

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, Port Taranaki Ltd. 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 Port Taranaki Ltd. 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).

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 Port Taranaki Ltd 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 Waiwhakairo River Flood Protection Scheme assets have been independently valued at 30 June 2006 (revalued every 3 years) 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.

Statement of accounting policies

- An independent registered valuer revalues Port Taranaki Ltd-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 Port Taranaki Ltd-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.

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*.

Port Taranaki Ltd 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 2006

Consolidated			Council		
2005/2006	2004/2005	Notes	2005/2006	2005/2006	2004/2005
Actual \$	Actual \$		Actual \$	Budget \$	Actual \$
Cost of services					
405,391	393,701		405,391	654,380	393,701
437,356	504,126		437,356	467,147	504,126
2,696,190	2,628,645		2,696,190	2,616,667	2,628,645
1,508,982	1,525,738		1,508,982	1,906,599	1,525,738
384,645	309,927		384,645	332,694	309,927
864,538	607,930		886,652	804,768	640,148
1,372,061	1,342,190		1,372,061	1,317,479	1,342,190
1,768,955	1,713,290		1,768,955	1,907,568	1,713,290
384,870	431,703		384,870	630,064	431,703
962,007	985,255		962,007	981,084	985,255
26,257,957	25,697,278		-	-	-
37,042,952	36,139,783		10,807,109	11,618,450	10,474,723
Revenue					
4,274,560	3,273,975		4,274,560	4,273,975	3,273,975
627,274	1,109,858		627,274	629,500	1,109,858
2,714,038	2,767,322		2,740,951	2,742,885	2,832,167
409,960	237,449		409,960	370,164	237,449
-	-		840,000	2,400,000	2,200,000
1,712,134	1,609,577		1,722,784	1,654,508	1,665,577
29,753,133	27,927,716		-	-	-
39,491,100	36,925,897		10,615,530	12,071,032	11,319,026
2,448,148	786,114		(191,579)	452,582	844,303
1,361,275	695,025	1	-	-	-
1,086,873	91,089	2, 3	(191,579)	452,582	844,303

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 2006

Consolidated			Notes	2005/2006	Council	2004/2005
2005/2006	2004/2005			2005/2006	2005/2006	2004/2005
Actual \$	Actual \$			Actual \$	Budget \$	Actual \$
105,844,240	85,389,433	Public equity as at 1 July		64,563,382	56,725,679	58,156,079
1,086,873	91,089	Net operating surplus after tax	2, 3	(191,579)	452,582	844,303
146,000	20,363,718	Increase in asset revaluation reserves	12	146,000	1,589,995	5,563,000
1,232,873	20,454,807	Total recognised revenue and expenses		(45,579)	2,042,577	6,407,303
107,077,113	105,844,240	Public equity as at 30 June		64,517,803	58,768,256	64,563,382

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 2006

Consolidated				Council		
2005/2006	2004/2005		Notes	2005/2006	2005/2006	2004/2005
Actual \$	Actual \$			Actual \$	Budget \$	Actual \$
Current assets						
4,503,595	2,305,228	Bank and call deposits	4	4,370,921	779,704	2,129,099
-	776,360	Taxation receivable	1	-	-	-
5,671,980	3,781,165	Accounts receivable	5	1,378,356	640,000	1,123,002
250,867	156,451	Inventory		77,019	-	-
154,243	110,944	Prepayments		63,318	80,000	91,823
38,631	-	Work-in-progress		38,631	-	-
-	1,498,000	Loan (secured)		-	-	-
10,619,316	8,628,148	Total current assets		5,928,245	1,499,704	3,343,924
Non current assets						
816,388	373,290	Future taxation benefit	1	-	-	-
12,528,418	16,605,093	Investments	6	38,528,418	42,329,000	42,605,093
12,080,000	12,015,000	Investment properties	7	12,080,000	6,600,000	12,015,000
103,014,102	95,579,141	Property, plant and equipment	8	9,703,102	10,189,552	8,556,386
128,438,908	124,572,524	Total non current assets		60,311,520	59,118,552	63,176,479
139,058,224	133,200,672	Total assets		66,239,765	60,618,256	66,520,403
Current liabilities						
380,116	-	Taxation payable	1	-	-	-
3,671,345	4,044,883	Accounts payable	9	802,193	1,000,000	883,435
1,519,780	1,608,945	Employee entitlements	10	509,899	400,000	670,982
3,000,000	10,300,000	Debenture (secured)	11	-	-	-
8,571,241	15,953,828	Total current liabilities		1,312,092	1,400,000	1,554,417
Non current liabilities						
409,870	402,604	Employee entitlements	10	409,870	450,000	402,604
23,000,000	11,000,000	Debenture (secured)	11	-	-	-
23,409,870	11,402,604	Total non current liabilities		409,870	450,000	402,604
31,981,111	27,356,432	Total liabilities		1,721,962	1,850,000	1,957,021
Public equity						
62,100,275	59,525,227	Retained earnings	12	44,121,359	42,532,204	42,824,763
12,039,138	13,527,313	Reserves	12	12,039,138	12,832,746	13,527,313
32,937,700	32,791,700	Asset revaluation reserves	12	8,357,306	3,403,306	8,211,306
107,077,113	105,844,240	Total public equity		64,517,803	58,768,256	64,563,382
139,058,224	133,200,672	Total liabilities and equity		66,239,765	60,618,256	66,520,403

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 2006

Consolidated				Council	
2005/2006	2004/2005		Notes	2005/2006	2004/2005
Actual \$	Actual \$			Actual \$	Budget \$
		Cash flow from operating activities			
		Cash was provided from:			
31,470,967	31,043,545	Customers		3,487,614	4,670,049
4,901,834	4,383,833	Rates		4,901,834	3,853,475
1,376,765	1,194,385	Interest		1,068,300	1,147,508
-	-	Dividends		840,000	2,400,000
<u>37,749,566</u>	<u>36,621,763</u>			<u>10,297,748</u>	<u>12,071,032</u>
		Cash was applied to:			
29,803,155	27,146,238	Employees and suppliers		9,923,043	10,356,025
647,897	973,463	Income tax		-	-
500,291	340,751	Goods and services tax		301,749	320,000
1,417,549	1,363,149	Interest		-	-
<u>32,368,892</u>	<u>29,823,601</u>			<u>10,224,792</u>	<u>10,676,025</u>
5,380,674	6,798,162	Net cash flow from operating activities	16	72,956	1,395,007
		Cash flow from investing activities			
		Cash was provided from:			
4,076,675	-	Investments		4,076,675	2,124,000
1,498,000	-	Secured loan		-	-
137,038	164,784	Property, plant and equipment		137,038	87,500
<u>5,711,713</u>	<u>164,784</u>			<u>4,213,713</u>	<u>2,211,500</u>
		Cash was applied to:			
-	128,138	Investments		-	-
236,014	-	Capitalised interest on property, plant and equipment		-	-
13,358,006	5,920,738	Property, plant and equipment		2,044,847	2,460,994
<u>13,594,020</u>	<u>6,048,876</u>			<u>2,044,847</u>	<u>2,460,994</u>
(7,882,307)	(5,884,092)	Net cash flow outflow from investing activities		2,168,866	(249,494)
		Cash flow from financing activities			
		Cash was provided from:			
4,700,000	-	Loans		-	-
<u>4,700,000</u>	<u>-</u>			<u>-</u>	<u>-</u>
		Cash was applied to:			
-	300,000	Loans		-	-
<u>-</u>	<u>300,000</u>			<u>-</u>	<u>-</u>
4,700,000	(300,000)	Net cash outflow from financing activities		-	-
2,198,367	614,070	Net increase/(decrease) in cash held		2,241,822	1,145,513
2,305,228	1,691,158	Opening cash balance		2,129,099	(365,809)
<u>4,503,595</u>	<u>2,305,228</u>	Closing cash balance	4	<u>4,370,921</u>	<u>779,704</u>

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

Statement of commitments and contingencies | as at 30 June 2006

Consolidated		Notes	Council	
2005/2006 Actual \$	2004/2005 Actual \$		2005/2006 Actual \$	2005/2006 Budget \$
Contingencies				
The Taranaki Regional Council and Group have no known contingent liabilities as at 30 June 2006.				
Commitments				
17,175,068	22,720,134	Capital commitments approved and contracted	175,068	-
17,175,068	22,720,134		175,068	-
				416,663
				416,663

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

Consolidated		Council	
2005/2006	2004/2005	2005/2006	2004/2005
Actual \$	Actual \$	Actual \$	Actual \$
Note 1—Taxation			
2,448,148	786,114		
807,889	259,418		
530,213	411,236		
442,014	52,986		
1,780,116	723,640	413,732	1,083,582
23,173	24,371		
(442,014)	(52,986)		
1,361,275	695,025		
373,290	330,886		
442,014	52,986		
1,084	(10,582)		
816,388	373,290		
776,360	540,326		
(1,780,116)	(723,640)		
(24,257)	(13,789)		
647,897	973,463		
(380,116)	776,360		
3,663,096	3,773,215		
(413,732)	(1,083,582)		
-	-		
647,897	973,463		
3,897,261	3,663,096		

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

Consolidated		Council	
2005/2006	2004/2005	2005/2006	2004/2005
Actual \$	Actual \$	Actual \$	Actual \$
Note 2—Operating surplus			
The net operating surplus was achieved after crediting:			
-	-	840,000	2,200,000
1,439,192	1,344,283	1,130,727	1,130,018
96,163	50,992	96,163	45,008
-	-	-	-
-	-	-	56,000
And after charging:			
84,000	84,000	49,000	49,000
56,410	6,200	35,500	6,200
5,885,399	6,300,652	830,555	775,880
122,500	132,939	-	-
1,570,526	1,482,074	-	-
10,000	(12,000)	-	-
1,207	473	-	-
-	9,976	27,165	5,840
-	500	-	-

Note 3—Net operating surplus after tax

The Council made a net operating deficit of \$191,579 compared to a budgeted surplus, before transfers to and from reserves, of \$452,582. The major reasons for this negative variance between the actual net operating deficit and the budgeted net operating surplus are:

Operating expenditure was less than budgeted	\$811,341
Rates were less than budgeted	(\$1,641)
Direct charges were less than budgeted	(\$1,934)
Government grants were more than anticipated	\$39,796
Dividends were less than forecast	(\$1,560,000)
Other investment revenue was more than budgeted	\$68,276

The 2006/2016 *Long-Term Council Community Plan* has budgeted for a net operating deficit, before transfers to and from reserves, of \$100,731 for the 2006/2007 year.

The entire operating surplus is from continuing activities.

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

Consolidated			Council	
2005/2006	2004/2005		2005/2006	2004/2005
Actual \$	Actual \$		Actual \$	Actual \$
Note 4—Bank				
1,413,951	723,062	Bank	1,281,277	546,933
3,089,644	1,582,166	Call deposits	3,089,644	1,582,166
4,503,595	2,305,228	Total bank and call deposits	4,370,921	2,129,099

The weighted average effective interest rate on call deposits was 6.44% for the year ended 30 June 2006 (6.23% for the year ended 30 June 2005).

Note 5—Accounts receivable				
5,733,851	3,833,036	Trade receivables	1,424,227	1,168,873
[61,871]	[51,871]	Provision for doubtful debts	[45,871]	[45,871]
5,671,980	3,781,165	Total accounts receivable	1,378,356	1,123,002

Note 6—Investments

		Non-current assets		
3,200,000	7,200,000	Term deposits	3,200,000	7,200,000
9,327,418	9,404,093	Bonds	9,327,418	9,404,093
-	-	Term loan	-	-
1,000	1,000	NZ Local Government Insurance Corporation	1,000	1,000
-	-	Port Taranaki Ltd	26,000,000	26,000,000
12,528,418	16,605,093	Total investments	38,528,418	42,605,093
Term deposit maturity dates				
3,200,000	4,000,000	Term deposits maturing in less than 2 years	3,200,000	4,000,000
-	3,200,000	Term deposits maturing in less than 3 years	-	3,200,000

The weighted average effective interest rate on term deposits was 6.44% for the year ended 30 June 2006 (6.23% for the year ended 30 June 2005). The market value of term deposits approximates the book value.

Shares

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

Port Taranaki Ltd—port operator—100% owned subsidiary—30 June balance date—52,000,000 shares

Consolidated			Council	
2005/2006	2004/2005		2005/2006	2004/2005
Actual \$	Actual \$		Actual \$	Actual \$
Local authority and corporate bonds				
The market value of publicly tradable local government and corporate bonds are:				
9,327,418	9,404,092	Bonds – carrying value	9,327,418	9,404,092
9,276,239	9,394,093	Bonds – market value	9,276,239	9,394,093
Bonds maturity dates				
5,118,860	-	Maturing in less than 2 years	5,118,860	-
1,055,046	5,162,707	Maturing in less than 3 years	1,055,046	5,162,707
1,054,584	1,063,992	Maturing in less than 4 years	1,054,584	1,063,992
2,098,928	1,063,564	Maturing in less than 5 years	2,098,928	1,063,564
-	2,113,829	Maturing in less than 6 years	-	2,113,829
Note 7—Investment properties				
4,345,500	4,345,500	Cost	4,345,500	4,345,500
7,669,500	2,196,500	Revaluations to date	7,669,500	2,196,500
65,000	5,473,000	Current year revaluations	65,000	5,473,000
12,080,000	12,015,000	Total investment properties	12,080,000	12,015,000

An independent registered valuer (TelferYoung (Taranaki) Limited) revalued investment properties as at 30 June 2006.

Note 8—Property, plant and equipment—2005/2006 Actual \$

Council—at cost	Cost/valuation	Annual depreciation	Accumulated depreciation	Net book value
Land	1,225,416	-	-	1,225,416
Buildings	3,763,017	145,170	1,368,067	2,394,950
Motor vehicles	1,379,289	252,295	676,971	702,318
Plant and equipment	2,230,864	135,224	1,831,743	399,121
Office furniture	485,693	24,986	366,546	119,147
Computer equipment	3,015,996	272,880	2,122,642	893,354
Work in progress	520,796	-	-	520,796
Council—at valuation				
Infrastructure assets	3,448,000	-	-	3,448,000
Total assets	16,069,071	830,555	6,365,969	9,703,102

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

Note 8—Property, plant and equipment—2005/2006 Actual \$				
Consolidated—at cost	Cost/valuation	Annual depreciation	Accumulated depreciation	Net book value
Land	1,225,416	-	-	1,225,416
Buildings	19,780,956	708,210	8,975,503	10,805,453
Motor vehicles	1,379,289	252,295	676,971	702,318
Plant and equipment	26,872,130	1,736,826	14,631,743	12,240,387
Office furniture	485,693	24,986	366,546	119,147
Computer equipment	3,015,996	272,880	2,122,642	893,354
Port installations	34,610,696	1,327,590	12,843,995	21,766,701
Maintenance dredging	1,506,513	1,004,342	1,004,342	502,171
Resource consents	178,976	6,309	15,247	163,729
Floating plant	11,461,685	551,961	2,246,229	9,215,456
Work in progress	10,827,500	-	-	10,827,500
Consolidated—at valuation				
Land	31,104,470	-	-	31,104,470
Infrastructure assets	3,448,000	-	-	3,448,000
Total assets	145,897,320	5,885,399	42,883,218	103,014,102

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	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
Council—at valuation				
Infrastructure assets	3,367,000	-	-	3,367,000
Total assets	14,709,995	775,876	6,153,609	8,556,386

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
Consolidated—at valuation				
Land	31,104,470	-	-	31,104,470
Infrastructure assets	3,367,000	-	-	3,367,000
Total assets	133,199,045	6,300,648	37,619,904	95,579,141

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 2006 on a fair value (current market value) basis at \$3,744,000 (2004/2005—\$2,649,000). 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. Port Taranaki Ltd 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.

Note 9—Accounts payable	Consolidated		Council	
	2005/2006 Actual \$	2004/2005 Actual \$	2005/2006 Actual \$	2004/2005 Actual \$
1,606,847	2,075,534	Trade creditors	549,331	412,273
315,289	162,312	Interest accrual	-	-
919,099	1,205,719	Property, plant and equipment accruals	-	80,535
830,110	601,318	Other creditors and accruals	252,862	390,627
3,671,345	4,044,883	Total accounts payable	802,193	883,435

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

Consolidated		Council	
2005/2006	2004/2005	2005/2006	2004/2005
Actual \$	Actual \$	Actual \$	Actual \$
Note 10—Employee entitlements			
1,736,350	1,694,588	726,469	756,625
193,300	316,961	193,300	316,961
1,929,650	2,011,549	919,769	1,073,586
Split between:			
1,519,780	1,608,945	509,899	670,982
409,870	402,604	409,870	402,604
1,929,650	2,011,549	919,769	1,073,586

Note 11—Debenture (secured)

3,000,000	10,300,000	-	-
7.73%	7.15%	-	-
23,000,000	11,000,000	-	-
7.29%	6.93%	-	-

Port Taranaki Ltd's sole debenture is to Westpac Banking Corporation. This debenture is secured over all of Port Taranaki Ltd's assets and undertakings.

Note 12—Public equity

		Retained earnings	
59,525,227	59,029,925	42,824,763	41,576,247
1,086,873	91,089	(191,579)	844,303
(129,791)	(46,162)	(129,791)	(46,162)
1,617,966	450,375	1,617,966	450,375
62,100,275	59,525,227	44,121,359	42,824,763
Reserves (refer to Note 13)			
<i>Makuri River Control Scheme reserve</i>			
2,222	2,445	2,222	2,445
143	152	143	152
(375)	(375)	(375)	(375)
1,990	2,222	1,990	2,222

Consolidated		Council	
2005/2006	2004/2005	2005/2006	2004/2005
Actual \$	Actual \$	Actual \$	Actual \$
Note 12—Public equity—continued			
<i>North Taranaki/Waitara River Control Scheme reserve</i>			
386,401	349,932	386,401	349,932
119,171	36,469	119,171	36,469
57,591	-	57,591	-
447,981	386,401	447,981	386,401
<i>Contingency/disaster reserve</i>			
1,086,000	1,086,000	1,086,000	1,086,000
-	-	-	-
-	-	-	-
1,086,000	1,086,000	1,086,000	1,086,000
<i>Hollard Garden Endowment reserve</i>			
162,690	153,149	162,690	153,149
10,477	9,541	10,477	9,541
-	-	-	-
173,167	162,690	173,167	162,690
<i>Dividend equalisation reserve</i>			
11,890,000	12,340,000	11,890,000	12,340,000
-	-	-	-
1,560,000	(450,000)	1,560,000	(450,000)
10,330,000	11,890,000	10,330,000	11,890,000
12,039,138	13,527,313	12,039,138	13,527,313
Asset revaluation reserves			
<i>Waitara flood control scheme</i>			
467,000	377,000	467,000	377,000
81,000	90,000	81,000	90,000
548,000	467,000	548,000	467,000
<i>Waiwhakaiho flood control scheme</i>			
74,806	74,806	74,806	74,806
-	-	-	-
74,806	74,806	74,806	74,806

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

Consolidated		Council	
2005/2006	2004/2005	2005/2006	2004/2005
Actual \$	Actual \$	Actual \$	Actual \$
Note 12—Public equity—continued			
<i>Floating plant</i>			
2,699,457	2,699,457	-	-
-	-	-	-
2,699,457	2,699,457	-	-
<i>Land</i>			
21,880,937	7,080,219	-	-
-	14,800,718	-	-
21,880,937	21,880,937	-	-
<i>Investment properties</i>			
7,669,500	2,196,500	7,669,500	2,196,500
65,000	5,473,000	65,000	5,473,000
7,734,500	7,669,500	7,734,500	7,669,500
32,937,700	32,791,700	8,357,306	8,211,306

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.

Note 13—Reserves—continued

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 Port Taranaki Ltd. From 1996/97 onwards dividends have been used to reduce the general rate requirement.

Note 14—Remuneration

Total remuneration of Members for 2005/2006 was:

Councillor M J Cloke	\$25,427
Councillor B G Cudby	\$24,704
Councillor M A Irving	\$24,833
Councillor D L Lean	\$39,008
Councillor D H McIntyre	\$24,570
Councillor D N MacLeod	\$24,769
Councillor B J Marsh	\$24,928
Deputy Chairperson R F H Maxwell	\$39,295
Councillor N W Walker	\$37,987
Chairperson D E Walter	\$77,558

The Chief Executive of the Taranaki Regional Council, appointed under section 42(1) of the Local Government Act 2002, received total remuneration of \$241,206

During the year ended 30 June 2006 the Council made no severance payments.

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 2006

Consolidated		Council	
2005/2006	2004/2005	2005/2006	2004/2005
Actual \$	Actual \$	Actual \$	Actual \$
Note 16—Reconciliation of net operating surplus to net cash flows from operating activities			
1,086,873	91,089	(191,579)	844,303
<i>Net operating surplus/(deficit)</i>			
<i>Add/(less) non-cash items</i>			
5,885,399	6,300,652	830,555	775,880
(443,098)	(42,404)	-	-
-	-	-	-
6,529,174	6,349,337	638,976	1,620,183
<i>Add/(less) movements in working capital</i>			
(1,890,815)	(218,378)	(255,355)	(400,421)
(43,299)	76,925	28,505	(28,803)
(94,416)	131,515	(77,019)	133,126
(38,631)	-	(38,631)	-
(373,538)	1,378,064	(81,242)	102,029
(81,899)	159,789	(153,817)	229,472
1,156,476	(236,034)	-	-
<i>Add/(less) investing activity items</i>			
(68,998)	(41,019)	(68,998)	(39,168)
286,620	(802,037)	80,537	(36,038)
5,380,674	6,798,162	72,956	1,580,380
Cash inflow from operating activities			

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.

Note 17—Financial instruments—continued

Port Taranaki Ltd has a concentration of credit risk in accounts receivable where 17% (15) of the number of accounts receivable represent 82% of the total carrying amount of accounts receivable. Only 11% 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 2006 Port Taranaki Ltd had a multi-option bank facility with Westpac Banking Corporation of \$45,000,000 (2004/2005—\$25,000,000) of which \$26,000,000 (2004/2005—\$21,300,000) 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 2006 was 7.34% (2004/2005 – 7.04%). No interest rate swap or forward rate agreements had been entered into at balance date.

Receivables, payables, accruals, cash, call deposits, term deposits and corporate bonds.

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

Note 18—Related party transactions

The Council's 100% owned subsidiary Port Taranaki Ltd 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	
	2005/2006	2004/2005
	Actual \$	Actual \$
Harbourmaster services	22,114	32,218
Resource consent application fees	4,260	10,188
Dividend received from Port Taranaki Ltd	840,000	2,200,000
Oil spill clean-up costs	-	1,700
Resource consent compliance monitoring programme	22,653	52,957
Accounts payable	282	-
Accounts receivable	2,421	-

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 Port Taranaki Ltd. 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.

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

There have been a number of transactions between Port Taranaki Ltd 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 Port Taranaki Ltd and the Taranaki Regional Council entered into a taxation grouping arrangement which resulted in the transfer of losses from the Council to Port Taranaki Ltd amounting to \$169,697 and the payment of a subvention payment by Port Taranaki Ltd to the Taranaki Regional Council amounting to \$56,000. No similar transaction was entered into in 2005/2006.

Note 19—Segmental reporting

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

Port Taranaki Ltd 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	
	2005/06 \$000's	2004/05 \$000's	2005/06 \$000's	2004/05 \$000's	2005/06 \$000's	2004/05 \$000's	2005/06 \$000's	2004/05 \$000's
Revenue from outside the group	29,731	27,896	9,760	9,030	-	-	39,491	36,926
Inter-segment revenue	22	32	856	2,289	(878)	(2,321)	-	-
Total revenue	29,753	27,928	10,616	11,319	(878)	(2,321)	39,491	36,926
Segment net surplus	3,480	2,142	(192)	844	(840)	(2,200)	2,448	786
Segment assets	98,818	92,680	66,240	66,520	(26,000)	(26,000)	139,058	133,200

Note 20—Business combinations

On 22 December 2005 West Coast Coal Company Limited (WCCC) was incorporated. Total shares for the company are three, one each with equal voting rights held by Port Taranaki Limited, TNL Group Limited, and Wendell Offshore Services Limited. This company has not traded yet and the earliest anticipated trading date is 1 October 2006, conditional upon WCCC signing a Transport Services Agreement with Pike River Coal Company Limited.

On 25 April 2006 Greyport Terminal Company Limited (GTCL) was incorporated. Port Taranaki Limited holds the only share. This company has not traded yet and the earliest anticipated trading date is 1 October 2006, conditional upon WCCC signing a Transport Services Agreement (TSA) with Pike River Coal Company Limited. After the signing of a TSA but before

trading commences a shareholder capitalisation will occur which gives rise to a joint venture arrangement with Port of Westland Limited, a fully owned subsidiary of Greymouth District Council. Port Taranaki Limited has incurred costs totalling \$147,605 on behalf of GTCL, which will be fully recovered when the entity begins trading.

Note 21—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 contracted 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

The key differences in accounting policies from GAAP to NZIFRS are not yet known, however areas of possible change have been identified as follows: financial instruments, investment properties, segmental reporting and related parties. With the exception of financial instruments, the Council does not envisage any material financial impact from changes to NZ IFRS.

Port Taranaki Ltd

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 2006 fairly reflect the financial position and operations of the Taranaki Regional Council.



David Walter
Chairman
20 September 2006



Basil Chamberlain
Chief Executive
20 September 2006



Michael Nield
Director—Corporate Services
20 September 2006

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 regards to:

- the review of the *Regional Policy Statement for Taranaki*
- the review of the *Pest Management Strategy for Taranaki: Plants*
- the aquaculture constraints mapping exercise.

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 136 (128—2004/05) application being 46% (36%) of all resource consents processed (excluding routine dairy shed discharge consent applications)
- undertaking a survey of public involvement in non-notified resource consents for 2004/2005 which showed iwi/hapu were involved in 41% of non-dairy shed discharge applications
- modifying the Council's consents database to record iwi involvement in the consent process
- 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 Taranaki By-Products consent process and the inclusion of tangata whenua in future compliance monitoring
- met with iwi and hapu over the Fonterra cream spill
- met with iwi and hapu to discuss the South Taranaki District Council Hawera wastewater discharge
- included statutory acknowledgements in the Council's *Regional Policy Statement* and regional plans as a result of the Ngaa Rauru Kiiitahi Treaty settlement process
- undertook follow-up on a draft Memorandum of Understanding with Ngati Ruanui Iwi and Ngaa Rauru Kiiitahi
- 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.

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.

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

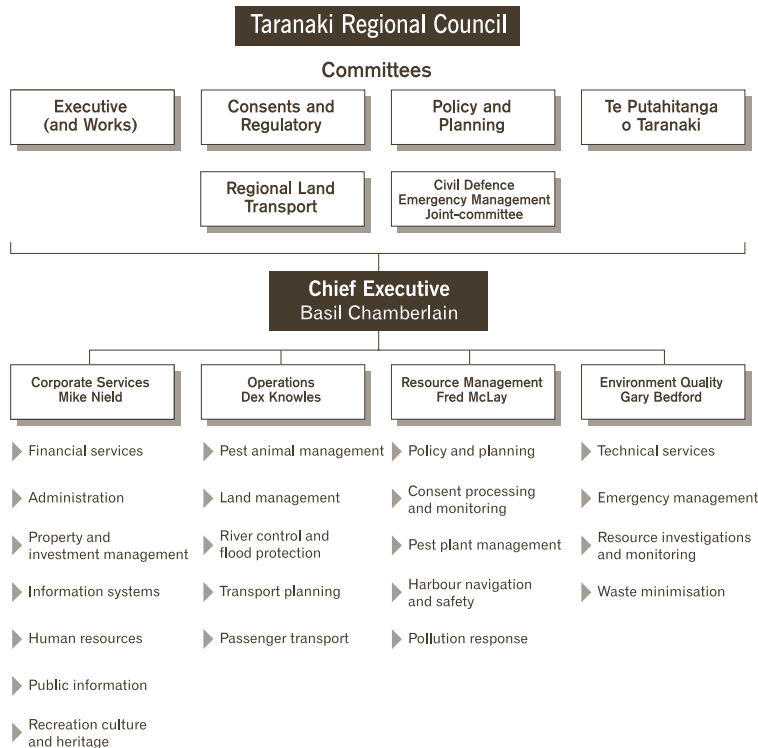
The Council is committed to acting cooperatively and in good faith showing flexibility and responsiveness and a desire to engage with Māori for the good governance of the region. This is done in a manner that is inclusive and makes the best use of the resources of both Maori and the Council.

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.

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.

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

Staff capacity

- 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-four (96—2004/2005) permanent staff were employed by the Council at 30 June 2006. Eighty-seven percent (91%) 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.

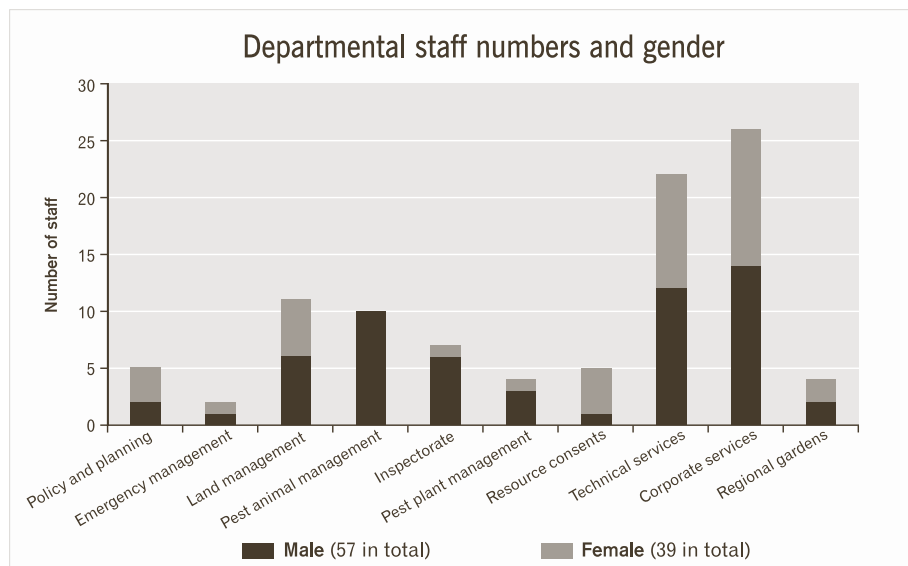
There were no disputes or personal grievances which triggered the "employment relationship problems" provisions of the Taranaki Regional Council Collective Employment Agreement during the period.

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.

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.

Staff capacity



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.

Ethnic origins

Ethnicity	2001/02	2002/03	2003/04	2004/05	2005/06
Caucasian	94%	92%	95%	94%	93%
Maori	5%	7%	4%	5%	4%
Polynesian	0%	0%	0%	0%	0%
Other	1%	1%	1%	1%	3%
	100%	100%	100%	100%	100%

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.

	2001/02	2002/03	2003/04	2004/05	2005/06
Incidents	15	15	9	10	19
Incidents per employee	0.2	0.2	0.1	0.1	0.2
Work related lost days	0	0	12	5	0
Work related lost days per employee	0	0	0.1	0.05	0

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.

Qualifications	2001/02	2002/03	2003/04	2004/05	2005/06
Bachelors degree	25%	25%	23%	20%	24%
Masters degree	11%	13%	13%	13%	10%
Diploma	9%	11%	14%	15%	13%
Certificate	47%	43%	41%	44%	46%
No formal qualification	8%	8%	9%	8%	7%
Total	100%	100%	100%	100%	100%

Training is an investment in our employees. The Council is committed to maintaining continuing professional development.

Training	2001/02	2002/03	2003/04	2004/05	2005/06
Training days	361	432	455	569	460
Training days per employee	4.2	4.6	4.9	5.9	4.9

Experienced, as well as well qualified and trained staff, are critical to the success of Council.

	2001/02	2002/03	2003/04	2004/05	2005/06
Staff turnover	8.5%	4.2%	10.0%	14.8%	14.7%
Average length of service (years)	8.2	7.8	9.2	9.5	9.6