory title to all assets, and there are no liens or encumbrances on the assets.
- 33 All current assets are expected to realise, in the ordinary course of business, at least the value at which they are recorded in the financial statements and are expected to be realised within twelve months. Adequate provision has been made for all uncollectable or doubtful amounts owing to the Wellington Regional Council and Group.
- 34 The carrying amount of non-current assets measured at historical cost has been reviewed to determine whether it is in excess of the asset's recoverable amount. Where an asset's estimated recoverable amount is lower than its carrying amount, it has been written down to that lower value.
- 35 Non-current assets of the Wellington Regional Council and Group that are measured on a valuation basis are recorded at valuations that are not materially different from their fair value.
- 36 All property, plant and equipment is included in the financial statements. Capital expenditure charged during the year is stated at cost and represents actual additions to property, plant and equipment. Property, plant and equipment disposed of or abandoned has been removed from the financial statements. No property, plant and equipment additions or improvements of a material amount were charged to expenses.
- 37 The rate of depreciation applied to each asset is sufficient to amortise the cost or valuation of that asset over its estimated remaining useful life.

38 Adequate insurance has been effected in respect of all assets and insurable risks generally, and all policies are still current.

39 All vested assets and/or donations have been accounted for in the financial statements.

Liabilities

40 All known or ascertainable material liabilities of the Wellington Regional Council and Group at balance date have been reflected in the financial statements.

41 We have made adequate provision for all known and anticipated losses at the date of this letter.

Guarantees, contingencies and commitments

42 The nature of any guarantee given by or on behalf of the Wellington Regional Council and Group is fully disclosed in the financial statements.

43 There are no known material contingent liabilities or contingent assets at balance date other than those disclosed in the financial statements.

44 There are no known material commitments at balance date other than those disclosed in the financial statements.

Transition to New Zealand equivalents to International Financial Reporting Standards (NZ IFRS)

45 We have adopted accounting policies in compliance with the requirements of NZ IFRS as appropriate for the Wellington Regional Council and Group.

46 We have identified and appropriately addressed the impact of the transition to accounting in accordance with NZ IFRS, including the impacts on the transition date balance sheet at 1 July 2005, the restated comparative figures for the year ended 30 June 2006 and the financial results for the year ended 30 June 2007.

Going concern

47 We also confirm that, to the best of our knowledge and belief, the Wellington Regional Council and Group have adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Wellington Regional Council and Group continue to adopt the going concern assumption in preparing the financial statements for the year ended 30 June 2007. We have reached this conclusion after making enquiries and having regard to circumstances which we consider likely to affect the Council and group during the period of one year from 27 September 2007, and to circumstances which we know will occur after that date which could affect the validity of the going concern assumption.

48 We consider the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the Wellington Regional Council and Group.

49 Throughout the year the Wellington Regional Council and Group has conformed with the requirements of its banking arrangements, debenture trust deeds or negative pledge agreements, including those relating to its net tangible assets ratios.

Unadjusted misstatements

50 The financial statements are free from material misstatements, including omissions. We are aware of the unadjusted misstatements identified by you during the course of your audit and identified in Appendix One to this letter. We have considered the misstatements and have determined that they are individually and collectively not material to the financial statements. We believe that no adjustment is required to be made in respect to any of these items.

51 We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our financial statements. As a result of the evaluation process, we have not identified any disclosures that have been omitted from our financial statements.

These representations are made at your request, and to supplement information obtained by you from the records of the Wellington Regional Council and Group and to confirm information given to you orally.

Yours sincerely

Ian Buchanan
Chairman

David Benham
Chief Executive

Barry Turfrey
Chief Financial Officer

UNADJUSTED MISSTATEMENTS

Current year misstatements <i>(Including explanation why not corrected)</i>	Assets \$000	Liabilities \$000	Equity \$000	Income Statement \$000
	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Council				
Provision for doubtful debts (rates) not required	773	-	-	(773)
Total known misstatements for Council	773	-	-	(773)
Group				
Relocation costs capitalised in error	(247)	-	-	247
Westpac facility renewal costs written off in error	60	-	-	(60)
Provision for Lambton Harbour License Fee maintenance not required	-	125	-	(125)
Reclassification of Richardson Engineering accrual	229	(229)	-	-
Other individual amounts less than \$25,000 in total	12	(9)	-	(3)
Total known misstatements for the Group	54	(113)	-	59
Total known misstatements for the Council and Group	827	(113)	-	(714)

Management explanation

Management is of the view that it is prudent to have a provision for doubtful debts to allow for any shortfalls/errors in our rates and water levy.

In respect of the Group misstatements, these are for CentrePort and are considered immaterial.

27 September 2007

Rudie Tomlinson
Director
Audit New Zealand
Private Box 1165
Auckland
New Zealand

Dear Rudie

LETTER OF REPRESENTATION FOR THE SUMMARY ANNUAL REPORT OF WELLINGTON REGIONAL COUNCIL AND GROUP FOR THE YEAR ENDED 30 JUNE 2007

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of the Wellington Regional Council and group's Summary Annual Report.

It is furnished to you in connection with your responsibility to express an opinion as to whether the Summary Annual Report complies with the requirements of the Local Government Act 2002 (the Act) and generally accepted accounting practice in New Zealand.

We understand that your examination was conducted in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We also understand that your examination was (to the extent that you deemed appropriate) for the purposes of expressing an opinion on the Summary Annual Report, and that such an examination would not necessarily disclose any or all irregularities should any exist.

We confirm, to the best of our knowledge and belief, the following representations:

- 1 The Summary Annual Report has been prepared in accordance with FRS 43, and the information contained therein is consistent with the full financial statements from which it is derived.
- 2 The information contained in the Summary Annual Report represents fairly and consistently, the information regarding the major matters dealt with in the annual report.
- 3 We acknowledge that the preparation of the Summary Annual Report and compliance with the Local Government Act 2002 and generally accepted accounting practice in New Zealand is the responsibility of the Council.
- 4 In our view all statutory requirements have been met in preparing the Summary Annual Report.

Unadjusted misstatements

- 5 The Summary Annual Report is free from material misstatements, including omissions. We are aware of the unadjusted misstatements identified by you during the course of your audit and identified in Appendix One to this letter. We have considered the misstatements and have determined that they are individually and collectively not material to the financial statements. We believe that no adjustment is required to be made in respect to any of these items.

- 6 We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our financial statements. As a result of the evaluation process, we have not identified any disclosures that have been omitted from our financial statements.

These representations are made at your request, and to supplement information obtained by you from the records of Council and to confirm information given to you orally.

Yours sincerely

Ian Buchanan
Chair

David Benham
Chief Executive

Barry Turfrey
Chief Financial Officer

APPENDIX 1

UNADJUSTED MISSTATEMENTS

Current year misstatements <i>(Including explanation why not corrected)</i>	Assets	Liabilities	Equity	Income Statement
	\$000	\$000	\$000	\$000
	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Council				
Provision for doubtful debts (rates) not required	773	-	-	(773)
Total known misstatements for the Group	773	-	-	(773)
Group				
Relocation costs capitalised in error	(247)	-	-	247
Westpac facility renewal costs written off in error	60	-	-	(60)
Provision for Lambton Harbour License Fee maintenance not required	-	125	-	(125)
Reclassification of Richardson Engineering accrual	229	(229)	-	-
Other individual amounts less than \$25,000 in total	12	(9)	-	(3)
Total known misstatements for the Group	54	(113)	-	59
Total known misstatements for the Council and Group	827	(113)	-	(714)

Management explanation

Management is of the view that it is prudent to have a provision for doubtful debts to allow for any shortfalls/errors in our rates and water levy.

In respect of the Group misstatements, these are for CentrePort and are considered immaterial.

27 September 2007

Rudie Tomlinson
Director
Audit New Zealand
Private Box 1165
Auckland
New Zealand

Dear Rudie

LETTER OF REPRESENTATION FOR THE AUDIT OF THE PROVISIONAL COMPARATIVE FINANCIAL INFORMATION OF GREATER WELLINGTON REGIONAL COUNCIL AND GROUP FOR THE YEAR ENDED 30 JUNE 2006 RESTATED UNDER NZ IFRS

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of the provisional financial information restated under NZ IFRS for the year ended 30 June 2006 that forms the provisional comparative financial information for the Greater Wellington Regional Council's (the Regional Council) and group first set of NZ IFRS financial statements. This financial information is referred to in this letter as the "restated comparative financial information" and comprises of a statement of financial performance¹, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements.

This representation letter is furnished to you in connection with your responsibility to express an opinion as to whether the restated comparative financial information of the council has been prepared, in all material respects, in accordance with the basis set out in the notes to the restated comparative financial information.

Those notes describe how NZ IFRS have been applied under NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards.

We understand that your examination was conducted in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We also understand that your examination was (to the extent that you deemed appropriate) for the purposes of expressing an opinion on the restated comparative financial information and that such an examination would not necessarily disclose any or all misstatements should any exist.

We confirm, to the best of our knowledge and belief, the following representations:

General

- 1 The restated comparative financial information is derived from our audited financial statements for the year ended 30 June 2006 prepared in accordance with the previous generally accepted accounting practice in New Zealand (NZ GAAP).
- 2 We re-confirm the representations made to you in our letter dated 17 October 2006 in conjunction with your audit of the financial statements of the council for the year ended 30 June 2006. Since the date of that letter, we have not become aware of any matter that would affect the recognition and measurement of any of the items in the audited NZ GAAP financial statements for the year ended 30 June 2006 other than adjustments and reclassifications made as a consequence of the transition to NZ IFRS. All significant adjustments and reclassifications are set out in the notes to the restated comparative financial information.

Accounting policies

- 3 The accounting policies adopted in the preparation of the restated comparative financial information comply with each of the NZ IFRS that are expected to be effective at the reporting date for the Regional Council and group's first NZ IFRS financial statements.
- 4 The accounting policies adopted in the preparation of the restated comparative financial information are in accordance with the NZ IFRS requirements for public benefit entities.
- 5 The Regional Council and group has not applied different versions of NZ IFRS that were effective at dates earlier than the reporting date for Regional Council and group's first NZ IFRS financial statements.
- 6 The Regional Council and group has applied only those NZ IFRS that are expected to be effective at the reporting date for the Regional Council and group's first NZ IFRS financial statements. It has not applied any new standards that will become mandatory after that date.
- 7 The Regional Council and group has not applied the transitional provisions in any NZ IFRS other than NZ IFRS 1.

Adjustments and reclassifications

- 8 We confirm that the adjustments required to convert the financial information for the year ended 30 June 2006 prepared under prior NZ GAAP to comply with the requirements of NZ IFRS are complete and accurate. We have provided documentation to support all adjustments made in producing the restated comparative financial information as well as the process by which we have confirmed the completeness of adjustments.
- 9 The Regional Council and group has recognised all assets and liabilities whose recognition is required by NZ IFRS. All assets and liabilities recognised for the first time as a consequence of the transition to NZ IFRS that were not recognised under previous NZ GAAP are set out in the notes to the restated comparative financial information.
- 10 The Regional Council and group has not recognised items as assets or liabilities if NZ IFRS do not permit such recognition. Any assets and liabilities that were recognised under previous NZ GAAP but which have been de-recognised as a consequence of the transition to NZ IFRS are set out in the notes to the restated comparative financial information.
- 11 The Regional Council and group and has reclassified items that it recognised under previous NZ GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity under NZ IFRS. Any reclassifications as a consequence of the transition to NZ IFRS are set out in the notes to the restated comparative financial information.
- 12 The Regional Council and group has applied NZ IFRS in measuring all recognised assets and liabilities. All adjustments to figures reported under previous NZ GAAP are set out in the notes to the restated comparative financial information.
- 13 The Regional Council and group has applied NZ IFRS in recognising and measuring all items of revenue and expenditure. All adjustments to figures reported under previous NZ GAAP are set out in the notes to the restated comparative financial information.
- 14 The Regional Council and group has prepared the statement of cash flows in accordance with the requirements of NZ IAS 7 Cash Flow Statements. All adjustments to figures reported under previous NZ GAAP are set out in the notes to the restated comparative financial information.

- 15 We have provided you with details of all reclassifications and adjustments made as a consequence of the transition to NZ IFRS. Those details include, in respect of each reclassification and adjustment:
- the amount;
 - the nature; and
 - the relevant NZ IFRS reference confirming the treatment adopted.
- 16 We have also provided you with details of all potential reclassifications and adjustments considered by us but not made. Those details include, in respect of each of those instances:
- the nature of the item or transaction;
 - the reason for not making the adjustment; and
 - the amount.
- 17 We have not made any adjustments or reclassified any items in the restated comparative financial information other than those that are necessary to comply with NZ IFRS that are expected to be effective at the reporting date for the Regional Council and group's first NZ IFRS financial statements and those standards set out in paragraph 6 of this letter that the Regional Council and group has elected to early adopt.

Exemptions from other NZ IFRS

- 18 The council has applied such of the optional exemptions as are allowed under paragraphs 13-25F of NZ IFRS 1 as are appropriate to its circumstances. Details of the exemptions applied are set out in the notes to the restated comparative financial information.

Exceptions to retrospective application of other NZ IFRS

- 19 We confirm that, in accordance with paragraph 26 of NZ IFRS 1, the council has not retrospectively applied those aspects of other NZ IFRS where that is prohibited by NZ IFRS 1. Those aspects of other NZ IFRS where retrospective application is prohibited are outlined in paragraphs 27 to 34B of NZ IFRS 1 and relate to:
- derecognition of financial assets and financial liabilities;
 - hedge accounting;
 - estimates; and
 - assets classified as held for sale and discontinued operations.

Estimates

- 20 The council's estimates under NZ IFRS at 30 June 2006 are consistent with estimates made for the same date under previous NZ GAAP. Adjustments have only been made to those estimates to reflect any difference in accounting policies or where there is objective evidence that those estimates were in error. Any adjustments to estimates made for the same date under previous NZ GAAP are set out in the notes to the restated comparative financial information.

Internal control systems and compliance with laws, regulations and contractual obligations

- 21 The Chief Executive accepts the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Chief Executive also acknowledges responsibility for the design and implementation of internal controls to prevent and detect fraud. The Chief Executive has maintained effective internal control systems during the financial year and the systems have operated to generate accurate and reliable financial information and safeguard assets.

Large or unusual transactions or events

22 We have disclosed to you:

- the results of any assessment made by the Chief Executive or management that the restated comparative financial information of the council may be materially misstated as a result of fraud;
- any fraud or suspected fraud affecting the council involving the Chief Executive, management, employees of the council or any other parties; and
- any allegations of fraud, or suspected fraud, affecting the council's restated comparative financial information communicated by employees, former employees, analysts, regulators or others.

These representations are made at your request, and to supplement information obtained by you from the records of the council and to confirm information given to you orally.

Yours sincerely

David Benham
Chief Executive
On behalf of Council

Barry Turfrey
Chief Financial Officer
On behalf of Council

27 September 2007

Rudie Tomlinson
Director
Audit New Zealand
Private Box 1165
Auckland
New Zealand

Dear Rudie

LETTER OF REPRESENTATION FOR THE AUDIT OF THE PROVISIONAL NZ IFRS ACCOUNTING POLICIES AND PROVISIONAL NZ IFRS OPENING BALANCE SHEET

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of the provisional New Zealand Equivalents to International Reporting Standards (NZ IFRS) accounting policies (referred to in this letter as the "accounting policies") and provisional opening NZ IFRS balance sheet and related notes as at 1 July 2005 (referred to in this letter as the "opening balance sheet") of Wellington Regional Council (the Regional Council) and group.

This representation letter is furnished to you in connection with your responsibility to express an opinion as to whether:

- ✓ the accounting policies are in accordance with the requirements of NZ IFRS existing at the date of this letter; and
- ✓ the opening balance sheet of the Regional Council and group has been prepared, in all material respects, in accordance with the basis set out in the notes to the opening balance sheet. Those notes describe how NZ IFRS have been applied under NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*.

We understand that your examination was conducted in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We also understand that your examination was (to the extent that you deemed appropriate) for the purposes of expressing an opinion on the restated comparative financial information and that such an examination would not necessarily disclose any or all misstatements should any exist

We confirm, to the best of our knowledge and belief, the following representations:

General

- 1 The opening balance sheet is derived from our audited financial statements for the year ended 30 June 2005 prepared in accordance with the previous generally accepted accounting practice (GAAP) in New Zealand.
- 2 We re-confirm that the representations made to you in our letter dated 18 October 2005 in conjunction with your audit of the financial statements of the Regional Council and

group for the year ended 30 June 2005. Since the date of that letter, we have not become aware of any matter that would affect the recognition and measurement of any of the items in the audited GAAP financial statements for the year ended 30 June 2005 other than adjustments and reclassifications made as a consequence of the transition to NZ IFRS. All significant adjustments and reclassifications are set out in the notes to the opening balance sheet.

Accounting policies, adjustments and reclassifications

- 3 We confirm that the adjustments required to convert prior NZ GAAP to NZ IFRS are complete and accurate. We have provided documentation to support all opening balance sheet adjustments as well as the process by which we have confirmed the completeness of adjustments.
- 4 The accounting policies adopted in the preparation of the opening balance sheet comply with each of the NZ IFRS that are expected to be effective at the reporting date for the Regional Council and group's first NZ IFRS financial statements.
- 5 The accounting policies adopted in the preparation of the opening balance sheet are in accordance with the NZ IFRS requirements for public benefit entities.
- 6 The Regional Council has not applied different versions of NZ IFRS that were effective at dates earlier than the reporting date for Regional Council and group's first NZ IFRS financial statements.
- 7 The Regional Council and group have applied only those NZ IFRS that are expected to be effective at the reporting date for Regional Council and group's first NZ IFRS financial statements. It has not applied any new standards that will become mandatory after that date.
- 8 The Regional Council and group have not applied the transitional provisions in any NZ IFRS other than NZ IFRS 1.
- 9 The Regional Council and group have recognised all assets and liabilities whose recognition is required by NZ IFRS.

All assets and liabilities recognised for the first time as a consequence of the transition to NZ IFRS that were not recognised under previous GAAP are set out in the notes to the opening balance sheet.
- 10 The Regional Council and group have not recognised items as assets or liabilities if NZ IFRS do not permit such recognition.

Any assets and liabilities that were recognised under previous GAAP but which have been de-recognised as a consequence of the transition to NZ IFRS are set out in the notes to the opening balance sheet.
- 11 The Regional Council and group have reclassified items that it recognised under previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity under NZ IFRS.

Any reclassifications as a consequence of the transition to NZ IFRS are set out in the notes to the opening balance sheet.

- 12 The Regional Council and group have applied NZ IFRS in measuring all recognised assets and liabilities.
- 13 Any adjustments arising from the different treatment of events and transactions before transition date have been recognised directly in retained earnings or, if appropriate, another category of equity as at transition date.
- 14 All such adjustments are set out in the notes to the opening balance sheet.
- 15 We have provided you with details of all reclassifications and adjustments made as a consequence of the transition to NZ IFRS. Those details include, in respect of each reclassification and adjustment:
 - v the amount;
 - v the nature; and
 - v the relevant NZ IFRS reference confirming the treatment adopted.
- 16 We have also provided you with details of all potential reclassifications and adjustments considered by us but not made. Those details include, in respect of each of those instances:
 - v the nature of the item or transaction;
 - v the reason for not making the adjustment; and
 - v the amount.
- 17 We have not made any adjustments or reclassified any items in the opening balance sheet other than those that are necessary to comply with NZ IFRS that will be effective at the reporting date for Regional Council and group's first NZ IFRS financial statements.

Exemptions from other NZ IFRS

- 18 The Regional Council and group have applied such of the optional exemptions as are allowed under paragraphs 13-25F of NZ IFRS 1 as are appropriate to its circumstances. Details of the exemptions applied are set out in the notes to the opening balance sheet.

Exceptions to retrospective application of other NZ IFRS

- 19 We confirm that, in accordance with paragraph 26 of NZ IFRS 1, Regional Council and group have not retrospectively applied those aspects of other NZ IFRS where that is prohibited by NZ IFRS 1. Those aspects of other NZ IFRS where retrospective application is prohibited are outlined in paragraphs 27 to 34B of NZ IFRS 1 and relate to:
 - v derecognition of financial assets and financial liabilities;
 - v hedge accounting;
 - v estimates; and
 - v assets classified as held for sale and discontinued operations.

Estimates

20 Regional Council and group's estimates under NZ IFRS at transition date are consistent with estimates made for the same date under previous GAAP. Adjustments have only been made to those estimates to reflect any difference in accounting policies or where there is objective evidence that those estimates were in error.

Any adjustments to estimates made for the same date under previous GAAP are set out in the notes to the opening balance sheet.

Internal control systems and compliance with laws, regulations and contractual obligations

21 The Chief Executive accepts the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Chief Executive also acknowledges responsibility for the design and implementation of internal controls to prevent and detect fraud. The Chief Executive has maintained effective internal control systems during the financial year and the systems have operated to generate accurate and reliable financial information and safeguard assets.

Large or unusual transactions or events

22 We have disclosed to you:

- ✓ the results of any assessment made by the Chief Executive or management that the opening balance sheet of the Regional Council and group may be materially misstated as a result of fraud;
- ✓ any fraud or suspected fraud affecting the Regional Council and group involving the Chief Executive, management, employees of the Council or any other parties; and
- ✓ any allegations of fraud, or suspected fraud, affecting the Regional Council and group's opening balance sheet communicated by employees, former employees, analysts, regulators or others.

These representations are made at your request, and to supplement information obtained by you from the records of the Regional Council and group and to confirm information given to you orally.

Yours sincerely

David Benham
Chief Executive Officer

Barry Turfrey
Chief Financial Officer