

# Financial statements

The following pages present the financial results of the Council for the 2004/2005 year compared against the budgets set in the *Long-Term Council Community Plan* and the results published in the *2003/2004 Annual Report*. In particular, the following information is presented:

- the practices and assumptions used in preparing the financial information
- where the Council's income came from and where it was subsequently spent
- the effect of the income and expenditure on the overall net worth of the Council
- what the Council owes and owns
- the cash payments and receipts during the year
- additional supporting information.

# Statement of accounting policies

## Reporting entity

The Taranaki Regional Council (the Council) is a regional local authority governed by the Local Government Act 2002. The group consists of the Council and its 100% owned subsidiary, Westgate Transport Limited. The consolidated financial statements have been prepared in terms of section 98 of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand.

## Measurement base

The measurement base adopted is that of historical cost, modified by the revaluation of certain non-current assets.

## Accounting policies

### Budget figures

The budget figures are those approved by the Council, after public consultation, as part of the annual plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

### Basis of consolidation

Consolidated financial results include the Council and Westgate Transport Limited. The subsidiary is accounted for using the purchase method. All significant inter-entity transactions are eliminated upon consolidation.

### Goods and services tax

All items are exclusive of goods and services tax (GST), excluding accounts receivable and payable, which are recorded inclusive of GST in the *Statement of Financial Position*.

## Revenue

Rates and other revenue excluding grants are recognised when rates are struck and/or invoices have been issued. Grant revenue is recognised as income when the conditions of entitlement have been met. Dividends are recognised in the period that they are authorised and approved.

## Overhead allocation

Overheads have been allocated against activity centres on the basis of staff numbers. However, in the case of Councillors, they have been allocated on a 0.5:1 ratio.

## Income tax

Income tax expense is charged in the *Statement of Financial Performance* in respect of the current year's surplus after allowing for permanent differences. The liability method of accounting for deferred taxation has been used and this has been applied on a comprehensive basis. Future taxation benefits attributable to tax losses or timing differences are recognised only when there is virtual certainty of realisation.

## Foreign currency

Transactions in foreign currencies have been converted at the rate of exchange ruling at the date of the transaction. At balance date, all foreign currency monetary assets and liabilities are adjusted using the prevailing spot rate of the day. Any gain or loss is recognised in the reported financial year in the *Statement of Financial Performance*.

## Maintenance dredging

The cost of maintenance dredging is capitalised and then expensed over the period of benefit through to the commencement of the next dredging campaign. The value of the unexpired portion of maintenance dredging at balance date is reflected in the *Statement of Financial Position* (Property, plant and equipment).

# Statement of accounting policies

## Investment properties

Investment properties are valued annually (at 30 June) by Mr Ian Baker of TelferYoung (Taranaki) Limited, registered valuers, at net current value based on an existing use valuation basis. Mr Baker is a member of the Australia New Zealand Institute of Valuers. Any revaluation gain is taken to the investment property revaluation reserve. There is no depreciation on investment properties.

## Investments

Bank investments and shares in Westgate Transport Limited and the New Zealand Local Government Insurance Corporation Limited are stated at the lower of cost and net realisable value. The value of local authority and corporate bonds have been calculated using the yield to maturity method as these investments are intended to be held until maturity. Current term loans are shown at their fair value which is established by using a discounted cash flow approach that applies interest rates currently being offered for loans and advances with similar terms to borrowers of similar credit quality and maturity.

## Property, plant and equipment

Property, plant and equipment are stated at historic cost less depreciation except for the following:

- The Waitara River Flood Protection Scheme assets and the Waiwhakaiho River Flood Protection Scheme assets have been independently valued at 30 June 2005 at replacement cost, by Mr Gary Williams (Registered Engineer and member of IPENZ, B.E. (Hons), B.Sc., M Com. (Hons)) of G and E Williams Consultants Limited.
- Infrastructure restricted asset Waitara – this land has been included in the financial statements at the government valuation as at 30 June 1995.
- An independent registered valuer revalues Westgate Transport Limited-owned land every three years. Mr Ian Baker, a registered valuer with Telfer Young (Taranaki) Limited, New Plymouth, revalued land at 30 June 2005. Mr Baker is a member of the Australia New Zealand Institute of Valuers. The basis of the valuation was fair value which equates to a highest and best use value.
- An independent registered valuer revalues Westgate Transport Limited-owned floating plant every five years. Mr J Freeman, a registered plant and machinery valuer with CB Richard Ellis, Wellington, revalued floating plant at 30 June 2002. Mr Freeman is a member of the New Zealand Property Institute. The basis of the valuation was fair value, which equates to market value.

When a fixed asset is revalued the resulting increase or decrease in value is recognised in the *Statement of Movements in Equity*. If the revaluation of a fixed asset results in a revaluation deficit for that class of fixed asset then the revaluation deficit is recognised in the *Statement of Financial Performance*. To the extent that the revaluation of a fixed asset reverses a previous revaluation deficit for that class of fixed asset and the deficit was recognised in the *Statement of Financial Performance*, the revaluation increase is recognised in the *Statement of Financial Performance*.

## Depreciation

Depreciation is fully funded on a straight-line basis, which writes off the value of the assets over their expected remaining lives after allowing for residual values where applicable. The depreciation rates are as follows:

Buildings	5 to 50 years	2.00% to 20%
Motor Vehicles	5 years	20%
Plant and Equipment	2.5 to 25 years	4% to 40%
Office Furniture	5 to 10 years	10% to 20%
Computer Equipment	3 to 5 years	20% to 33%
Port Installations	5 to 66 years	1.15% to 20%
Maintenance dredging	2 years	50%
Floating Plant	3 to 25 years	4% to 33%
Resource consents	25 years	4%

Flood scheme assets – the nature of these assets is equivalent to land improvements and, as such, they do not incur a loss of service potential over time. Land and flood scheme assets are not depreciated.

## Accounts receivable

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

# Statement of accounting policies

## Inventories

Inventories are valued at the lower of weighted average cost and net realisable value after allowing for slow-moving and obsolete items.

## Employee entitlements

Provision is made in respect of the group's liability for annual leave, long service leave, gratuities and payroll accruals. Annual leave has been calculated on an actual entitlement basis at current rates of pay. Gratuities and long service leave have been calculated on an actuarial basis at current rates of pay.

## Financial instruments

The Council (and 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* at fair value unless otherwise stated.

Revenues and expenses in relation to financial instruments are recognised in the *Statement of Financial Performance*.

Westgate Transport Limited is party to foreign exchange forward contracts with off balance sheet risk to reduce exposure to fluctuation in foreign exchange rates. The Company enters into foreign currency forward exchange contracts to hedge foreign currency transactions when purchasing major *Property, plant and equipment* and when payment is denominated in foreign currency. Gains and losses on such contracts are recognised in the year in which the transaction is completed.

## Statement of cash flows

The following are the definitions of terms used in the statement of cash flows:

- Cash means deposits with banks
- Investing activities comprise the purchase and sale of property, plant and equipment, investment properties and investments
- Financing activities comprise the change in equity and debt structures
- Operating activities include all transactions and events that are not investing or financial activities.

## Changes in accounting policies

There have been no changes in accounting policies during the year. All policies have been applied on a basis consistent with prior years.

# Statement of financial performance for the year ended 30 June 2005

Consolidated			Notes	Council		
2004/2005	2003/2004			2004/2005	2003/2004	
Actual \$	Actual \$			Actual \$	Budget \$	Actual \$
<b>Cost of services</b>						
393,701	620,432	Policy and planning		393,701	618,413	620,432
504,126	401,533	Civil defence emergency management		504,126	492,587	401,533
2,628,645	2,500,249	Resource consents		2,628,645	2,458,036	2,500,249
1,525,738	1,255,915	Land management		1,525,738	1,739,644	1,255,915
309,927	223,120	River control and flood protection		309,927	258,344	223,120
607,930	424,398	Land transport and harbour management		640,148	690,272	442,898
1,342,190	1,197,311	Resource investigations, monitoring and enhancement		1,342,190	1,287,197	1,197,311
1,713,290	1,671,769	Pest management		1,713,290	1,881,718	1,671,769
431,703	457,723	Recreation, culture and heritage		431,703	405,710	457,723
985,255	879,578	Regional representation, information and investments		985,255	950,915	879,578
25,697,278	24,256,675	Port operations		-	-	-
<b>36,139,783</b>	<b>33,888,703</b>	<b>Total operating expenditure</b>		<b>10,474,723</b>	<b>10,782,836</b>	<b>9,650,528</b>
<b>Revenue</b>						
3,273,975	3,194,325	General rates		3,273,975	3,273,975	3,194,325
1,109,858	1,107,171	Targeted rates		1,109,858	1,109,500	1,107,171
2,767,322	2,313,037	Direct charges		2,832,167	2,540,852	2,408,516
237,449	198,301	Government grants		237,449	337,333	198,301
-	-	Dividends		2,200,000	2,400,000	2,600,000
1,609,577	1,372,999	Other investment revenue		1,665,577	1,578,070	1,442,999
-	12,000	Donated assets		-	-	12,000
27,927,716	28,061,121	Port operations		-	-	-
<b>36,925,897</b>	<b>36,258,954</b>	<b>Total operating revenue</b>		<b>11,319,026</b>	<b>11,239,730</b>	<b>10,963,312</b>
<b>786,114</b>	<b>2,370,251</b>	<b>Operating surplus before tax</b>		<b>844,303</b>	<b>456,894</b>	<b>1,312,784</b>
695,025	1,141,240	Taxation	1	-	-	-
<b>91,089</b>	<b>1,229,011</b>	<b>Net operating surplus after tax</b>	<b>2, 3</b>	<b>844,303</b>	<b>456,894</b>	<b>1,312,784</b>

The variance between the actual net operating surplus and that budgeted for is explained in detail in Note 3. This statement should be read in conjunction with the *Statement of accounting policies* and the *Notes to the financial statements*.

# Statement of movements in equity for the year ended 30 June 2005

Consolidated			Notes	2004/2005	Council	2003/2004
2004/2005	2003/2004			2004/2005	2004/2005	2003/2004
Actual \$	Actual \$			Actual \$	Budget \$	Actual \$
<b>85,389,433</b>	<b>83,315,422</b>	<b>Public equity as at 1 July</b>		<b>58,156,079</b>	<b>56,263,779</b>	<b>55,998,295</b>
91,089	1,229,011	Net operating surplus after tax	2, 3	844,303	456,894	1,312,784
20,363,718	845,000	Increase in asset revaluation reserves	12	5,563,000	5,005	845,000
<b>20,454,807</b>	<b>2,074,011</b>	Total recognised revenue and expenses		<b>6,407,303</b>	<b>461,899</b>	<b>2,157,784</b>
<b>105,844,240</b>	<b>85,389,433</b>	<b>Public equity as at 30 June</b>		<b>64,563,382</b>	<b>56,725,678</b>	<b>58,156,079</b>

This statement should be read in conjunction with the *Statement of accounting policies* and the *Notes to the financial statements*.

# Statement of financial position as at 30 June 2005

Consolidated			Notes	2004/2005	Council	2003/2004
2004/2005	2003/2004			2004/2005	2004/2005	2003/2004
Actual \$	Actual \$			Actual \$	Budget \$	Actual \$
<b>Current assets</b>						
2,305,228	1,691,158	Bank and call deposits	4	2,129,099	(365,810)	1,655,971
776,360	540,326	Taxation receivable	1	-	-	-
3,781,165	3,562,787	Accounts receivable	5	1,123,002	640,000	722,581
156,451	287,966	Inventory		-	-	133,126
110,944	187,869	Prepayments		91,823	80,000	63,020
1,498,000	-	Loan (secured)	6	-	-	-
<b>8,628,148</b>	<b>6,270,106</b>	<b>Total current assets</b>		<b>3,343,924</b>	<b>354,190</b>	<b>2,574,698</b>
<b>Non current assets</b>						
373,290	330,886	Future taxation benefit	1	-	-	-
16,605,093	17,974,956	Investments	6	42,605,093	44,453,000	42,476,956
12,015,000	6,542,000	Investment properties	7	12,015,000	5,010,005	6,542,000
95,579,141	80,390,064	Property, plant and equipment	8	8,556,386	8,758,483	8,187,945
<b>124,572,524</b>	<b>105,237,906</b>	<b>Total non current assets</b>		<b>63,176,479</b>	<b>58,221,488</b>	<b>57,206,901</b>
<b>133,200,672</b>	<b>111,508,012</b>	<b>Total assets</b>		<b>66,520,403</b>	<b>58,575,678</b>	<b>59,781,599</b>
<b>Current liabilities</b>						
4,044,883	2,666,819	Accounts payable	9	883,435	1,000,000	781,406
1,608,945	1,452,967	Employee entitlements	10	670,982	400,000	445,321
10,300,000	21,600,000	Debenture (secured)	11	-	-	-
<b>15,953,828</b>	<b>25,719,786</b>	<b>Total current liabilities</b>		<b>1,554,417</b>	<b>1,400,000</b>	<b>1,226,727</b>
<b>Non current liabilities</b>						
402,604	398,793	Employee entitlements	10	402,604	450,000	398,793
11,000,000	-	Debenture (secured)	11	-	-	-
<b>11,402,604</b>	<b>398,793</b>	<b>Total non current liabilities</b>		<b>402,604</b>	<b>450,000</b>	<b>398,793</b>
<b>27,356,432</b>	<b>26,118,579</b>	<b>Total liabilities</b>		<b>1,957,021</b>	<b>1,850,000</b>	<b>1,625,520</b>
<b>Public equity</b>						
59,525,227	59,029,925	Retained earnings	12	42,824,763	41,487,178	41,576,247
13,527,313	13,931,526	Reserves	12	13,527,313	13,425,189	13,931,526
32,791,700	12,427,982	Asset revaluation reserves	12	8,211,306	1,813,311	2,648,306
<b>105,844,240</b>	<b>85,389,433</b>	<b>Total public equity</b>		<b>64,563,382</b>	<b>56,725,678</b>	<b>58,156,079</b>
<b>133,200,672</b>	<b>111,508,012</b>	<b>Total liabilities and equity</b>		<b>66,520,403</b>	<b>58,575,678</b>	<b>59,781,599</b>

This statement should be read in conjunction with the *Statement of accounting policies* and the *Notes to the financial statements*.

# Statement of cash flows for the year ended 30 June 2005

Consolidated			Notes	Council		
2004/2005	2003/2004			2004/2005	2003/2004	
Actual \$	Actual \$			Actual \$	Budget \$	Actual \$
		<b>Cash flow from operating activities</b>				
		Cash was provided from:				
31,043,545	30,961,897	Customers		3,148,754	3,339,134	2,897,778
4,383,833	4,259,356	Rates		4,383,833	4,383,475	4,259,356
1,194,385	1,131,615	Interest		965,140	1,117,120	1,033,793
-	-	Dividends		2,200,000	2,400,000	2,600,000
<u>36,621,763</u>	<u>36,352,868</u>			<u>10,697,727</u>	<u>11,239,729</u>	<u>10,790,927</u>
		Cash was applied to:				
27,146,238	27,640,127	Employees and suppliers		8,773,524	9,626,827	9,074,920
973,463	1,269,207	Income tax		-	-	-
340,751	496,227	Goods and services tax		343,823	320,000	228,754
1,363,149	1,391,984	Interest		-	-	-
<u>29,823,601</u>	<u>30,797,545</u>			<u>9,117,347</u>	<u>9,946,827</u>	<u>9,303,674</u>
<b>6,798,162</b>	<b>5,555,323</b>	<b>Net cash flow from operating activities</b>	<b>16</b>	<b>1,580,380</b>	<b>1,292,902</b>	<b>1,487,253</b>
		<b>Cash flow from investing activities</b>				
		Cash was provided from:				
164,784	173,685	Property, plant and equipment		112,487	163,000	84,133
<u>164,784</u>	<u>173,685</u>			<u>112,487</u>	<u>163,000</u>	<u>84,133</u>
		Cash was applied to:				
128,138	2,925,955	Investments		128,138	876,000	2,925,955
5,920,738	5,137,343	Property, plant and equipment		1,091,601	1,518,929	800,883
<u>6,048,876</u>	<u>8,063,298</u>			<u>1,219,739</u>	<u>2,394,929</u>	<u>3,726,838</u>
<b>(5,884,092)</b>	<b>(7,889,613)</b>	<b>Net cash flow outflow from investing activities</b>		<b>(1,107,252)</b>	<b>(2,231,929)</b>	<b>(3,642,705)</b>
		<b>Cash flow from financing activities</b>				
		Cash was applied to:				
300,000	200,000	Loans		-	-	-
<u>300,000</u>	<u>200,000</u>			<u>-</u>	<u>-</u>	<u>-</u>
<b>(300,000)</b>	<b>(200,000)</b>	<b>Net cash outflow from financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>614,070</b>	<b>(2,534,290)</b>	<b>Net increase/(decrease) in cash held</b>		<b>473,128</b>	<b>(939,027)</b>	<b>(2,155,452)</b>
1,691,158	4,225,448	Opening cash balance		1,655,971	573,217	3,811,423
<b>2,305,228</b>	<b>1,691,158</b>	<b>Closing cash balance</b>	<b>4</b>	<b>2,129,099</b>	<b>(365,810)</b>	<b>1,655,971</b>

This statement should be read in conjunction with the *Statement of accounting policies* and the *Notes to the financial statements*.



# Notes to the financial statements for the year ended 30 June 2005

Consolidated		Council	
2004/2005	2003/2004	2004/2005	2003/2004
Actual \$	Actual \$	Actual \$	Actual \$
<b>Note 1 – Taxation</b>			
786,114	2,370,251	844,303	1,312,784
259,418	782,183	278,620	433,219
411,236	359,057	804,962	847,372
52,986	(481,566)	-	-
<b>723,640</b>	<b>659,674</b>	<b>1,083,582</b>	<b>1,280,597</b>
-	-	(1,083,582)	(1,280,597)
24,371	-	-	-
(52,986)	481,566	-	-
<b>695,025</b>	<b>1,141,240</b>	<b>-</b>	<b>-</b>
<b>Future tax benefit</b>			
330,886	778,267	-	-
52,986	(481,566)	-	-
(10,582)	34,185	-	-
<b>373,290</b>	<b>330,886</b>	<b>-</b>	<b>-</b>
<b>Current taxation</b>			
540,326	(35,022)	-	-
(723,640)	(659,674)	-	-
(13,789)	(34,185)	-	-
973,463	1,269,207	-	-
<b>776,360</b>	<b>540,326</b>	<b>-</b>	<b>-</b>
<b>Imputation credit account</b>			
3,773,215	3,784,605	-	-
(1,083,582)	(1,280,597)	-	-
-	-	-	-
973,463	1,269,207	-	-
<b>3,663,096</b>	<b>3,773,215</b>	<b>-</b>	<b>-</b>

Council's tax losses/surpluses arise from the shareholding in Westgate Transport Limited. A significant portion of the tax losses have been offset against the tax liability of Westgate Transport Limited. There are no tax losses carried forward.

Consolidated		Council	
2004/2005	2003/2004	2004/2005	2003/2004
Actual \$	Actual \$	Actual \$	Actual \$
<b>Note 2 – Operating surplus</b>			
<b>The net operating surplus was achieved after crediting:</b>			
-	-	2,200,000	2,600,000
1,344,283	1,086,613	1,130,018	973,811
50,992	32,766	45,008	24,086
-	1,801	-	-
-	-	56,000	70,000
-	12,000	-	12,000
<b>And after charging:</b>			
84,000	84,000	49,000	49,000
6,200	8,050	6,200	8,050
6,300,652	5,363,104	775,880	742,429
132,939	145,000	-	-
1,482,074	1,392,037	-	-
(12,000)	(33,214)	-	(1,214)
473	1,214	-	1,214
9,976	22,630	5,840	788
500	700	-	-

### Note 3 – Net operating surplus after tax

The Council made a net operating surplus of \$844,303 compared to a budgeted surplus, before transfers to and from reserves, of \$456,894. The major reasons for this positive variance between the actual net operating surplus and budgeted net operating surplus are:

Operating expenditure was less than budgeted	\$308,113
Targeted rates were more than budgeted	\$358
Direct charges were more than budget	\$291,315
Government grants were less than anticipated	(\$99,884)
Dividends were less than forecast	(\$200,000)
Other investment revenue was more than budgeted	\$87,507

The 2005/2006 Annual Plan has budgeted for a net operating surplus, before transfers to and from reserves, of \$452,582.

# Notes to the financial statements for the year ended 30 June 2005

Consolidated		Council	
2004/2005	2003/2004	2004/2005	2003/2004
Actual \$	Actual \$	Actual \$	Actual \$
<b>Note 4 – Bank</b>			
723,062	196,309	546,933	161,122
1,582,166	1,494,849	1,582,166	1,494,849
<b>2,305,228</b>	<b>1,691,158</b>	<b>2,129,099</b>	<b>1,655,971</b>
<b>Total bank and call deposits</b>			

The weighted average effective interest rate on call deposits was 6.23% for the year ended 30 June 2005 (5.61% for the year ended 30 June 2004).

Consolidated		Council	
2004/2005	2003/2004	2004/2005	2003/2004
Actual \$	Actual \$	Actual \$	Actual \$
<b>Note 5 – Accounts receivable</b>			
3,833,036	3,626,658	1,168,873	768,452
(51,871)	(63,871)	(45,871)	(45,871)
<b>3,781,165</b>	<b>3,562,787</b>	<b>1,123,002</b>	<b>722,581</b>
<b>Total accounts receivable</b>			

## Note 6 – Investments

Consolidated		Council	
2004/2005	2003/2004	2004/2005	2003/2004
Actual \$	Actual \$	Actual \$	Actual \$
<b>Non-current assets</b>			
7,200,000	7,000,000	7,200,000	7,000,000
9,404,093	9,475,955	9,404,093	9,475,955
-	1,498,000	-	-
1,000	1,000	1,000	1,000
-	-	26,000,000	26,000,000
<b>16,605,093</b>	<b>17,974,956</b>	<b>42,605,093</b>	<b>42,476,956</b>
<b>Total investments</b>			

The weighted average effective interest rate on term deposits was 6.23% for the year ended 30 June 2005 (5.61% for the year ended 30 June 2004). The market value of term deposits approximates the book value.

## Current loan

The loan of \$1,498,000, which is now a current asset, is secured by a first mortgage over a leasehold interest with a market value of approximately twice the amount of the loan. The loan amount is also guaranteed by the Fitzroy Engineering Group Ltd. The market value of the loan is deemed fair value. The effective interest rate on the loan is 12% for the year ended 30 June 2005.

## Shares

NZ Local Government Insurance Corporation Limited-insurance company 30 June balance date – 1,000 shares

Westgate Transport Limited-port operator – 100% owned subsidiary 30 June balance date – 52,000,000 shares

Consolidated		Council	
2004/2005	2003/2004	2004/2005	2003/2004
Actual \$	Actual \$	Actual \$	Actual \$
<b>Local authority and corporate bonds</b>			
The market value of publicly tradable local authority and corporate bonds are:			
9,404,092	9,475,955	9,404,092	9,475,955
9,394,093	9,526,936	9,394,093	9,526,936
<b>Note 7 – Investment properties</b>			
4,345,500	4,345,500	4,345,500	4,345,500
2,196,500	1,361,500	2,196,500	1,361,500
5,473,000	835,000	5,473,000	835,000
<b>12,015,000</b>	<b>6,542,000</b>	<b>12,015,000</b>	<b>6,542,000</b>
<b>Total investment properties</b>			

An independent registered valuer (TelferYoung (Taranaki) Limited) revalued investment properties as at 30 June 2005.

## Note 8 – Property, plant and equipment – 2004/2005 Actual \$

Council – at cost	Cost/valuation	Annual Depreciation	Accumulated depreciation-	Net book value
Land	466,025	-	-	466,025
Buildings	3,647,305	140,000	1,222,897	2,424,408
Motor vehicles	1,399,772	254,463	751,254	648,518
Plant and equipment	2,430,682	135,932	1,971,577	459,105
Office furniture	493,412	23,932	358,119	135,293
Computer equipment	2,472,530	221,549	1,849,762	622,768
Work in progress	433,269	-	-	433,269
<b>Council – at valuation</b>				
Infrastructure assets	3,367,000	-	-	3,367,000
<b>Total assets</b>	<b>14,709,995</b>	<b>775,876</b>	<b>6,153,609</b>	<b>8,556,336</b>

# Notes to the financial statements for the year ended 30 June 2005

## Note 8 – Property, plant and equipment – 2004/2005 Actual \$

Consolidated – at cost	Cost/valuation	Annual depreciation	Accumulated depreciation	Net book value
Land	466,025	-	-	466,025
Buildings	18,607,375	745,210	8,267,293	10,340,082
Motor vehicles	1,399,772	254,463	751,254	648,518
Plant and equipment	26,820,730	1,833,793	13,173,865	13,646,865
Office furniture	493,412	23,932	358,119	135,293
Computer equipment	2,472,530	221,549	1,849,762	622,768
Port installations	34,212,086	1,185,207	11,516,405	22,695,681
Maintenance dredging	1,274,994	1,478,974	-	1,274,994
Resource consents	178,976	6,309	8,938	170,038
Floating plant	11,458,647	551,211	1,694,268	9,764,379
Work in progress	1,343,028	-	-	1,343,028
<b>Consolidated – at valuation</b>				
Land	31,104,470	-	-	31,104,470
Infrastructure assets	3,367,000	-	-	3,367,000
<b>Total assets</b>	<b>133,199,045</b>	<b>6,300,648</b>	<b>37,619,904</b>	<b>95,579,141</b>

## Note 8 – Property, plant and equipment – 2003/2004 Actual \$

Council – at cost	Cost/valuation	Annual depreciation	Accumulated depreciation	Net book value
Land	466,025	-	-	466,025
Buildings	3,616,796	80,215	1,082,897	2,533,899
Motor vehicles	1,372,032	261,103	694,063	677,969
Plant and equipment	2,264,483	171,796	1,836,696	427,787
Office furniture	524,760	23,179	373,945	150,815
Computer equipment	2,236,435	206,136	1,628,214	608,221
Work in progress	46,229	-	-	46,229
<b>Council – at valuation</b>				
Infrastructure assets	3,277,000	-	-	3,277,000
<b>Total assets</b>	<b>13,803,760</b>	<b>742,429</b>	<b>5,615,815</b>	<b>8,187,945</b>

## Note 8 – Property, plant and equipment – 2003/2004 Actual \$

Consolidated – at cost	Cost/valuation	Annual depreciation	Accumulated depreciation	Net book value
Land	466,025	-	-	466,025
Buildings	17,929,624	669,961	7,525,384	10,404,240
Motor vehicles	1,372,032	261,103	694,063	677,969
Plant and equipment	26,182,518	1,752,128	11,398,418	14,784,100
Office furniture	524,760	23,179	373,945	150,815
Computer equipment	2,236,435	206,136	1,628,214	608,221
Port installations	31,944,627	1,101,953	10,332,104	21,612,523
Maintenance dredging	1,690,256	799,250	211,281	1,478,975
Resource consents	178,976	2,629	2,629	176,347
Floating plant	11,449,843	546,399	1,144,082	10,305,761
Work in progress	615,025	-	-	615,025
<b>Consolidated – at valuation</b>				
Land	15,833,063	-	-	15,833,063
Infrastructure assets	3,277,000	-	-	3,277,000
<b>Total assets</b>	<b>113,700,184</b>	<b>5,362,738</b>	<b>33,310,120</b>	<b>80,390,064</b>

## Fair values

The fair value of land and buildings is the value for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction. Quotable Value New Zealand and TelferYoung (Taranaki) Limited have valued the Council's land and buildings for insurance purposes as at 30 June 2005 on a fair value (current market value) basis at \$2,649,000 (2003/2004 – \$2,405,000). The Council records the land and buildings on a historic cost basis, which reflects the on-going existing use valuation to the Council. The Council has no plans to dispose of the land and buildings, which would make the fair value valuation more appropriate than the on-going existing use valuation. Westgate Transport Limited revalued its land as at 30 June 2005. The Company believes that this valuation reflects the fair value of land. Mr Ian Baker, a registered valuer with Telfer Young (Taranaki) Limited, New Plymouth, revalued the land as at 30 June 2005. Mr Baker is a member of the Australia New Zealand Institute of Valuers.

Consolidated		Council	
2004/2005	2003/2004	2004/2005	2003/2004
Actual \$	Actual \$	Actual \$	Actual \$

## Note 9 – Accounts payable

2,075,534	1,593,673	Trade creditors	412,273	420,185
162,312	43,387	Interest accrual	-	-
1,205,719	403,682	Property, plant and equipment accruals	80,535	44,495
601,318	626,077	Other creditors and accruals	390,627	316,726
<b>4,044,883</b>	<b>2,666,819</b>	<b>Total accounts payable</b>	<b>883,435</b>	<b>781,406</b>

# Notes to the financial statements for the year ended 30 June 2005

Consolidated			Council	
2004/2005	2003/2004		2004/2005	2003/2004
Actual \$	Actual \$		Actual \$	Actual \$
<b>Note 10 – Employee entitlements</b>				
1,694,588	1,706,567	Holiday and long service leave	756,625	698,921
316,961	145,193	Accrued pay	316,961	145,193
<b>2,011,549</b>	<b>1,851,760</b>	<b>Total employee entitlements</b>	<b>1,073,586</b>	<b>844,114</b>
Split between:				
1,608,945	1,452,967	Current liabilities	670,982	445,321
402,604	398,793	Non current liabilities	402,604	398,793
<b>2,011,549</b>	<b>1,851,760</b>	<b>Total employee entitlements</b>	<b>1,073,586</b>	<b>844,114</b>

## Note 11 – Debenture (secured)

Repayable within one year				
10,300,000	21,600,000	Westpac Banking Corporation	-	-
7.15%	6.28%	Weighted average interest rate	-	-
Repayable one to three years				
11,000,000	-	Westpac Banking Corporation	-	-
6.93%	-	Weighted average interest rate	-	-

Westgate Transport Limited's sole debenture is to Westpac Banking Corporation.

## Note 12 – Public equity

		Retained earnings		
59,029,925	57,889,196	Opening balance	41,576,247	40,351,745
91,089	1,229,011	Operating surplus	844,303	1,312,784
(46,162)	(96,549)	Transfers to reserves	(46,162)	(96,549)
450,375	8,267	Transfers from reserves	450,375	8,267
<b>59,525,227</b>	<b>59,029,925</b>	<b>Closing balance</b>	<b>42,824,763</b>	<b>41,576,247</b>

### Reserves (refer to Note 13)

<i>Makuri River Control Scheme reserve</i>				
2,445	2,670	Opening balance	2,445	2,670
152	150	Transfers from retained earnings	152	150
(375)	(375)	Transfers to retained earnings	(375)	(375)
<b>2,222</b>	<b>2,445</b>	<b>Closing balance</b>	<b>2,222</b>	<b>2,445</b>

Consolidated			Council	
2004/2005	2003/2004		2004/2005	2003/2004
Actual \$	Actual \$		Actual \$	Actual \$

## Note 12 – Public equity – continued

<i>North Taranaki/Waitara River Control Scheme reserve</i>				
349,932	269,560	Opening balance	349,932	269,560
36,469	88,264	Transfers from retained earnings	36,469	88,264
-	(7,892)	Transfers to retained earnings	-	(7,892)
<b>386,401</b>	<b>349,932</b>	<b>Closing balance</b>	<b>386,401</b>	<b>349,932</b>

<i>Contingency/disaster reserve</i>				
1,086,000	1,086,000	Opening balance	1,086,000	1,086,000
-	-	Transfers from retained earnings	-	-
-	-	Transfers to retained earnings	-	-
<b>1,086,000</b>	<b>1,086,000</b>	<b>Closing balance</b>	<b>1,086,000</b>	<b>1,086,000</b>

<i>Holland Garden Endowment reserve</i>				
153,149	145,014	Opening balance	153,149	145,014
9,541	8,135	Transfers from retained earnings	9,541	8,135
-	-	Transfers to retained earnings	-	-
<b>162,690</b>	<b>153,149</b>	<b>Closing balance</b>	<b>162,690</b>	<b>153,149</b>

<i>Dividend equalisation reserve</i>				
12,340,000	12,340,000	Opening balance	12,340,000	12,340,000
-	-	Transfers from retained earnings	-	-
(450,000)	-	Transfers to retained earnings	(450,000)	-
<b>11,890,000</b>	<b>12,340,000</b>	<b>Closing balance</b>	<b>11,890,000</b>	<b>12,340,000</b>

<b>13,527,313</b>	<b>13,931,526</b>	<b>Total reserves</b>	<b>13,527,313</b>	<b>13,931,526</b>
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### Asset revaluation reserves

<i>Waitara flood control scheme</i>				
377,000	367,000	Opening balance	377,000	367,000
90,000	10,000	Change in asset value	90,000	10,000
<b>467,000</b>	<b>377,000</b>	<b>Closing balance</b>	<b>467,000</b>	<b>377,000</b>

<i>Waiwhakaiho flood control scheme</i>				
74,806	74,806	Opening balance	74,806	74,806
-	-	Change in asset value	-	-
<b>74,806</b>	<b>74,806</b>	<b>Closing balance</b>	<b>74,806</b>	<b>74,806</b>

# Notes to the financial statements for the year ended 30 June 2005

Consolidated		Council	
2004/2005	2003/2004	2004/2005	2003/2004
Actual \$	Actual \$	Actual \$	Actual \$
<b>Note 12 – Public equity – continued</b>			
<i>Floating plant</i>			
2,699,457	2,699,457	-	-
-	-	-	-
<b>2,699,457</b>	<b>2,699,457</b>	<b>Closing balance</b>	<b>-</b>
<i>Land</i>			
7,080,219	7,080,219	-	-
14,800,718	-	-	-
<b>21,880,937</b>	<b>7,080,219</b>	<b>Closing balance</b>	<b>-</b>
<i>Investment properties</i>			
2,196,500	1,361,500	2,196,500	1,361,500
5,473,000	835,000	5,473,000	835,000
<b>7,669,500</b>	<b>2,196,500</b>	<b>Closing balance</b>	<b>2,196,500</b>
<b>32,791,700</b>	<b>12,427,982</b>	<b>Total asset revaluation reserves</b>	<b>8,211,306</b>

## Note 13 – Reserves

Reserve funds are utilised to provide a fund for expenditure on specific purposes. In some circumstances the reserves are a legal requirement. The Council holds the following reserve funds:

### *Makuri River Control Scheme reserve*

The Council strikes a Works and Services rate, as and when required, based on land values in the Makuri Valley River catchment for maintenance of the river scheme. Any unspent funds must be appropriated to this reserve.

### *North Taranaki/Waitara River Control Scheme reserve*

The Council strikes a Works and Services rate based on capital values over the New Plymouth District for purposes of:

- maintenance of the Waitara River Flood Protection scheme
- the construction of flood protection works in the lower Waiwhakaiho catchment; and
- for other minor river control works which are required for flood protection in the district.

Any unspent funds must be appropriated to this reserve. Funds may only be appropriated to cover expenditure on the above purposes.

### *Contingency/disaster reserve*

This reserve was created to meet the Council's share of the replacement cost of infrastructure assets affected by natural disasters. It also covers the Council's commitments under the National Civil Defence Plan in the event of emergencies. It is available for any other contingency or emergency response purposes including oil spill response and flood response.

### *Hollard Garden Endowment reserve*

This reserve was established at the bequest of Mr Bernard Hollard. The reserve is to be used specifically and exclusively for the benefit of Hollard gardens.

### *Dividend equalisation reserve*

The Council transfers dividends received in excess of budget to this reserve. The reserve is to be used to equalise dividend returns over time. Dividends in excess of budget since 1996/97 have been transferred to the reserve. Prior to 1996/97 all dividends were used to repay debt incurred during the incorporation of Westgate Transport Ltd. From 1996/97 onwards dividends have been used to reduce the general rate requirement.

## Note 14 – Remuneration

Total remuneration of Members for 2004/2005 was:

Councillor I D Armstrong (till October 2004)	\$6,743
Councillor M J Cloke	\$22,741
Councillor B G Cudby (from October 2004)	\$17,122
Councillor M A Irving (from October 2004)	\$17,294
Councillor D L Lean	\$42,279
Councillor D H McIntyre	\$23,977
Councillor D N MacLeod	\$25,840
Councillor B J Marsh	\$26,026
Deputy Chairperson R F H Maxwell	\$41,038
Councillor N W Walker	\$37,284
Chairperson D E Walter	\$75,714

The Chief Executive of the Taranaki Regional Council, appointed under section 42(1) of the Local Government Act 2002, received total remuneration of \$239,373.

During the year ended 30 June 2005 the Council made total severance payments of \$10,667.

## Note 15 – Events subsequent to balance date

There have been no material events subsequent to balance date.

# Notes to the financial statements for the year ended 30 June 2005

Consolidated			Council	
2004/2005	2003/2004		2004/2005	2003/2004
Actual \$	Actual \$		Actual \$	Actual \$
<b>Note 16 – Reconciliation of net operating surplus to net cash flows from operating activities</b>				
91,089	1,229,011	Net operating surplus/(deficit)	844,303	1,312,784
		<i>Add/(less) non-cash items</i>		
6,300,652	5,363,104	Depreciation	775,880	742,429
(42,404)	447,381	Future tax benefit	-	-
-	(12,000)	Donated assets	-	(12,000)
6,349,337	7,027,496		1,620,183	2,043,213
		<i>Add/(less) movements in working capital</i>		
(218,378)	(40,638)	Accounts receivable	(400,421)	(108,227)
76,925	(124,387)	Prepayments	(28,803)	(24,872)
131,515	(128,847)	Inventories	133,126	(133,126)
1,378,064	(863,932)	Accounts payable	102,029	(269,754)
159,789	(126,751)	Employee entitlements	229,472	(160,078)
(236,034)	(575,348)	Taxation receivable	-	-
		<i>Add/(less) investing activity items</i>		
(41,019)	(10,135)	(Profit)/loss on sale of assets (net)	(39,168)	(23,297)
(802,037)	397,865	Payables from property, plant & equipment purchases	(36,038)	163,394
<b>6,798,162</b>	<b>5,555,323</b>	<b>Cash inflow from operating activities</b>	<b>1,580,380</b>	<b>1,487,253</b>

## Note 17 – Financial instruments

### Credit risk

The Taranaki Regional Council has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances, short term deposits, local authority and corporate bonds, accounts receivable and accounts payable. The Group does not require any collateral or security to support financial instruments due to the quality of the financial institutions with which it deals. The Council is risk averse and seeks to minimise exposure arising from its treasury activities. The Council does not enter into transactions that are speculative in nature. The Council invests funds only in entities that have a very strong credit rating and limits the amount of exposure to any one organisation.

Westgate Transport Limited has a concentration of credit risk in accounts receivable where 14% (12) of the number of accounts receivable represent 86% of the total carrying amount of accounts receivable. Only 6% of the carrying amount of accounts receivable exceeded an age of 30 days. Where applicable term loans are supported by an appropriate registered security and/or financial guarantee from related parties. There are no other significant concentrations of credit risk. The group has a policy of assessing the credit risk of significant new customers and monitors the credit quality of existing customers.

### Credit facilities

As at 30 June 2005 Westgate Transport Limited had a multi-option bank facility with Westpac Banking Corporation of \$25,000,000 (2003/2004 – \$25,000,000) of which \$21,300,000 (2003/2004 – \$21,600,000) was borrowed.

### Interest Rate Risk

The interest rates on the group's debentures are fixed for their term at the date the debentures are issued. The weighted average interest rate on the Westpac Banking Corporation debentures as at 30 June 2005 was 7.04% (2004 – 6.28%). No interest rate swap or forward rate agreements had been entered into at balance date.

### Foreign currency balances, receivables, prepayments, payables and accruals

The carrying value of these items is equivalent to the fair value.

## Note 18 – Related party transactions

The Council's 100% owned subsidiary Westgate Transport Limited is considered to be a related party of the Taranaki Regional Council.

The transactions between the Company and the Council during the year were:

	Council	
	2004/2005	2003/2004
	Actual \$	Actual \$
Harbourmaster services	32,218	18,500
Resource consent application fees	10,188	2,429
Dividend received from Westgate Transport Limited	2,200,000	2,600,000
Oil spill clean-up costs	1,700	4,136
Resource consent compliance monitoring programme	52,957	88,914

Councillors and key management are, as part of a normal customer relationship, involved with minor transactions with the Council (such as payment of rates). The Chairperson of the Council (Councillor David Walter) and Councillor David MacLeod are also Directors of Westgate Transport Limited. Except for items of a trivial nature, neither of these two Councillors, other Councillors or senior management have entered into related party transactions within the group. Councillors David Walter and David Lean are Directors of the TSB Bank Limited. The Council invests surplus funds and receives interest income from the TSB Bank Limited. All transactions between the Council and the TSB Bank Limited are on normal commercial terms.

There have been a number of transactions between Westgate Transport Limited and the Taranaki Regional Council during the year in the normal course of business. These transactions are of an immaterial amount both individually and collectively. During 2004/05 Westgate Transport Limited and the Taranaki Regional Council entered into a taxation grouping arrangement which resulted in the transfer of losses from the Council to Westgate Transport Limited amounting to \$169,697 (\$212,121 – 2003/04) and the payment of a subvention payment by Westgate Transport Limited to the Taranaki Regional Council amounting to \$56,000 (\$70,000).

# Notes to the financial statements for the year ended 30 June 2005

## Note 19 – Segmental reporting

The Taranaki Regional Council provides local authority services to ratepayers and other residents of the Taranaki region.

Westgate Transport Limited operates in one economic and geographic segment, that being the facilitating of export and import activities through the Port Taranaki.

All inter-segment pricing is on an arm's length basis. There were no items of an unusual nature included in the surplus before taxation.

	Port operations		Local authority operations		Eliminations		Consolidated	
	2004/05 \$000's	2004/05 \$000's	2004/05 \$000's	2004/05 \$000's	2004/05 \$000's	2004/05 \$000's	2004/05 \$000's	2004/05 \$000's
Revenue from outside the group	27,928	28,061	9,030	8,198	-	-	36,958	36,259
Inter-segment revenue	32	19	2,289	2,765	(2,321)	(2,784)	-	-
Total revenue	27,960	28,080	11,319	10,963	(2,321)	(2,784)	36,958	36,259
Segment net surplus	3,063	2,516	808	1,313	(2,200)	(2,600)	55	1,229
Segment assets	66,431	77,726	92,680	59,782	(26,000)	(26,000)	133,111	111,508

## Note 20 – International financial reporting standards

In December 2002, the New Zealand Accounting Standards Review Board announced that the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) will apply to all New Zealand entities for periods commencing on or after 1 January 2007. In April 2005 the Financial Reporting Standards Board of the Institute of Chartered Accountants of New Zealand issued Financial Reporting Standard 41 (FRS 41) on Disclosing the Impact of Adopting New Zealand Equivalents to International Financial Reporting Standards. This Standard applies to annual, half-yearly, and quarterly reporting periods on or after 30 June 2005 and ceases to operate on first-time adoption of NZ IFRS.

### Planning for the transition to IFRS

The Taranaki Regional Council is contracting a chartered accounting firm (Staples Rodway, New Plymouth) to undertake the necessary planning and change management for the adoption of NZ IFRS. The Taranaki Regional Council intends to adopt NZ IFRS for the year commencing 1 July 2006. The comparative statements will need to be restated and an opening financial position prepared using NZ IFRS as at 1 July 2005. The adoption with effect from 1 July 2006 is a year earlier than required. This is being undertaken to ensure that all years within the 2006/2016 Long-Term Council Community Plan are prepared using consistent financial reporting standards.

## Impact of adopting New Zealand equivalents to International Financial Reporting Standards

### Taranaki Regional Council

Financial instruments, segmental reporting and related parties plans are areas identified as items of possible change. With the exception of financial instruments, the Council does not envisage any material financial impact from changes to NZ IFRS.

### Westgate Transport Limited

Deferred taxation, financial instruments, intangibles, segmental reporting, related parties, and defined benefit plans are areas identified as items of possible change. With the exception of deferred taxation, Westgate does not envisage any material financial impact from changes to NZ IFRS. Due to treatment of land and floating plant revaluations, deferred taxation will change substantially. The financial impacts have not been quantified, as the actual impacts on transition may be materially different from any estimates provided now. They will also be subject to any further developments in the international accounting arena.

The actual impact of adopting NZ IFRS is presently unknown and may vary materially from the information presented above.

# Statement of compliance and responsibility

## Compliance

The Council and management of the Taranaki Regional Council confirm that all the statutory requirements of the Local Government Act 2002 in relation to the Annual Report have been complied with.

## Responsibility

The Council and management of the Taranaki Regional Council accept responsibility for the preparation of the annual consolidated financial statements and the judgements used in them.

The Council and management of the Taranaki Regional Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Taranaki Regional Council, the annual consolidated financial statements for the year ended 30 June 2005 fairly reflect the financial position and operations of the Taranaki Regional Council.



**David Walter**  
Chairman  
3 October 2005



**Basil Chamberlain**  
Chief Executive  
3 October 2005



**Michael Nield**  
Director – Corporate Services  
3 October 2005

# Māori capacity

The Council undertook a number of activities during the year to establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the Council.

## Policy development

The Council provided opportunities to Māori to be involved in the development of Council policy. In particular, input from Māori was sought in:

- the development of policy for the maintenance and enhancement of indigenous biodiversity in Taranaki
- the review of the Regional Policy Statement for Taranaki
- the review of the Regional Land Transport Strategy for Taranaki and Regional Passenger Transport Plan
- the development of indicators for monitoring and reporting on community outcomes.

## Resource consents process

The Council continued to provide and develop processes for Māori to be involved in and contribute to resource consent processing and administration. This included:

- encouraging applicants to consult where Māori may be an affected party as part of an assessment of environmental effects. Māori were consulted with by either applicants or Council officers on 128 applications being 36% of all resource consents processed (excluding routine dairy shed discharge consent applications)
- extending resource consent processing periods to enable adequate consultation and possible resolution of issues with Māori
- providing information and technical assistance to Māori on resource consents and resource consent processing and administration
- arranging and facilitating meetings and undertaking other forms of consultation with Māori as part of resource consent processing and administration including holding meetings and pre-hearing meetings on marae (see below)
- involving Māori in resource consent monitoring; including input into the design of monitoring programmes and involvement in monitoring activities (see below).

## Ongoing engagement

The Council maintained and developed processes for ongoing engagement with Māori on a number of fronts from meetings to discuss matters of mutual interest, to contracting with Māori to provide services in relation to specific resource consent compliance monitoring programmes.

During the year the Council:

- held a range of meetings with iwi including representation on Council tours and inspections
- met on marae to discuss the Kupe Gas Field consent process, a cultural impact assessment, and the inclusion of tangata whenua in future compliance monitoring
- included statutory acknowledgements in the Council's Regional Policy Statement and regional plans as a result of the Ngati Tama and Ngati Ruanui Treaty settlement process
- undertook follow-up on a draft Memorandum of Understanding with Ngati Ruanui Iwi
- developed a draft Memorandum of Understanding with Nga Rauru Iwi
- contracted with iwi and hapu to provide advice, expertise and information and in particular with: Ngati Rahiri Hapu regarding involvement in compliance monitoring for the Pohokura gas project; and Ngati Ruanui regarding involvement in monitoring the Fonterra discharge and proposed Fonterra energy centre; and a number of hapu within Nga Ruahine regarding the Kupe Gas Field development.

## Representation

The Council continued to provide opportunities for Māori to be represented on the Council's Policy and Planning Committee and Regional Land Transport Committee through a representative of Te Puni Kokiri.

The Council's iwi liaison committee Te Putahitanga o Taranaki remains in abeyance.

In October the Council held an indicative referendum on Māori representation, namely whether the Council should introduce a Māori constituency. The public did not support such representation. The Council will consider the results of the poll during its forthcoming representation review.

## Information management

The Council continued to maintain and regularly update its database of iwi contacts and to supply Māori with contact details for key Council functions, responsibilities and personnel.

The Council gave due respect to and recognition of silent files (waahi tapu databases) or plans held by or given to the Council by Māori.

## Training

The Council provided opportunities within its work programmes, particularly in resource consent processing and monitoring, for Māori to gain knowledge and experience and to develop skills. Monitoring the Fonterra outfall discharge with Ngati Ruanui representatives is an example.

## General

The Council is committed to acting cooperatively and in good faith showing flexibility and responsiveness and a desire to engage with Māori for the good governance of the region. This is done in a manner that is inclusive and makes the best use of the resources of both Māori and the Council.

# Staff capacity

## Organisational structure

To undertake its activities, the Council employs a permanent staff with wide-ranging professional, technical and administrative skills. In addition, the Council owns the necessary property, equipment and facilities.

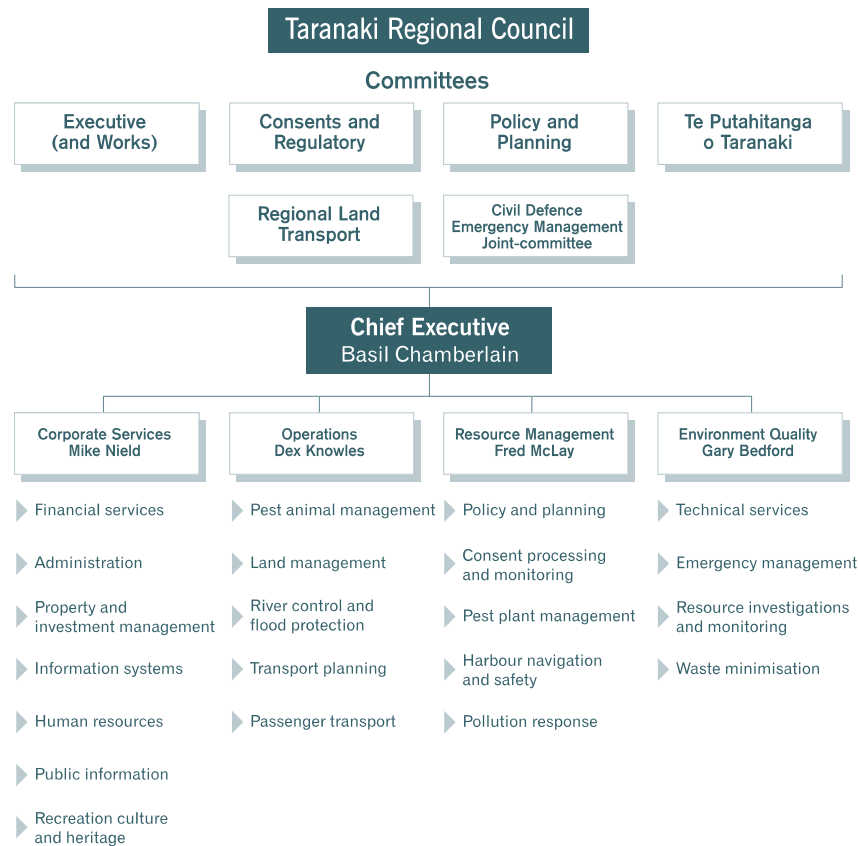


Figure 6: The Council's organisational structure

Most Council activities are primarily the output of one section or department. However, a number of tasks, particularly those associated with the development of policy, require resources to be applied from throughout the organisation. The departmental structure has been designed in accordance with the Council's fields of activities. It is a flat, compact structure, which results in a high level of delegated authority, productivity and commitment.

## Values statement

The staff of the Council are individually and collectively committed to:

### Public service

- behaving with integrity and neutrality in the best traditions of the public sector in New Zealand
- administering our functions for the collective good of our community with consistency, fairness and sensitivity in our treatment of individual situations
- not accepting direct or indirect offers, payment, gifts or bribes in any form and avoiding conflicts of interest.

### Service first

- assisting people in a courteous, helpful, accurate and professional manner
- providing people with a better service than they may expect to receive, noting that many people do not have dealings with us out of choice
- recognising the social and cultural diversity that exists and take this into account in our dealings.

### Improving the quality of our performance

- ensuring our personal contributions make a real and positive difference to the Council, its mission and performance
- continually improving the quality of our services to customers and the quality of our working relationships with each other
- improving our time management and productivity by increasing our knowledge and experience of our duties, working in a planned and strategic way and focusing on completing assignments
- calling for assistance when required
- being thorough and professional in our work so that we make sound recommendations and decisions based on knowledge and understanding.

# Staff capacity

## Effective communication and teamwork

- informing each other about our tasks and seeking participation and advice
- communicating with simplicity, clarity, and certainty
- recognising that individual achievements are always underpinned by the assistance of others
- constructively assisting each other, being non-possessive and receptive to advice
- trusting, respecting and being loyal to each other and the organisation
- congratulating each other for jobs well done and helping each other through problems
- participative management systems which encourage constructive and timely expression of opinion, noting that having a say differs from having a vote.

## Initiative and the right to make mistakes

- challenging the way we do things showing initiative with the aim of improving effectiveness
- being innovative in developing and using new ideas, methods and technologies
- minimising mistakes but accepting that we will make mistakes as we learn and improve
- forgiving well-intentioned errors
- being flexible and responsive to change.

## Accountability and results

- being responsible and accountable for our own actions and the quality of our own work
- being collectively responsible for and loyal to the organisation's actions
- achieving results which benefit the community
- not mistaking activity for accomplishment.

## Presentation, respect and care

- presenting ourselves for work in a fit state and in appropriate standards of dress and appearance
- respecting and caring for Council property, plant, vehicles and our workplace as if it were our own
- recognising the need to protect the integrity and public image of the Council and our colleagues in our private lives
- remembering that many of the people who are obliged to contribute to the funding of the organisation have low incomes.

## Job satisfaction

- being appropriately trained and resourced to do our work well
- being satisfactorily rewarded for our work
- enjoying our work.

## Performance management

The Council has extensive systems in place to assist performance management and continuous improvement.

Performance metrics to measure individual, group and total Council performance across a full range of processes and outputs have been developed. This information is provided to all staff through the intranet and other means, at regular intervals. Presently 79 performance metrics are used. The Council's individual performance development programme (IDP) incorporates individual performance expectations and appraisal, personal development and training needs.

## Employment agreements

Ninety-six permanent staff were employed by the Council at 30 June 2005. Ninety-one percent were employed under the Taranaki Regional Council Collective Employment Agreement, with the balance employed on individual agreements. Staff employed under the collective agreement are represented by the Taranaki Regional Council Officers Staff Association Incorporated.

There were no disputes or personal grievances which triggered the "employment relationship problems" provisions of the Taranaki Regional Council Collective Employment Agreement during the period.

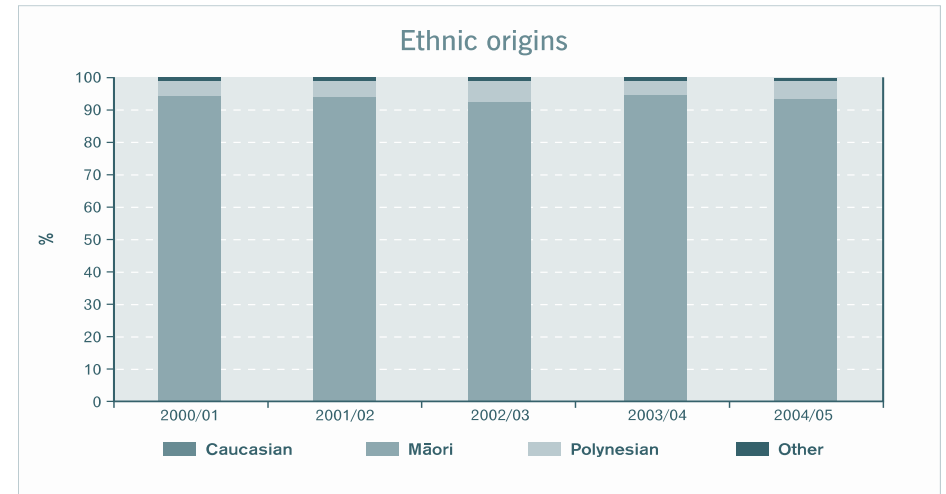
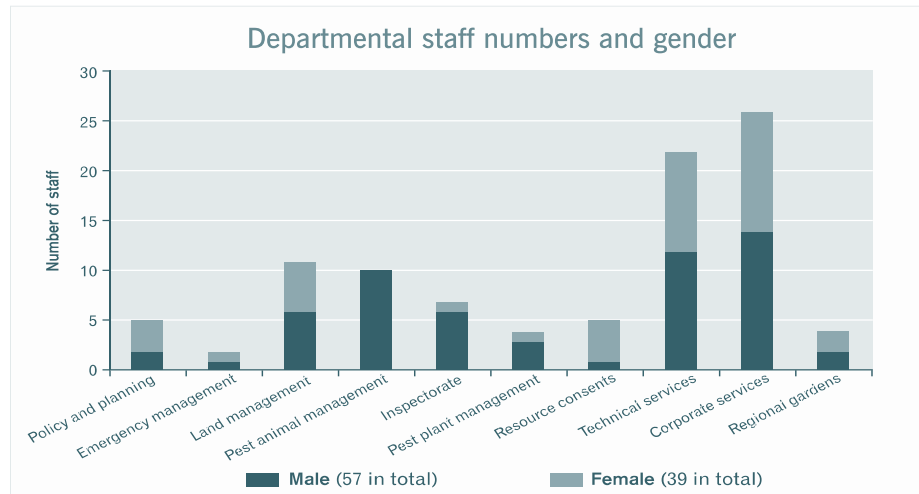
## Equal employment opportunity

The Taranaki Regional Council is committed to the principle of equal opportunity in the recruitment, employment, training and promotion of its employees. The organisation aims to provide a welcoming environment which accepts diversity.

# Staff capacity

Activities and services are sought to be implemented with an awareness of and an intent to, eliminate discrimination in the areas of race, colour, ethnic or national origin, gender, religious beliefs, marital status, family responsibilities, sexual orientation, special needs, or age.

Recruitment procedures are designed to select from the widest possible cross section of potential staff in a non-discriminatory way. Databases are maintained to collect and provide information for input into equal employment opportunity policy development, implementation and evaluation, whilst ensuring confidentiality.



# Staff capacity

## Health and safety

The Council takes the safety of staff, contractors and the public seriously. All staff are provided with training and other services to promote health and safety in the workplace. The aim is for no incidents or staff time lost from work-related incidents.



# Staff capacity

## Training and experience

The Council is committed to ensuring that its staff are appropriately qualified, experienced and trained. The Council employs staff with many qualifications to undertake its wide range of duties and responsibilities.

Training is an investment in our employees. The Council is committed to maintaining continuing professional development. Experienced, as well as well qualified and trained staff, are critical to the success of Council.

