

VOLUME TWO

VOLUME 2 CONTAINS:

POLICIES

- Revenue and Financing Policy
- Treasury Management Policy
- Development and Financial Contributions Policy
- Partnerships with the Private Sector Policy
- Rates Remission Policy
- Policy On Significance
- Maori Consultation Policy

FORECAST FINANCIAL STATEMENTS

- Balancing of Budgets
- Statement of Prospective Financial Information
- Significant Forecasting Assumptions
- Prospective Income Statement
- Prospective Summary of Net Cash Requirements
- Prospective Balance Sheet
- Prospective Statement of Changes in Equity
- Prospective Statement of Net Public Debt
- Prospective Statement of Movement in Reserves
- Prospective Cash Flow Statement
- Capital Programme
- Statement of Prospective Accounting Policies

FUNDING IMPACT STATEMENT

70 A

POLICIES

REVENUE AND FINANCING POLICY

INTRODUCTION

The Revenue and Financing Policy must be prepared under Section 102 of the Local Government Act 2002. It must be included as part of a Long Term Council Community Plan (LTCCP) and adopted in accordance with the special consultative procedures.

PROCESS

Council's Revenue and Financing Policy is based on the community outcomes and the Policy sets the following four stages to consider in forming the sources of funding:

- Stage One:** Council identifies activities to be funded and to which community outcome it contributes.
- Stage Two:** Council determines costs and analyses for public vs. private benefits for each activity.
- Stage Three:** Council is able to apply a set of discretions, such as fairness and equity which modify the allocation of costs to ratepayers set out in stage two.
- Stage Four:** Council looks for the best way of funding to achieve the desired allocation of costs eg. is a Targeted Rate better than a direct user charge?

SOURCES OF FUNDS

The Council is permitted to use the funding mechanisms set out in section 103(2) of the Act which are:

- General Rates
- Targeted Rates
- Grants and Subsidies
- Interest and dividends from investments
- Borrowing
- Proceeds from asset sales
- Financial contributions under the Resource Management Act 1991
- Any other source.

In accordance to Section 101 (3) of the Local Government Act 2002-

“The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of, -

- (a) *in relation to each activity to be funded, -*
- (i) *the community outcomes to which the activity primarily contributes; and*
 - (ii) *the distribution of the benefits between the community as a whole, any identifiable part of the community, and individuals; and*
 - (iii) *the period in or over which those benefits are expected to occur; and*
 - (iv) *the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and*
 - (v) *the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and*

20 A

(b) *the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.*”

“Public Funding” is from Council’s general rate which is based on the capital value of each rating unit within the district and the UAGC.

“Private Funding” is revenue coming from targeted rates and user-pay fees and charges and other external sources as grants and subsidies.

Stratford District Council will fund operating expenses with a combination of:

- User charges as a direct charge for goods and services provided are legislatively allowable, appropriate and at a level related to the costs of providing those services.
- Subsidisation/donation as financial assistance given for a specific activity or project.
- General rates applied to the property owners of Stratford District, pursuant to the Local Government (Rating) Act 2002 utilising the capital values of rating units with no differential rating.
- Targeted rates applied to property owners of Stratford District, pursuant to the Local Government (Rating) Act 2002 utilising the factors provided in Schedule 3.
- Uniform Annual General Charge rates applied to property owners of Stratford District, pursuant to the Local Government (Rating) Act 2002.
- Resource Management Act 1991 Financial and Development contributions.
- Interest from reserve funds, which will be allocated to the Reserves, with the exception of interest from the Electrical Endowment Reserve, Contingency Reserve, Development Levies (Power Station) Reserve and working capital, which will be available for rate mitigation.
- Interest and dividends from investments which will be treated as operating revenue and applied to operational expenditure.
- Depreciation will be funded from rates and/or reserves. Revenue will be applied to the Asset Renewal Reserve.
- Surpluses from operational savings may be used for rate mitigation.

Stratford District Council will fund capital expenditure with a combination of:

- Subsidisation/donation as financial assistance given for a specific activity or project.
- General rates applied to the property owners of Stratford District, pursuant to the Local Government (Rating) Act 2002 utilising the capital values of rating units with no differential rating.
- Targeted rates applied to property owners of Stratford District, pursuant to the Local Government (Rating) Act 2002 utilising the factors provided in Schedule 3.
- Uniform Annual General Charge rates applied to property owners of Stratford District, pursuant to the Local Government (Rating) Act 2002.
- Resource Management Act 1991 Financial and Development contributions.
- Interest from reserve funds, which will be allocated to the Reserves, with the exception of interest from the Electrical Endowment Reserve, Contingency Reserve, Development Levies (Power Station) Reserve and working capital, which will be available for rate mitigation.
- Capital expenditure will be funded from rates, reserves, grants and/or loans.
- Proceeds from asset sales that have not been tagged for a particular purpose will be transferred to the Asset Sales Proceeds Reserve, and used to fund purchases of new capital expenditure assets.

20 A

To identify who benefits, who uses what facility, and how much, leads to a complicated unwieldy system with too many anomalies. Council has accepted the viewpoint that we are one District, and rely upon each other to thrive as a District. Therefore, with the exception of water, sewerage and refuse, all other revenue required from rating is being charged through either the fixed uniform annual general charge, or general rates using capital value rating. The fixed uniform annual general charge is covering the costs of having a Stratford District Council ie. the governance costs; plus the costs that Council incurs in delivering the regulatory functions the law requires that are not recovered from user pay charges ie. the public good component of regulatory activities.

Council modified the initial assessment of "Desired Benefits" as that would cause a sudden and very significant change in cost allocation and collection in many activities. Fees would have to be substantially increased which Council believes would result in decreased usage.

Council sees it as their social responsibility and to the well-being of the community to provide services to the ratepayers of the Stratford District at the most affordable rental and/or price levels. This is partially valid for activities that Council categorised under the broad functions of "People" and "Economic" and other activities such as the Aerodrome, Cemeteries, Resource Consents, Environmental Health and Bylaws.

Council modified the initial assessments of the activities Water Supply, Stormwater and Sewerage for reasons of fairness, equity and ease of collection.

Summary of Funding Sources

Activity	Desired Benefits		Modified Benefits		Funding Mechanism	
	Public %	Private %	Public %	Private %	Public	Private
PEOPLE						
Library	70	30	95	5	General	Charges
Parks And Reserves *	80	20	100		General	
Sports Fields *	70	30	90	10	General	Charges
Miscellaneous Civic Amenities **	100		100		General	
Swimming Pool	70	30	85	15	General	Charges
Pensioner and Elsie Fraser Housing		100		100		Charges
Community Services	100		100		General	
War Memorial Centre & Centennial Restrooms **	70	30	80	20	General	Charges
SERVICES AND FACILITIES						
Roading And Street Services	100		100		General	
Water Supply	5	95		100		Targeted
Stormwater	95	5	100		General	
Sewerage	5	95		100		Targeted
Refuse Collection & Disposal	5	95	5	95	UAGC	Targeted
Aerodrome	30	70	90	10	General	Charges
Cemeteries	5	95	70	30	General	Charges
LEADERSHIP						
Governance	100		100		UAGC	
Corporate Support	100		100		UAGC	
Farm Investment	100		100		General	
ECONOMIC						
Information Centre	30	70	80	20	General	Charges
Economic Development	70	30	100		General	
Rental Properties		100		100		Charges
Holiday Park		100	20	80	General	Charges

Activity	Desired Benefits		Modified Benefits		Funding Mechanism	
	Public %	Private %	Public %	Private %	Public	Private
ENVIRONMENTAL MGMT						
Resource Consents	10	90	80	20	UAGC	Charges
District Plan	100		100		UAGC	
Building Control	30	70	30	70	UAGC	Charges
Environmental Health	70	30	80	20	UAGC	Charges
Liquor Licensing	70	30	70	30	UAGC	Charges
Dog Control	70	30	30	70	UAGC	Charges
Bylaws	70	30	95	5	UAGC	Charges
Rural Fire	100		100		General	
Civil Defence	100		100		UAGC	

Council is to measure the average funding of each activity over the 10 year period. There will be variances from Policy on an annual basis but over the 10 years that are covered by the LTCCP, the forecasted figures must be in line with Policy.

- * The financial forecast for "Sports Fields" is included and grouped together in the activity statement for "Parks and Reserves".
- ** The financial forecast for the "Miscellaneous Civic Amenities", the "War Memorial Centre" and "Centennial Restrooms" are included and grouped together in the activity statement for "Civic Amenities".

The community outcomes that these activities contribute to are covered in detail earlier in this document under the heading “Council Functions”

PEOPLE

PUBLIC LIBRARY

Functions

This activity involves the provision of library services through the Stratford District Centennial Library.

Distribution of Benefits

All members of the community benefit from the provision of this service. Some services are provided which are seen as having a sufficient element of private benefit as to warrant some charge being levied. This includes services provided by expert staff or with a particularly high cost such as interloan services or the rental of material that is not core to the library business such as DVDs and videos. In addition where people retain borrowed material for a length of time greater than it is issued for their deprivation of access to that material for others involves a level of private benefit that warrants an overdue charge being levied.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

Except to the extent that fees and charges are generated for private benefits funding is 100% from the general rate.

PARKS AND RESERVES

Functions

The maintenance, development and enhancement of parks and reserves (excluding sports-grounds) add prestige and quality of life to the district with good children’s playgrounds, gardens, and walkways.

Distribution of Benefits

The primary beneficiaries for this activity are the residents and businesses of the district that benefit from the provision of these services. Visitors also use these facilities. In addition to the direct use of these facilities, people present in the community benefit from them through the enhanced visual appeal of the district.

Time Frame of Benefits

Reserves provide substantial inter-generational benefits.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

The cost of this activity is met from the general rate.

SPORTS FIELDS

Functions

This activity involves the provision of courts and sports fields and related facilities for participants in organised sports.

Distribution of Benefits

While these facilities are used for organised sport apart from some distinct time periods (predominantly at weekends) they are available to the whole community for informal recreation most of the time. The community also benefits from people's participation in organised sport in terms of healthier lifestyles.

Time Frame of Benefits

The provision of land for sports grounds provides substantial inter-generational benefits.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

Apart from the charges generated from the use of the facilities (which are relatively small compared to the cost of the activity) this activity is appropriately funded from the general rate.

MISCELLANEOUS CIVIC AMENITIES

Functions

This activity involves the management of Council's miscellaneous Civic Amenities, such as public utilities, the Clock Tower, Bell Tower, Hall of Remembrance and bus shelters.

Distribution of Benefits

All members of the community benefit from the provision of this service. This activity includes a range of facilities intended to enhance the community's quality of life.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

This activity is funded entirely from the general rate.

SWIMMING POOL

Functions

This activity involves the provision of covered heated swimming pools and an outdoor toddlers' pool for both recreational and learning purposes.

Distribution of Benefits

There is a significant degree of private benefit from the provision of this service. However there are also community benefits in terms of promoting healthy lifestyles and also teaching people adequate water skills. Public good exists in providing the option for people to swim for leisure and health reasons.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

The benefits of this service are community wide and there is no benefit in separately funding this activity.

Recommended Funding

Fees and charges contribute to a significant portion of this activity. To the extent that they can not cover the full costs of providing this service it is appropriate for the balance of the costs to be funded from the general rate.

PENSIONER AND ELSIE FRASER HOUSING

Functions

This activity involves the provision of housing for the elderly with ten units on one property, accommodating one person in each unit.

Distribution of Benefits

These community properties provide housing for the elderly at rentals which attempt over time to equate the cost of providing the service. Individuals benefit from this service and can easily be identified. This is also a social responsibility function of Council.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

The most efficient and transparent funding method is through user charges (rent).

Recommended Funding

The recommended funding for this activity is to be fully funded from user charges. In reality it is not practical as Council has a social responsibility towards the elderly and the community at large and funding is currently at a different rate.

COMMUNITY SERVICES

Functions

This activity involves the provision of a level of support to community organisations to assist them with the role in the community and to provide funding to a Community Grants Pool.

Distribution of Benefits

Community groups, through their activities, help develop the community and provide a direct social benefit in the community. Council also administers the Creative NZ grants, school holiday programmes and established a youth development function. Funding to the Percy Thomson Trust is included within this activity.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

The benefits of this service are community wide and apart from some Council funding, the funding of activities depends on the availability of external grants and funding.

Recommended Funding

Except to the extent that external funds are granted for groups and activities funding is 100% from the general rate.

WAR MEMORIAL CENTRE AND CENTENNIAL RESTROOMS

Functions

This activity involves the provision of an indoor sports stadium and function facility at the War Memorial Centre and a meeting venue comprising three meeting areas, a kitchen and public toilets at the Centennial Rest Rooms.

Distribution of Benefits

All members of the community benefit from the provision of this service. Some services are provided which are seen as having a sufficient element of private benefit as to warrant some charge being levied. Groups using the facilities can be identified and charged accordingly. There is a public benefit from adding prestige and quality of life to the district.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

The benefits of this service are community wide and there is no benefit in separately funding this activity.

Recommended Funding

Except to the extent that fees and charges are generated for private benefits funding is 100% from the general rate.

SERVICES AND FACILITIES

ROADING AND STREET SERVICES

Functions

These activities consist of the provision, operation and management of the roading network in the district as well as the provision of facilities such as street lights, signs, underverandah lights and pedestrian movement on footpaths in urban areas.

Distribution of Benefits

The transport network is part of a national and regional transport network. Therefore the whole nation and region benefit to some degree from an efficient transport network within the community. However the focus of the benefits provided is naturally on those who live and work in the Stratford District. The national benefits are recognised through the significant financial assistance that Council receives from Land Transport New Zealand. In addition, where new subdivision or development requires upgrading to the roading network, the subdivider or developer may be required to contribute a proportion of the upgrading cost in accordance with the degree of benefit they receive.

The benefits of Street Services provided by Council are generally local within the urban areas however rural ratepayers and visitors also benefit to some degree from these services.

Time Frame of Benefits

There are significant inter-generation benefits from the provision of the roading network.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

Almost half of the cost of structural maintenance of roads, maintenance of road surfaces, traffic safety, carriageway lighting, transport management and minor safety works, is recovered from Land Transport New Zealand financial assistance. The balance of the cost of these activities is appropriately funded from general rates.

WATER SUPPLY

Functions

This activity involves the extraction, treatment, storage and distribution of water to people, businesses and organisations in the urban area of Stratford, Toko and Midhirst through a network of pipes and local reservoirs.

Distribution of Benefits

Much of the benefit from this activity is considered to be private to the people who obtain and use the water. There is a generic public health benefit from the provision of potable water ensuring that water borne diseases are not prevalent in the community. There are also other public benefits due to the need for availability of water for fire fighting and emergency capabilities. Any user who is deemed to use in excess of the domestic maximum volume, is classified as having an extraordinary supply and water is sold to them on the basis of meter readings. Generally residential ratepayers and other small consumers of water are charged by a targeted rate on a uniform annual charge basis for the private benefits. The public component is estimated to be not more than 5% of the total cost of water supply.

Time Frame of Benefits

There is a significant inter-generational benefit from the provision of the reticulation network.

Contributors Need for Activity

Not applicable.

Costs and Benefits of Distinct Funding

Because the benefits from this service are predominantly private and because it is not provided to all properties within the district it is considered appropriate to fund the private benefits of this activity through a targeted rate.

Recommended Funding

The private benefits are generally recovered through a targeted uniform annual charge applied to each separately used or inhabited portion of a property that is connected or can be connected to the water supply. However extraordinary consumers of water are metered and charged according to actual consumption.

STORMWATER**Functions**

This activity involves the provision of piped and open drains throughout the stormwater catchments of the Stratford, Midhirst and Toko urban areas to ensure that stormwater is disposed of in a way which minimises damage to property and inconvenience to people in moving about these areas in times of high rainfall.

Distribution of Benefits

The removal of stormwater is of private benefit but all member of the community benefit from the provision of this service. There are public benefits due to the public health factor.

Time Frame of Benefits

There is a significant inter-generational benefit from the provision of the reticulation network.

Contributors Need for Activity

Not applicable.

Costs and Benefits of Distinct Funding

Because the benefits from this service are district wide it is considered appropriate to fund the benefits of this activity through a general rate.

Recommended Funding

The cost of this activity is met from the general rate.

SEWERAGE**Functions**

Council provides for the collection of wastewater and sewage from properties within the Stratford urban area. The sewage is piped to oxidation ponds located on Victoria Road where it is treated before discharge to the Patea River.

Distribution of Benefits

The primary benefits of this activity are to those people whose waste is removed and treated by the wastewater treatment system. These benefits are considered to be private benefits. There is however a public health benefit from the safe disposal of waste.

Time Frame of Benefits

There is a significant inter-generational benefit from the provision of the reticulation network.

Contributors Need for Activity

Not applicable.

Costs and Benefits of Distinct Funding

Because the benefits from this service are predominantly private and because it is not provided to all properties within the district it is considered appropriate to fund the private benefits of this activity through a targeted rate.

Recommended Funding

The most efficient and transparent funding method for this activity is through a targeted uniform annual charge applied to each separate rating unit in the Stratford urban area.

REFUSE COLLECTION**Functions**

Council provides a domestic refuse and recycling collection service to the urban areas of Stratford and Midhirst. Council also owns and operates a transfer station located in Stratford which is available for the disposal of domestic and limited quantities of commercial refuse and the disposal of recyclables including green waste.

Distribution of Benefits

The primary benefits of this activity are private benefits to those people whose refuse is disposed of. However there are also public health benefits in ensuring that refuse is disposed of safely and in a way that does not cause ongoing damage to the environment. Recycling can be seen as providing value by reducing the resource depletion and giving prestige by showing that attempts to be green are being made.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

The private benefits of the kerbside recycling service and refuse collection can be made transparent through a targeted rate to those properties to which the service is provided.

Recommended Funding

It is considered that a small percentage of the costs of this activity relates to the public health benefits of safe refuse disposal and this is recovered through the uniform annual general rate.

Because the benefits from this service are predominantly private and because it is not provided to all properties within the district it is considered appropriate to fund the balance of the cost of these services through a targeted rate.

AERODROME

Functions

Council provides an aerodrome suitable for use by light commercial and recreational aircraft.

Distribution of Benefits

The aerodrome is a primary private benefit and the user or beneficiary can be identified. There is however a significant public benefit in providing this facility as an aerodrome is vital to a successful community.

Time Frame of Benefits

There is a possibility of significant inter-generational benefit from the provision of this facility.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

Apart from the charges generated from the use of the facilities this activity is appropriately funded from the general rate.

CEMETERIES

Functions

This activity involves the provision of cemetery services. Council has two operational cemeteries and four closed cemeteries. The main cemetery is Kopuatama and contains areas for general and Returned Services burials and ashes interments.

Distribution of Benefits

There is a significant private benefit in this service to the families of deceased people where burials are provided. There is also an ongoing community benefit in providing for the respectful treatment of deceased people who form part of the communities' heritage.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

A substantial portion of the cost of this activity is met through fees and charges applied for the provision of burial services. To the extent that the costs are not fully met from that source, and given the ongoing maintenance demands of cemeteries, full cost recovery would not be practicable. The balance of funding required is appropriately from the general rate.

LEADERSHIP

GOVERNANCE

Functions

This activity involves the elected governance of Council including the operation of the formal meeting processes of Council, the election processes for Council, and the processes for community involvement in the democratic process.

Distribution of Benefits

The primary beneficiaries for this activity are the people and organisations in the district that benefit through the democratic governance of the district's affairs.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

100% from the Uniform Annual General Charge.

CORPORATE SUPPORT

Functions

This activity provides a range of professional support services to the Council and to agencies closely associated with Council. These services include financial planning, reporting, analysis and advice, the provision of accounting services, secretarial and administrative support and the development and maintenance of management information systems.

Distribution of Benefits

No individual user can be identified. Benefits include core management support and policy development for overall Council operations.

Time Frame of Benefits

Ongoing

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

The cost of this activity is met from the Uniform Annual General Charge.

FARM INVESTMENT

Functions

Council owns a dairy farm situated at Flint Road with the Stratford Aerodrome situated within the farm boundaries.

Distribution of Benefits

Income from the farm assists in achieving community outcomes by enabling Council to provide affordable services and facilities. All sections of the public benefit from the return on this investment.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

The cost of this activity is met from the general rate if insufficient funds are generated from the farming activity. (Note that the farm investment actually reduces general rates through the return on investment.)

ECONOMIC

INFORMATION CENTRE

Functions

This activity involves the promotion of Stratford as a great place to visit and live. These services include the provision of souvenirs and other memorabilia, promotion material relating to Stratford and the district and New Zealand, to act as an Automobile Association Touring agency and AA Express agency and to provide a booking agency for hotels, motels and national air, land and ferry services.

Distribution of Benefits

Some of the services provided within this activity generate private benefits that are recoverable through fees and charges. Residents can use the service but the primary focus is for visitors to the district. For example, the commission on bookings and other services provided to travellers and from the service to those who want to obtain or renew a drivers licence or other services provided through an AA Agency. There are also community benefits in terms of promoting the district which is of a benefit to the whole community.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

A small part of the costs of the service are recoverable through fees and charges to direct users of the service and the balance of the service is recoverable from the general rate.

ECONOMIC DEVELOPMENT

Functions

This activity involves services particularly targeted at promoting economic development within the district.

Distribution of Benefits

All members of the community benefit from the provision of this service as the objectives are to facilitate, promote, foster and develop a dynamic, innovative and sustainable economy in the Stratford district.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

This activity is funded entirely from the general rate.

RENTAL PROPERTIES

Functions

Council has a number of commercial and residential properties. Some rental properties are vacant land, while the majority have improvements owned by the lessees. Most properties are located within the Stratford urban area, including the prestige building.

Distribution of Benefits

The provision of commercial properties for rental is a private benefit identifiable to the user. It is expected that market rentals will be achieved for commercial properties.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

This activity is self funding.

Recommended Funding

This activity is fully funded from fees and charges.

HOLIDAY PARK

Functions

Council owns the Holiday Park situated at Page Street. It is operated by a lessee who owns the chattels and one accommodation unit.

Distribution of Benefits

There are significant private benefits associated with this activity for the users of the service. Council recognises that provision of holiday accommodation at an affordable level is important for community well-being.

Time Frame of Benefits

Ongoing but Council is exploring options for divesting itself of the Holiday Park.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

A substantial portion of the cost of this activity is recovered through a lease. The balance of the cost is appropriately funded through the general rate.

ENVIRONMENTAL MANAGEMENT

RESOURCE CONSENTS, MONITORING AND DISTRICT PLAN

Functions

This activity involves resource consent processing and resource consent monitoring and the administration and monitoring of Council's District Plan.

Distribution of Benefits

The processing of resource consents benefits the individual. However, one reason for issuing consents is to ensure that the requirements of the District Plan are adhered to, which has an element of public benefit.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

A part of this activity involves the enforcement of the District Plan. This enforcement may arise from the actions of individuals and organisations that carry out activities in contravention of the District Plan or the resource consents they hold.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

To the extent practicable private benefits are recovered through fees and charges. Some private benefit can not be recovered (for example advice to prospective applicants for resource consents) and as outlined above some of the benefits are in fact public benefits for the whole community. These latter categories of benefit are appropriately funded through a Uniform Annual General Charge (UAGC).

BUILDING CONTROL

Functions

This activity involves the application of the Building Act and related legislation within Council.

Distribution of Benefits

Much of the benefit from this activity is private benefit to the owners of the building concerned who obtain independent confirmation that their buildings are structurally sound and comply with safe building practices. There is also a community benefit from this in terms of health and safety for people in or adjoining building premises.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

A small amount of the work associated with this activity involves enforcement where people carry out building activity without consents.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

A significant part of the costs of this activity are recovered from fees and charges. To the extent that those costs can not be fully recovered costs are recovered from a UAGC.

ENVIRONMENTAL HEALTH & LIQUOR LICENSING

Functions

This activity involves a range of services directed towards the protection of public health and safety. This includes services such as liquor licensing, dangerous goods licensing, food premises and hairdressing premises licensing and the investigation of causes of notifiable diseases.

Distribution of Benefits

There is some degree of private benefit arising from these activities. Businesses for example benefit from the independent licensing of their premises in that it gives prospective customers an assurance of quality. The major benefits are public benefits in ensuring a healthy living environment for the community.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

Some activity in this area is enforcement activity arising from the failure of members of the community to act in a healthy or safe manner and the investigation of notifiable diseases.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

A portion of the cost of these activities are recovered from fees and charges. To the extent that the costs are not recoverable from fees and charges they are appropriately recovered from a UAGC.

DOG CONTROL

Functions

This activity involves the registration of dogs and the capture and impoundment of roaming dogs.

Distribution of Benefits

Much of the benefit from this activity is private but there is also a community benefit through the capture of wandering and roaming dogs.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

A significant contributor for the need for this activity is the actions of individuals who do not properly control their dogs.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

A substantial portion of the cost of this activity is recovered through dog registration fees and, to a lesser extent, from infringement fees for the ownership of unregistered dogs and impoundment fees for the recovery of impounded dogs. The balance of the cost of the activity is appropriately funded through a UAGC.

BYLAWS

Functions

This activity involves both monitoring and a response to complaints in respect of Council's bylaws relating to public areas. This includes wandering stock, overhanging hedges and vegetation, abandoned vehicles, inappropriate use of berms and parking control.

Distribution of Benefits

The enforcement of bylaws is of public and private benefit. The community benefit from an environment that is attractive, safe and healthy.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

A significant contributor for the need for this activity is the actions of individuals who do not properly control their stock and from parking infringements.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

A small portion of the cost of this activity is recovered from parking infringements and impoundment fees for the recovery of impounded animals. The balance of the cost of the activity is appropriately funded through a UAGC.

RURAL FIRE

Functions

This activity involves the management of rural fires.

Distribution of Benefits

There is a private benefit to potential users however this activity also involves a service directed towards the protection of public safety.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

This activity is funded entirely from the general rate.

CIVIL DEFENCE EMERGENCY MANAGEMENT

Functions

This activity involves the provision of emergency management services for natural disasters such as major floods and earthquakes where a co-ordinated community response is required.

Distribution of Benefits

The whole community benefits from this activity. It is triggered where the disruption to community life is such that a coordinated community response is required.

Time Frame of Benefits

Ongoing.

Contributors Need for Activity

All stakeholders contribute to the need for this activity.

Costs and Benefits of Distinct Funding

There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended Funding

The ongoing costs of this activity are funded from a UAGC with a very small contribution from a government subsidy.

TREASURY MANAGEMENT POLICY

INTRODUCTION

A Liability Management Policy and an Investment Policy must be prepared under Section 102 of the Local Government Act 2002. It must be included as part of a Long-Term Council Community Plan and Annual Plan and adopted in accordance with the special consultative procedures. Stratford District Council has incorporated the two policies into one Treasury Management Policy.

OVERALL GOAL

To minimise financial risk to the Stratford District Council.

GENERAL PRINCIPLES

In carrying out its functions, Council will ensure:

- All revenue, expenditure, assets, liabilities, reserves and investments are managed prudently in the interest of the Council, and district ratepayers.
- It considers all relevant information in assessing options.
- It provides balanced operational funding with adequate and effective provision for income to meet its expenditure needs both on an annual basis and over the long term.
- It matches, as is appropriate, reasonable, and practical, the cost of services and activities with the benefits received.

MONITORING AND REPORTING

1. Delegations to officers are formally approved by Council and are detailed in the Policy Manual. The Chief Executive is authorised under Schedule 7 of the Local Government Act 2002 to delegate any or all of the relevant treasury function powers to the Corporate Services Manager.
2. All money belonging to or held in trust by the Council shall be paid into an account or accounts of the Council at such bank or banks as the Council from time to time appoints.
3. All money shall be paid by the Council in cash or by cheque, direct credit schedule or withdrawal notice signed by one of the following: Corporate Services Manager, Accountant or Chief Executive and countersigned by any other of the above or the Operations Manager, Planning and Regulatory Manager or Revenue Officer (Direct Debits/Credits only).
4. Every payment of money is made under the delegated authority of the Chief Executive, but shall be reported to Council.
5. The Corporate Services Manager and the Accountant, through the delegated authority of the Chief Executive, are authorised to invest the funds of the District Council in accordance with Council's Investment Policy; such investments to be reported to the Council.
6. Reports - the following reports are produced:

Report	Frequency	Recipient
(i) Accounts Passed for Payment	Monthly	Council through the Chief Executive
(ii) Cash Position Statement	Monthly	Council through the Chief Executive
(iii) Monthly Report, comprising: <ul style="list-style-type: none">· Balance Sheet.· Income Statement.· Special Fund Account Balances.· Capital Expenditure.· Objectives and Performance Indicators.	Monthly	Council through the Chief Executive

INVESTMENT POLICY

INTRODUCTION

An Investment Policy must be prepared under Section 102 of the Local Government Act 2002.

OBJECTIVES

- To invest in a safe and prudent manner rather than obtaining the highest return on investments.
- To manage the overall cash position of Council's operations.

SPECIFIC POLICIES

1. Council has a variety of investments which at any time may include cash, trust funds, special funds, shares, property held for investment purposes and financial reserves.
2. In managing its investments, generally Council is not driven by commercial considerations alone. By its very nature, Council is accountable to the community in terms of community health, safety, benefit and well-being and these considerations may lead to Council making investment decisions that would not be made without Council's community considerations.
3. In managing its investments in accordance with its general policy Council seeks to:
 - Achieve the goals and objectives set out in its Strategic Plan, Long Term Council Community Plan and Annual Plan.
 - Protect its investment.
 - Maximise investment return.
 - Ensure investments are of a type which provide Council with funds when required.
 - Manage its risk.

Mix of Investments

Each class of investment held by Council is maintained for separate purposes, unrelated to the purposes of the other investments held. Due to the differing purposes of Council's investments there is no specified mix between investments. However Council maintains investments in the following assets from time to time:

- Equity investments incorporating shareholdings.
- Property investments incorporating land, leases and land held for development.
- Financial investment incorporating longer term and liquidity investments.

Special Funds and Financial Reserves

Stratford District Council shall have three classes of reserves:

Accumulated Balance

The Accumulated Balance includes equity and Council created reserves. The Accumulated Balance does not represent cash available to offset future rate increases, rather it represents the community's investment in Council. Council created reserves are established by Council resolution. Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

These reserves included:

- Accumulated surplus.
- Asset Renewal Reserve comprising depreciation of Council's assets and interest earned.
- Asset Sale Proceeds Reserve comprising net proceeds from sale of Council assets.
- General Revenue Reserve.
- Contingency Reserve to cover such things as natural disasters, eg. floods, earthquakes, volcanic eruption, etc.

Restricted Reserves

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council, and which may not be revised by Council without reference to the courts or a third party. Transfers from these reserves may be made only for certain specified purposes or if certain specified conditions are met. Restricted reserves include:

- The Electrical Endowment.
- Elsie Fraser Bequest.
- Resource Management Act financial contributions.
- Development Levies.

Targeted Rate Reserves

- Targeted rates, eg. (water, sewer, refuse) reflecting the residual of the targeted rates.

Stratford District Council will maintain investments to cover in total the balances contained in the three classes of reserves.

Interest earned will be credited to the respective accounts. But interest from the Electrical Endowment Reserve, Contingency Reserve, Development Levies (Power Station) Reserve and working capital may be available for rate mitigation.

Investment Property

1. Council's primary objective in owning property as an investment is to promote the economic, physical and social development of the community in accordance with the Long Term Council Community Plan. Accordingly, it is likely that any intention to acquire new investment property will be signalled in the Long Term Council Community Plan.
2. Rental income from investment property is applied to Council's general funds, thereby contributing to the cost of all Council services.
3. Where any investment property had been purchased by borrowing, any sale proceeds would be applied firstly to the repayment of that debt.
4. The value of the properties is assessed annually by independent professional valuers and reported through Council's Annual Report.

Shares

1. Council generally prefers not to expose itself to the risks of equity investment. However, from time to time where it appears to Council that owning shares provides the optimum mechanism for achieving Council's goals and objectives in any particular case, Council may invest in local government related shareholding and such other shares as required by Council in the course of its farm operations (ie. Fonterra Co-operative Group Ltd and Ravensdown Fertiliser Ltd).

2. Council does not, given its current taxation status, invest in equity merely as an investment for surplus funds.

Internal Investments

1. Any Council investment funds may be used for internal borrowing purposes.
2. Funds used for internal borrowing will derive interest equivalent to that earned if the funds were invested externally so as not to erode the value of the funds.
3. Internal investments will be applied upon maturity to the purpose for which they were originally set aside.
4. Internal investments are managed as part of Council's wider cash investments.

Acquisition of New Investments

The Council will not seek to acquire any new equity or property investments unless they are identified in its Long Term Council Community Plan. Treasury investments are acquired and disposed off as they reach maturity or surplus funds are available for investment.

Risk Management

1. Credit risk shall be minimised by investing with counter-parties with a high degree of security and by maintaining a limit of funds invested with any one organisation:
 - (i) Cash deposits shall be limited to those organisations which have registered bank status, either through:
 - term deposits or bank accepted commercial bills.
 - treasury bills.
 - government or local authority stock.
 - (ii) The maximum cash investment with any one organisation shall be one million dollars, provided that should market rates dictate, this limit can be exceeded to a maximum of one and a half million dollars.
2. Council will maintain sufficient liquidity (being a current ratio of no less than 1:1) to meet all expected expenditures, as and when they arise in the normal course of conducting Council business, and within the usual payment periods.

Report on Investment Policy

The actual achievement of the specific policies of the Investment Policy are reported in the Annual Report, in addition to the reporting of actual results through the monthly reporting to Council.

LIABILITY MANAGEMENT POLICY

OBJECTIVES

- To raise appropriate finance, in terms of both maturity and interest rate.
- To comply with relevant legislation.

PURPOSE

Council borrows for the following primary purposes:

1. General debt to fund Council's capital works primarily on infrastructure assets. The use of debt is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to Council's assets and investments.
2. Short term debt to manage timing differences between cash inflows and outflows, and to maintain Council's liquidity.
3. Specific debt associated with significant "one-off" projects and non-financial investments from time to time.
4. Borrowing through hire purchase, credit, deferred payment or lease arrangements in the ordinary course of Council business.

SPECIFIC POLICIES

1. Stratford District Council will use term borrowing to fund long term user services capital works, or other capital expenditure where:
 - (i) The benefits of such expenditure are received over terms greater than one financial year.
 - (ii) The term of the borrowing would be related to the expected economic life of the asset purchased or created.
2. All original borrowing will be by way of Stratford District Council's Tendering Policy. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.
3. Stratford District Council will not exceed a maximum level of term borrowing in that:
 - (i) Debt servicing costs should not exceed 20% of total yearly rates (as per Audit New Zealand's financial planning guidelines); or
 - (ii) Debt/equity level should not exceed 10%;
 - (iii) Maintaining an acceptable level of financial risk. An acceptable level of financial risk is defined as an increase of no more than 1% in rates due to borrowing renewals.
4. Council's loan portfolio will be structured so that repayment of loans can be made progressively over the sanctioned period of the loan (generally 20 to 25 years).
5. Council will secure its borrowing against rates and rates revenue and where it is cost effective or otherwise beneficial to the Council, may borrow on an unsecured basis.

6. Fixed interest rates will normally be obtained but floating rates may be used, particularly to balance interest rate exposure. Use of hedging techniques (including forward rate agreement, future markets and options) and interest rate swaps will not be used.
7. Loans and Loan Guarantees
 - (a) Council Loans to Other Parties
 - (i) That Council consider applications from recreational organisations for loans for capital purposes, such loans to be for a maximum of \$15,000 repayable over a five year period.
Interest on the loans to be determined at the time of the application but in no case to be greater than that applying for the Electrical Endowment Loans.
 - (ii) That Council shall for the purposes of the loans in (a) above, obtain adequate security by way of mortgage or personal guarantees.
 - (iii) On application from those halls which have a targeted rate, consideration be given to making advance payments on rates collected to a maximum of the estimated collection for one year. Such advances are not to attract any interest and are to be utilised for capital works.
 - (iv) That all organisations furnish Council with current income and expenditure reports and balance sheets when making application for annual or new grants.
 - (b) Loan Guarantees
 - (i) That loan guarantees shall only be considered from organisations which wish to develop facilities on Council property.
 - (ii) That the organisation requiring the guarantee must provide cross guarantees from individuals and provide in their constitution that in the event of default, the Council is to have vested ownership of the property for which the guarantee is provided.
8. Council will not deal in foreign currency, other than by way of payment for specific items.
9. Council may borrow funds on a short term basis to provide for efficient and effective cash management. The managing of overdraft facilities shall be by delegated authority of the Chief Executive. However, this shall be for the purpose of meeting temporary shortfalls in revenue and will not be used as a permanent source of funds. In the ordinary course of business:
 - (i) Estimated current expenditure for the year will be met from current revenue for that year.
 - (ii) Routine capital expenditure will be met from reserves set aside for this purpose.
 - (iii) Non routine and infrastructural capital expenditure will be met from borrowing, grants, and/or reserves set aside for this purpose.

Report on Liability Management Policy

The actual achievement of the specific policies of the Liability Management Policy are reported in the Annual Report.

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY

INTRODUCTION

Section 106 of the Local Government Act 2002 sets out the requirements for a Development and/or Financial Contributions Policy which a local authority must adopt under Section 102(4)(d), which can then be included in the Long Term Council Community Plan.

Financial contributions are as provided for under Section 108(9) of the Resource Management Act 1991. These are required as conditions of resource consents pursuant to that Act. Beyond those, contributions are as provided for under Sections 201 through 211 of the Local Government Act 2002 ie. development contributions.

The Stratford District Council will be funding capital expenditure incurred as a result of development from both development and financial contributions on the basis of the requirements of the Stratford District Plan. The contributions enable Council to provide for:

- Sustainable development.
- Comprehensive social, recreational and cultural facilities accessible to all.
- Clean air, water and land; and
- A diverse natural environment that is accessible to all.

DEVELOPMENT CONTRIBUTIONS

Explanation of Requirement

The Stratford District Council has assumed that that the Stratford District Plan, under the Resource Management Act 1991, is the most appropriate means of identifying and recouping the costs of growth from developers. The District Plan has been developed to ensure the long term sustainable management of the natural and physical resources of the district on behalf of the community. Part of that management is the requiring of financial contributions.

Purpose of Requirement

The Stratford District Plan states the purposes underlying the contributions, including an outline of potential effects (District Plan extracts in italics below):

“A development contribution shall be required in respect of any new residential, commercial, administrative and industrial activity as specified in the Schedule below for the purpose of avoiding, remedying or mitigating or offsetting any actual or potential adverse effects of land use, development, or subdivision on -

- *the infrastructure of the District; and*
- *amenity values; and*
- *the environment.*

A proportion of the development contribution required will be used for the upgrade of the infrastructure of the District (such as, for example, sewage disposal, water supply, footpaths, roads), and the remainder will be for the development and enhancement of the system of reserves and community facilities in the District.

A development contribution shall be required for all new permitted dwellings and new residential lots by way of the construction of a vehicle crossing between a road and a lot at the time of constructing the lot/s and/or dwellings.”

Payments received by Council for connections to water and wastewater services are to cover the costs of the physical connection only. Where properties are to connect to any Council services, it is Council's policy that the developer pays the full cost of extending the existing network as required.

Schedule of Contributions

The Stratford District Plan further states:

“The owner of any land in the district which is developed for administrative, commercial or industrial purposes (excluding farming), or any two or more such purposes, shall pay to the Council, at the time of receiving building consent (pursuant to Section 35 of the Building Act 1991), a development contribution, in cash, of 0.5% of the assessed value of the above types of developments in excess of \$500,000. The value of any of the above types of developments will be independently assessed at the expense of the developer.

The owner of any land in the district which is developed for residential purposes shall pay to the Council, at the time of receiving building consent, (pursuant to Section 35 of the Building Act 1991), a development contribution of cash, equal to 7.5% of the value of the land for every additional dwelling or dwelling unit built on the site, to be independently assessed at the expense of the developer. If subsequently, the dwellings are cross-leased or subdivided and a development contribution based on 7.5% of the value of the land for every additional dwelling, as independently assessed at the expense of the developer, has been levied, no further development contribution is payable.”

Remission, Postponement, Refund or Return of Development Contribution

Council will not remit, postpone, refund or return any development contributions except in accordance with Section 210 of the Local Government Act 2002.

FINANCIAL CONTRIBUTIONS

The Council requires financial contributions as conditions of resource consent to ensure that any adverse effects from subdivision and development on the natural and physical resources of the district are minimised. Such contributions may be in the form of cash or land and may include, as stated in the Stratford District Plan:

- *“Provision of new roads, private ways, access lots, service lanes and accessways.*
- *Provision for maintaining, upgrading and/or widening of existing roads.*
- *Provision of stock underpasses.*
- *Provision for footpaths.*
- *The provision of off-street parking.*
- *The carrying out of earthworks including excavation, filling and compaction.*
- *The carrying out of landscape design and land rehabilitation, including (but not limited to) the revegetation of modified or cleared land and the planting of trees and shrubs.*
- *The provision of fencing or screening.*
- *Provision of water supply.*
- *Provision for sewage disposal systems.*
- *Provision for stormwater control and disposal systems, including during construction of any works.*
- *Provision for electricity supply.*
- *Provision for gas supply.*

- *Provision for street lighting.*
- *Provision for telephone supply.*
- *Provision of -*
 - *land for public open space, public recreation, community facilities or community purposes and for other reserves purposes; and/or*
 - *cash, for the purpose of upgrading or maintaining public open space, upgrading land or facilities for public recreation, upgrading land or facilities used for community purposes, or for the provision of street furniture.*
- *The protection of -*
 - *notable trees and areas of indigenous forest;*
 - *outstanding natural features and landscapes;*
 - *heritage resources;*
 - *ecologically sensitive areas, including (but not limited to) wetlands and habitats of indigenous flora and fauna;*
 - *riparian margins, through the creation of esplanade strips or esplanade reserves.”*

The details of the purposes, circumstances and maximum amounts of any financial contribution are detailed in the Stratford District Plan.

PARTNERSHIPS WITH THE PRIVATE SECTOR POLICY

INTRODUCTION

Section 107 of the Local Government Act 2002 determines that a local authority must adopt under section 103(4)(e), policies in respect of the commitment of local authority resources to partnerships between the local authority and the private sector.

Partnership with the private sector is defined as any arrangement or agreement that is entered in between one or more local authorities and one or more persons engaged in business, but does not include an agreement in which the only parties are local authorities, or one or more local authorities and one or more Council organisations.

A contract for the supply of any goods or services to, or on behalf of a local authority, is not defined as a partnership with the private sector.

DISCUSSION OF THE DESIRABILITY OF PARTNERSHIPS WITH THE PRIVATE SECTOR

Partnerships between public agencies and the private sector are being practiced around the world. In countries such as the UK, USA and Australia, Public Private Partnerships (PPP), have been established in both central and local government to deliver services ranging from transport links, such as network rail and underground systems (UK), highway, water and sewerage infrastructure (USA), and hospital and educational facilities (Australia).

The essential purpose of PPP is the substitution of private management expertise and funds for those of the public sector in the provision of services normally provided by governments. This makes it different from outright privatisation which involves the complete transfer of an asset and the services associated with it to the private sector.

CRITERIA FOR CONSIDERATION OF PARTNERSHIPS WITH THE PRIVATE SECTOR

The broad principles underpinning any partnership with the private sector should include the following elements:

- focus on the end result, rather than the means of delivery;
- allocation of risk and the commercial framework of the partnership model delivering the best outcomes for the community;
- performance measures ensuring that the quality of services delivered meets the needs of the community, and the outcomes of the project are transparent;
- private participation being subject to competitive tendering processes;
- emphasis on transparency and disclosure of the processes and outcomes, acknowledging the need to protect commercial confidentiality where appropriate; and
- confidence in the probity of the partnership model and the way in which it is implemented.

The public interest must be protected and any project should be open to public input:

- effective in meeting the objectives of Council;
- accountable and transparent, to ensure that the community will be well informed about the obligations of both the Stratford District Council and the private sector partner, and that these obligations will meet Audit Office standards;
- open to public input, with pathways in place so that the public rights are protected through a fair appeals process and other conflict resolution mechanisms;
- equitable, to ensure that disadvantaged individuals and groups can effectively use the infrastructure;

- open to ensure ongoing public access to essential infrastructure;
- protective of consumer rights, especially of those sectors of the community that are the most vulnerable;
- protective of community health and safety; and
- protective of consumers' rights to privacy;
- protective of Council's occupational and health responsibilities.

The partnership must deliver value for money where:

- a need has been defined in measurable output terms;
- the project is structured to minimise the risk to Council in order to generate the incentives for cost effective, high quality services;
- there is an identifiable market of bidders prepared to compete for the opportunity to undertake the project;
- there is scope for private parties to demonstrate particular skills and/or innovative capacity;
- the project size justifies the transaction and ongoing management costs.

Finally, risk must be identified, and allocated to whoever is best able to manage risk at the least cost, taking into account public interest considerations. The structure of the partnership project needs to take account of which partner is best able to take responsibility for managing such risks as:

- design and construction risk – cost, quality and time;
- commissioning and operating risk;
- service and under performance risk;
- industrial relations risk;
- maintenance risk;
- regulation and legal change risk;
- technology obsolescence risk;
- planning risk;
- price risk;
- taxation risk;
- residual value risk; and (where appropriate)
- demand or volume risk;
- occupational safety and health risk.

CIRCUMSTANCES WHERE COUNCIL MAY CONSIDER A PRIVATE SECTOR PARTNERSHIP

The Stratford District Council may consider partnership arrangements with the private sector for the provision of infrastructure and services where such a partnership is likely to deliver better value for money, based on cost, time and financial arrangements than traditional delivery methods.

The circumstances where the Stratford District Council may consider partnerships with the private sector are outlined below:

Council will consider partnerships with the private sector where:

1. A need has been defined in measurable output terms;
2. Outcomes for the community, measured on cost, quality and timeliness exceed any other provision;
3. The project is structured to optimise risk allocation in order to generate the incentives for cost effective, high quality services;

4. There is an identifiable market of bidders prepared to compete for the opportunity to undertake the project;
5. There is scope for the private sector to demonstrate particular skills and/or innovative capacity; and
6. The project size justifies the transaction and ongoing management costs.

These provisions will apply where Council is considering a partnership with the private sector, and the partnership will involve Council providing funding or other resources whether by way of grant, loan, investment or by way of acting as guarantor for any partnership.

CONSULTATION

Where Council is considering any partnerships with the private sector, it will undertake appropriate consultation with the community using the special consultative procedure. Where possible, this consultation will be undertaken through the annual plan process.

CONDITIONS

Any Public Private Sector partnership will be subject to the following conditions before Council will agree to the provision of funding or other resources:

1. Private participation will be subject to competitive tendering processes, with an emphasis on transparency and disclosure of processes and outcomes, acknowledging the need to protect commercial confidentiality where appropriate;
2. Any proposed partnership will be assessed against the public interest in terms of effectiveness, accountability, and transparency, together with the need to ensure equity for disadvantaged groups, public access, consumer law, and security and privacy rights.
3. Outputs will be clearly specified including measurable performance standards;
4. Payments will only be made upon delivery of the specified services to the required standards;
5. The partnership will be a relatively long term commitment, with the term depending on the nature of the project;
6. All private sector parties will be fully accountable to the Stratford District Council for the delivery of the specified project and/or services;
7. Risk allocation between the partners being clear and enforceable, with consequential financial outcomes;
8. The Stratford District Council's responsibilities for the monitoring of outcomes will be clearly articulated; and
9. Mechanisms for delivering ongoing value for money will be included.

RISK IDENTIFICATION ALLOCATION AND MANAGEMENT

The following policy statement outlines how Council will assess and manage any risks associated with a partnership arrangement:

Council will assess and manage the risks associated with a public private sector partnership by:

- (a) The major principle governing risk will be a risk transfer regime where risk will be transferred to whoever is best able to manage it taking into account public interest considerations;
- (b) Whoever is allocated risk must have the freedom to choose how to handle and minimize any risk, with materiality being considered; and
- (c) Where the Stratford District Council is not the only user of an asset, demand (or volume/usage) risk may also be transferred.

MONITORING AND REPORTING

Council will continually assess and monitor any public private sector partnerships to ensure that funding and other resources are being used effectively and to ensure that desired community outcomes are furthered by the arrangement:

Council will monitor and report on a public private sector partnership by:

- (a) Transparency and disclosure of the processes and outcomes will be key elements in the design and operation of partnership contracts;
- (b) Progress on partnership contracts will be monitored and reported in accordance with Stratford District Council financial reporting regime; and
- (c) Community outcomes will be assessed and monitored as required under the LGA 2002 annual report requirements.
- (d) Wherever possible appropriate indicators will be contained within contract documents that will be used to monitor progress towards identical outcomes.

RATES REMISSION POLICY

The Stratford District Council has decided to remit all or part of the rates owed by the ratepayer in respect of rating units covered by this Rates Remission Policy provided that the conditions within this policy have been met. Rates remissions will be provided for the following categories of rating units and under the following circumstances:

- Remissions for community, sporting and other organisations.
- Remissions on land subject to an open space covenant.
- Remissions on penalties.
- Remissions on land with a heritage structure on it.
- Remissions on Stratford District Council owned and occupied properties.
- Remissions on sewerage disposal rates for educational establishments.
- Remission for extra financial hardship.
- Remissions for economic development.

Where a rating unit for which the Stratford District Council has granted a rates remission is sold, leased, or otherwise disposed of, the rates remission shall be terminated at the time of disposal. If the new ratepayer qualifies for a rates remission under this policy, it should be up to that ratepayer to apply for a rates remission.

The application for rates remission must be made to the Stratford District Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

No remission will be granted on targeted rates for water supply, sewage disposal or refuse collection.

Where a rates remission percentage applies, it is calculated on the rates that would be assessed before any application of non-rateable adjustments. (For example, if a property is 50% non-rateable, and receives a 50% remission, then no rates are due).

REMISSIONS FOR COMMUNITY, SPORTING AND OTHER ORGANISATIONS

The Stratford District Council will provide rates remission of 100% to all ratepayers who meet the objectives, conditions and criteria of this policy, excluding land in respect of which a club licence under the Sale of Liquor Act 1989 is for the time being in force, which shall receive a 50% remission if the objectives, conditions and criteria are met.

Objective

To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities for the residents of Stratford District Council.

The purpose of granting rates remission to an organisation is to:

- Recognise the public good contribution made by such an organisation;
- Assist the organisation's survival; and
- Make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and Criteria

This part of the policy will apply to land:

- Owned by the Stratford District Council; or
- Owned or occupied by a registered charitable organisation and are responsible for the rates; or
- Owned or occupied by a registered non-profit organisation and are responsible for the rates; and
- Which is used exclusively or principally for sporting, recreation, or community purposes by that organisation; and
- The land is not used for galloping races, harness races or greyhound races.

Note that the Council requires documentary evidence of charitable or non-profit organisational status. This policy does not apply to organisations operated for private pecuniary profit.

This policy does not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

Organisations making application should include the following documents in support of their application:

- Statement of objectives; and
- Evidence of charitable/non profit status; and
- Financial accounts; and
- Information on activities and programmes; and
- Details on membership or clients.

REMISSIONS ON LAND PROTECTED FOR CONSERVATION PURPOSES

The Stratford District Council will provide rates remission of 100% to all ratepayers who meet the objectives, conditions and criteria of this policy.

Objective

To preserve and promote natural resources and to encourage the protection of land for natural purposes. This policy will support the provisions of the Stratford District Council District Plan 1997.

Conditions and Criteria

This part of the policy will apply to ratepayers who:

- Own rating units subject to an open space registered on the land title; or
- Own rating units subject to Clause B2.9 Esplanade Strips, Covenanted Wetlands and Access Strips of the Stratford District Plan 1997.

The remission will apply to the area of land included in the protected conservation area.

Applications should be supported by documentary evidence of the protected status of the rating unit, for example, a copy of the covenant or other legal mechanism.

In granting remissions under this policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and pay any remitted rates if the conditions are violated.

REMISSION ON LAND WITH A HERITAGE STRUCTURE ON IT

The Stratford District Council will provide rates remission of up to 100% of the rates on land with a heritage structure on it to all ratepayers who meet the objectives, conditions and criteria of this policy.

Objective

To preserve and promote heritage structures and to encourage the maintenance, enhancement and protection of heritage sites. This policy will support the provisions of the Stratford District Council District Plan.

Conditions and Criteria

This part of the policy will apply to ratepayers who:

- Own rating units that have a site listed in Appendix 5: *Known Heritage Resources of Significance Identified for Protection* in the Stratford District Plan.
- Protect and maintain these heritage sites and features according to conditions that applied on resource consents where applicable.

This policy does not apply to land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply or sewage disposal.

The application for rates remission must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year.

In granting remissions under this policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

In considering any application for remission of rates under this part of the policy the Council will consider the following criteria:

- The extent to which the preservation of natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit.
- The degree to which features of natural, cultural or historic heritage are present on the land.
- The degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the land.

REMISSIONS ON PENALTIES

The Stratford District Council will provide rates remission of penalties to all ratepayers who meet the objectives, conditions and criteria of this policy.

Objective

The objective of this part of the remission policy is to enable the Stratford District Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date, due to circumstances outside the ratepayer's control.

Conditions and Criteria

On application by the ratepayer, a remission of an instalment penalty imposed under Section 58(1)(a) of the Local Government (Rating) Act 2002 shall be granted if this is the first instance of late payment by the ratepayer within the previous six rating years.

Where a ratepayer enters into a payment arrangement for the payment of the current year rates and any rate arrears, further penalties will be granted a remission. However, any default in the arrangement will cause the remission to be cancelled. It should be noted that any penalties applied up to the date of commencement of the arrangement will remain. Council will delegate decisions on arrangement remissions as follows:

Full amount owed is paid by 30 June next	Revenue Officer
Full amount owed is paid by 30 June the following year	Corporate Services Manager
Arrangements beyond 30 June the following year	Chief Executive

REMISSION FOR EXTREME FINANCIAL HARDSHIP

The Stratford District Council will provide rates remission up to 100% to all ratepayers who meet the objectives, conditions and criteria of this policy.

Objective

The objective of this remission policy is to assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates.

Conditions and Criteria

Council will consider, on a case by case basis, all applications received that meet its criteria.

Only rating units used solely for residential purposes as defined by Council will be eligible for consideration for rates remission for extreme financial circumstances.

Formal application must be made by the ratepayer or the ratepayer's authorised agent on the application form provided by Council for the purpose, providing full information as required by the application form.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors:

- age;
- physical or mental disability;
- injury;
- illness; and
- family circumstances.

Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care and proper provision for maintenance of his/her home and chattels at an adequate standard, as well as making provision for normal day to day living expenses.

The application for a remission under this policy will be assessed independently from the Government Rates Rebate Scheme.

REMISSIONS ON STRATFORD DISTRICT COUNCIL OWNED AND OCCUPIED PROPERTIES

The Stratford District Council will provide rates remission of 100% on rating units owned and occupied by the Stratford District Council which meet the objectives, conditions and criteria of this policy.

Objective

The objective of this part of the remission policy is to enable the Stratford District Council to be cost-neutral in regard to other ratepayers whilst being administratively efficient.

Conditions and Criteria

This part of the policy applies to rating units owned and occupied by the Stratford District Council.

This part of the policy does not apply to rating units that are owned by the Stratford District Council but are leased to a third party and the terms of the lease provide for rates to be paid by the lessee.

REMISSIONS ON SEWERAGE DISPOSAL RATES FOR EDUCATIONAL ESTABLISHMENTS

The Stratford District Council will provide rates remission to educational establishments so that they pay the lesser of the standard sewerage disposal rate or an amount calculated as if the Rating Powers (Special Provision for Certain Rates on Educational Establishments) Amendment Act 2001 was still current.

Objective

The objective of this part of the remission policy is to enable the continuation of the special provisions that were enacted in 2001 for calculating sewerage disposal rates for educational establishments pending the Ministerial Review provided for in sections 25 and 26 of the Local Government (Rating) Act 2002.

Conditions and Criteria

On application from an Educational Establishment that qualified within the Rating Powers (Special Provision for Certain Rates on Educational Establishments) Amendment Act 2001, and the provision of the required figures as at 1 March of the same year as the beginning of the financial year to which the remission applies, a remission will be granted so that the lesser of the calculated amounts shall be charged.

RATES REMISSION AND POSTPONEMENT ON MAORI FREEHOLD LAND POLICIES

Legislative Summary

Section 91 of the Local Government (Rating) Act 2002 establishes the principle that Maori freehold land is liable for rates in the same manner as if it were general land.

Section 102(4)(f) of the Local Government Act 2002 states that the Stratford District Council must adopt a rates remission and postponement policy on Maori freehold land.

Section 108 and Schedule 11 of the Local Government Act 2002 states what the policy must contain.

Section 114 of the Local Government (Rating) Act 2002 allows the Stratford District Council to remit all or part of the rates on a rating unit if it has adopted a remission policy and is satisfied that the conditions and criteria in the policy are met.

Section 115 of the Local Government (Rating) Act 2002 requires the Stratford District Council to postpone all or part of the rates on a rating unit if it has adopted a postponement policy and is satisfied that the conditions and criteria in the policy are met.

Consultation on the policy shall be carried out using the special consultative procedures within section 82 and section 83 of the Local Government Act 2002.

REMISSION OF RATES ON MAORI FREEHOLD LAND POLICY

Maori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Maori Land Court. Only land that is subject to such an order may qualify for remission under this policy.

This policy aims to ensure the fair and equitable collection of rates from all sectors of the community recognising that certain Maori owned lands have particular conditions, features, ownership structures, or other circumstances which make it appropriate to provide relief from rates.

The Stratford District Council will provide rates remission of 100% to all ratepayers who meet the objectives, conditions and criteria of this policy.

Where a rating unit for which the Stratford District Council has granted a rates remission is sold, leased, or otherwise disposed of, the rates remission shall be terminated at the time of disposal. If the new ratepayer qualifies for a rates remission under this policy, it should be up to that ratepayer to apply for a rates remission.

The application for rates remission must be made to the Stratford District Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

No remission will be granted on targeted rates for water supply, sewage disposal or refuse collection.

Objectives

The objectives of this policy are:

1. To recognise situations where there is no owner, occupier or person gaining an economic or financial benefit from the land.
2. To set aside land that is better set aside for non-use because of its natural features (whenua rahui).
3. To recognise matters related to the physical accessibility of the land.
4. To recognise and take account of the presence of waahi tapu that may affect the use of the land for other purposes.
5. Where part only of a block is occupied, to grant remission for the portion of land not occupied.
6. To facilitate development or use of the land where the Stratford District Council considers rates based on actual rateable value make the actual use of the land uneconomic.

7. To recognise and take account of the importance of land in providing economic and infrastructure support for Marae and associated papakainga housing.
8. To recognise use of the land by the owners for traditional purposes.
9. To recognise occasions where granting remission will avoid further alienation of Maori freehold land.
10. To recognise occasions where the Stratford District Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non collectible.

Conditions and Criteria

The Stratford District Council will maintain a register titled the 'Maori Lands Rates Relief Register' ('the Register') for the purpose of recording properties on which it has agreed to remit rates pursuant to this policy. The Register will record the property details and the appropriate objectives (1-10) above.

Applications for rates remission under this policy should include the following information with their application:

- Details of the property.
- The objectives (1-10 above) that will be achieved by providing a remission.
- Documentation that proves the land which is the subject of the application is Maori freehold land.

Council may at its own discretion add properties to the Register.

Council will review the Register annually and may:

- Add properties that comply.
- Remove properties where the circumstances have changed and they no longer comply.

RATES POSTPONEMENT ON MAORI FREEHOLD LAND POLICY

Maori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Maori Land Court. Only land that is subject to such an order may qualify for remission under this policy.

No postponement will be granted on targeted rates for water supply, sewage disposal or refuse collection.

Objective

The postponement of rates on Maori freehold land is to facilitate the development and use of the land for economic use where the Stratford District Council considers utilisation would be uneconomic if full rates were required during the years of development and establishment.

Conditions and Criteria

The Stratford District Council will consider postponement of rates where previously unoccupied land is subject to clearing, development and commercial use.

Application should be made prior to the development. Applications made after the commencement of the development may be accepted at the discretion of the Stratford District Council.

Applications for postponement under this policy should include the following information with their application:

- Details of the property.
- The objectives that will be achieved by providing postponement.
- Details of the proposed development.
- Documentation that proves the land which is the subject of the application is Maori freehold land.

The Stratford District Council may also, at its discretion, partially remit rates that are otherwise subject to postponement.

REMISSION FOR ECONOMIC DEVELOPMENT

This provides for rates relief for new development or redevelopment of land by way of constructing, erecting or altering buildings, fixed plant and machinery or other works intended to be used solely or principally for industrial, commercial or administrative purposes where the cost of such development is not less than \$500,000 (excluding GST) as assessed under the Building Act.

The Council will be prepared to consider any application for building development which can demonstrate that it will be to the economic advantage of the Stratford District. Economic advantage will be deemed to occur if the development will result in:

- significant employment growth or employment retention in Stratford District; and/or
- significant downstream new business for other Stratford District manufacturers or suppliers of goods and services.

Developments for industrial, commercial or administrative purposes which the Council wishes to foster are in the following sectors:

- Primary production and processing.
- Tourism, including recreational, cultural and conference facilities.
- Manufacturing, especially those which have high potential for employment related to the total cost factor.
- Health services.
- Retailing.
- Hotels, motels and other transient accommodation.
- Administrative services, including those provided by Government and private sector agencies.

In the event of any developer, to whom rates relief has been granted, selling the property within which the eligible investment was made, rates relief ceases from the date of the sale.

Forms Of Rates Relief

The Council may remit or postpone (or a combination of these) part or all of the general rates otherwise payable on the subject property for the period of the development and up to three rating years thereafter.

The Council may impose conditions on the remission or postponement of rates and may cancel any remission or postponement in the event of non compliance by the applicant with those conditions. In those circumstances, the Council may require payment of full rates in respect of any year in which rates have been remitted.

Factors To Be Considered

The Council will have regard to the following matters when considering applications for rates relief:

- Whether and to what extent, the development will, when completed, be to the economic advantage of the Stratford District including the creation of significant employment opportunities. The creation of jobs will be a strong factor in favour of granting rates relief, but the retention of existing jobs and the potential for job creation will also be positive factors.
- Whether and to what extent the granting of relief will be of material benefit to the development.
- Whether the investment limit and economic benefits criteria are met jointly in the case of a Lessor/Lessee arrangement.
- Whether and to what extent the development can be served by the existing basic Council services infrastructure.
- The level of financial contributions and development levies collected under provisions of the District Plan.
- Such other matters as the Council may, from time to time, consider relevant.

POLICY ON SIGNIFICANCE

INTRODUCTION

As set out in the Local Government Act 2002, significance means:

significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,-

- (a) *the current and future social, economic, environmental, or cultural well-being of the district or region:*
- (b) *any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:*
- (c) *the capacity of the local authority to perform its role, and the financial and other costs of doing so.*

significant, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.

POLICY

Part 1: General approach to determining which proposals and decisions are significant (s.90(1)(a)).

When determining the question of the significance of proposals and decisions in relation to issues, assets or other matters the Council will determine the extent to which:

- The consequences or impacts of the issue, assets, or other matters, affect a large number of residents and ratepayers to a moderate extent; or



The community at large 5 or less ratepayers

- The consequences or impacts of the issue, assets, or other matters, affect a small number of residents and ratepayers to a large extent; or



The community at large 5 or less ratepayers

- The consequences or impacts of the issue, assets, or other matters are likely to affect the achievement of, or ability to achieve, the Stratford District Council's strategic issues and objectives; or

← Greater Significance	
Not be able to achieve objectives	Only minor affect on achievement

- The consequences or impacts of the issue, assets, or other matters are likely to affect the capacity of the Stratford District Council to perform its role, now or in the future;

← Greater Significance	
Unable to perform its role	Only minor affect on performance

- The issue, asset, or other matters have a history of generating wide public interest within Stratford District, the Taranaki Region or New Zealand generally; and

← Greater Significance	
Deeply divided community views	Uniformity of views

- The issue, asset, or other matter has not been already considered as part of a previous consultative process (for example, in the Annual Plan/Long Term Council Community Plan consultation).

← Greater Significance	
Not included in any consultative process	Fully described in LTCCP or Annual Plan

Part 2: Thresholds, criteria & processes for determining which proposals and decisions are significant (s.90(1)(b)).

When undertaking a process to determine the extent to which issues, proposals, decisions or other matters are significant, the Council will use the following criteria, thresholds, and procedures:

Criteria

The criteria to be considered are:

- Whether the asset is a strategic asset within the meaning of the Act or listed in this policy in Part 3.
- The extent to which there is, or is likely to be, a change in the level of service in carrying out any significant activity.
- The extent to which there is, or is likely to be, a change in the way in which any significant activity is carried out.
- The extent to which there is, or is likely to be, a change in the capacity of the Council to provide any significant service or carry out any significant activity.

Thresholds

The thresholds to be tested are:

- Issues, assets, or other matters that incur more than 7.5% of budgeted annual total expenditure or unbudgeted expenditure of more than 5% of annual total expenditure; (These limits would be approximately \$0.78 million and \$0.52 million on 2003 total expenditure levels); or
- The transfer of ownership, or the construction, replacement or abandonment, of a strategic asset as defined by the Act or listed in this policy in Part 3; or
- The sale of all or part of Council's shareholding or any other form of ownership tenure in any council controlled trading organisation, or council controlled organisation; or
- A decision that will, directly or indirectly, significantly affect the capacity of the Council to carry out or achieve, or the cost to the Council in carrying out or achieving, any activity or project identified in the Long-Term Council Community Plan and/or Annual Plan; or
- Entry into any partnership with the private sector to carry out a significant activity.

Procedure

The procedure to be followed is:

1. Identification of an issue requiring a council decision on significance; followed by
2. An assessment of significance, using the "General approach to significance", set out in Part 1 above, and consideration of the criteria and thresholds in Part 2; followed by
3. Report to Council that includes a statement indicating that the issue of significance has been considered, with a recommendation to Council assessing the significance of the proposal or decision; followed by
4. Council consideration and final decision on the degree of significance of the issue and the appropriate level and type of any necessary consultation.

Part 3: In accordance with s.90(2) the Council has identified the following strategic assets and groups of strategic assets

As set out in the Local Government Act 2002 [s.5], strategic asset means:

***strategic asset**, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes-*

- (a) *any asset or group of assets listed in accordance with section 90(2) by the local authority; and*
- (b) *any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and*
- (c) *any equity securities held by the local authority in-*
 - (i) *a port company within the meaning of the Port Companies Act 1988;*
 - (ii) *an airport company within the meaning of the Airport Authorities Act 1966.*

The assets and groups of assets in terms of s.90(2) that Stratford District Council considers to be strategic are:

- The Stratford District roading network as a whole;
- Reserves listed and managed under the Reserves Act;
- Stratford, Midhirst and Toko water schemes as a whole;

- Stratford wastewater network as a whole;
- Stratford stormwater network as a whole;
- Properties categorised Vital in Council's Property Category List;
- Elsie Fraser Pensioner Housing.

Please note: Housing for the elderly are required by law to be included as strategic assets.

Note: Stratford District Council considers all assets classes listed above as single whole assets. This is because the asset class as a whole delivers the service. Strategic decisions, therefore only concern the whole asset class and not individual components, unless that component substantially affects the ability of the council to deliver the service, or would be deemed significant and strategic under the procedure in Part 2 above.



MAORI CONSULTATION POLICY

INTRODUCTION

Section 81 of the Local Government Act 2002 sets out the obligations for Council to both consult with Maori and encourage Maori involvement in the Council decision making processes.

CONSULTATION

Council currently has an ongoing commitment to Maori consultation with respect to all of its planning processes, including those under the Resource Management Act, the Strategic Plan and its financial planning. It is important to the Council that its processes of consultation with Maori are appropriate to the needs of Maori in the district.

Resource Management Act 1991

The consultation carried out under the Resource Management Act recognises the interests within the Stratford District area of the following iwi and hapu groups:

- Ngati Ruanui Tahua Iwi Authority.
- Ngati Mutunga Iwi Authority.
- Nga Ruahine Iwi Authority.
- Te Atiawa Iwi Authority.
- Pukerangiora Hapu Management Committee Inc.
- Nga Rauru Trust Board.
- Ngati Maru Tribal Council.

In respect of the Resource Management Act, Council also gives regard to the Statutory Acknowledgements in accordance with the Ngati Ruanui Claims Settlement Act 2003.

Further Planning Consultation

Council recognizes the role of Stratford's Whakaahurangi Marae within the District. Council welcomes and encourages Maori involvement in its consultation processes and holds consultation meetings on the Marae.

Council will seek to honour any processes or agreements developed with Maori as they relate to consultation as a part of its decision-making processes.

DEVELOPMENT OF MAORI CAPACITY TO CONTRIBUTE TO DECISION-MAKING

Council is committed to maintaining communication and its good working relationship with Whakaahurangi Marae, so as to encourage and facilitate the involvement of local Maori in Council's decision-making processes.

Council is also mindful that there may be additional processes which are also appropriate. It will therefore continue to consult with Maori in the district on its decision making, taking into account the nature and significance of the decision to Maori. It will also seek opportunities to expand the current processes to accommodate any additional consultation mechanisms preferred by Maori.

FORECAST FINANCIAL STATEMENTS

BALANCING OF BUDGETS

The financial statements within this plan do contain a balanced budget as outlined in Section 100 of the Local Government Act 2002 for 2006/2007 years.

The net surplus(deficit) from operations is made up as follows:

	Forecast	Projection	Projection
	2006/07	2007/08	2008/09
	\$000	\$000	\$000
Funding:			
Depreciation funded from reserves			
- Roothing	239.2	98.3	81.5
- Bridges	202.3	202.3	202.3
- Buildings	465.5	465.5	465.5
Loan Proceeds for Capital Expenditure	1499.6	767.7	588.7
Capital Expenditure funded from reserves	2207.6	2133.1	2140.6
Operational Expenditure funded from reserves	(15.5)	(27.0)	(27.9)
Less Expenditure			
Total loan repayments	188.1	236.0	260.1
Net transfer to loan repayment reserve	10.4	25.7	38.3
Interest transferred to reserves	142.0	134.9	140.1
Transfer to Contingency Reserve	0.0	0.0	50.0
Landfill aftercare provision	22.5	20.0	22.5
Capital Expenditure	4168.4	3119.1	3080.0
Net Profit (Loss) Operations	(98.4)	(158.2)	84.5

Council has given careful consideration to the required funding for the provision and maintenance of certain assets throughout their useful life, and the equitable allocation of responsibility for this funding.

Accordingly, funding is not being sought through rates for the full depreciation expense on bridges and buildings. Sufficient funding is being sought for keeping the asset serviced. It has been agreed that major replacement funding will be sought by way of loan at the appropriate time.

The funding of depreciation on roading assets is sufficient to cover the expenses associated with maintaining the service capacity of the roading network.

The longer term projections for future years do reflect a balanced budget.

STATEMENT OF PROSPECTIVE FINANCIAL INFORMATION

The financial information contained within this document is prospective financial information in terms of Financial Reporting Standard (FRS) 42 and may not be appropriate for purposes other than described.

The financial information for the 2006/2007 year is a forecast and has been prepared based on assumptions as to future events that Council reasonably expects to occur. The actual results achieved for the 2006/2007 financial year are likely to vary from the information presented and such variations may be material. The figures for 2007/2008 and 2008/2009 are projections only.

The information has been prepared so that the public can participate in the decision making process as to the services Council provides for its community.

No actual results have been incorporated in this prospective financial information.

SIGNIFICANT FORECASTING ASSUMPTIONS

In preparing the Long Term Council Community Plan it has been necessary to make a number of general assumptions for forecasting purposes. Forecasts are based on future events Council reasonably expects to occur and the responses Council reasonably expects to take. These are outlined below, along with some statements of fact that assist in helping understand how the forecasts are constructed.

POPULATION AND GROWTH

Stratford District's population showed a slight decrease in the 2001 census to 8,886 persons. Department of Statistic figures since suggest a stable or very slight decrease since that time. Council information, such as property sales, would suggest a very slight increase is possible. This Plan is based upon an assumption of a steady population. Where appropriate, the impacts of a growth or decline in the population are detailed in various Activity Plans.

Forecasts assume no significant growth in terms of rateable assessments or number of service connections over the planned period or changes in levels of service.

Forecasts assume no increase in the capital value of the District used for rating purposes. This assumption has no impact on overall revenue levels.

These assumptions have a low level of uncertainty.

FINANCE

The underlying assumptions of expenditure and revenue forecasts for all activities were completed in the period between December 2005 and January 2006 based on 2006 constant dollars. Inflation adjustments are then applied as detailed below.

Debt servicing on existing borrowings have been projected forward at their current interest rates. Debt servicing on new borrowings has been estimated a 9%.

Interest on investments has been estimated at 5%. The size of debt levels and investments is small, so changes to these assumptions are not significant.

Loans are equally financed over a 25 year period, or a shorter period if the life of the asset being financed is shorter.

The Plan is exclusive of goods and services tax (GST) and no allowance has been made for income tax, as local authorities are not assessable, and no taxable council controlled organisation exists.

Capital project costs do not include any allocation of overheads.

Full-time staffing levels are assumed to increase by three in 2006, one in each of Operations, Planning & Regulatory and Corporate Services, and then stay constant for the life of the plan.

Rates revenue is shown net of rates remissions and non-rateable land. It is assumed that approximately \$100,000 will be provided in remissions under Policy. This assumption is based upon similar levels in the past two years, and has a low level of uncertainty.

These assumptions have a low level of uncertainty.

ASSETS

Activity Management Plans have been prepared for all major activities, and include renewal and capital programmes for all major infrastructural assets. These Plans include assessments on asset condition, lifecycle and demand management. This planning information is considered by Council to be reasonable and supportable.

There are no substantial asset disposals that will impact significantly on the plan. Potential asset disposals are signalled in the areas of the Holiday Park, Prestige and community centre site, Centennial Restrooms, subdivision sections, surplus investment/rental land and buildings and Taranaki Pioneer Village (assuming acquisition).

There are no substantial asset acquisitions that will impact significantly on the plan. The only potential asset acquisition is the Taranaki Pioneer Village.

The useful lives of significant assets are included within the Statement of Accounting Policies, with further details in some Activity Management Plans.

The sources of funds for future replacement of significant assets are stated in the Revenue and Financing Policy, with further details in the individual activity financial statements.

Council has several resource consents related to asset activities. It is assumed these will be renewed on existing terms when required. This assumption has a low level of uncertainty.

Depreciation is based upon existing asset values, with an adjustment for the forthcoming asset revaluation as at 30 June 2006. Forecasts include further adjustments due to asset revaluations every three years, using the roading and property inflation indices. The adjustment for infrastructure assets as at 30 June 2006 is 11%, based upon the results of the roading tender. The adjustment for property assets is 24%, supplied by Telfer Young, based on the construction indices in the Rawlinson's handbook for non-residential buildings. The inflation adjustors for roading and property as detailed below are used for the future three yearly adjustments. Any major new capital asset addition is depreciated in the plan from that year forward.

Where Council has made a decision not to fund for depreciation for some building assets, any maintenance or partial renewal works are funded via rates and not accumulated depreciation reserves. If the work is on an asset that is for sale, the funding is within the expenditure year.

Normal roading financial assistance has been assumed at 51%, with 60% for minor safety improvements based upon 8% of expenditure (excluding emergency works), and a 2.25% administration fee based upon the amount of the financial assistance received. Special purpose roads are financially assisted at 100%. A 1% variation in the subsidy is approximately \$20,000.

Future impacts on the roading infrastructure from logging are assumed to be externally funded, so neither revenue nor expenditure are shown. The likelihood of ratepayers impact is considered low, and the consequence around \$25,000 to \$50,000 per annum in the next three years.

Future revenue and expenditure streams for the Taranaki Pioneer Village beyond the initial funding are assumed to be balanced, and neither can be quantified with any accuracy at this point, so are not included in this plan. This assumption is supported by the project criteria. Any acquisition of the assets is assumed to be as a gift at nil value.

Whilst the Holiday Park is for sale, this plan shows revenue and expenses on the basis that a successful sale is of low probability.

Revenue and expenditure on the subdivision is included in this Plan, with a net transfer of the surplus to reserves as an asset sale at the completion of the project in 2010. All expenditure is financed via loan, and loan repayments and interest met from revenue for this project. A risk, not considered high, is that if sections sell slower than expected, financing costs could become a liability of ratepayers.

INFLATION

The Plan includes adjustments for inflation for the years 2007/08 and beyond. These adjustments are based on information provided by Business and Economic Research Limited (BERL) to all local authorities in August 2005.

The Plan applies these adjustments to revenue and expenditure, using the appropriate indicator for the type of revenue or expenditure involved.

Table of Cumulative Percentage Increases by Year:

Year	Roads	Property	Water	Energy	Staff	Other	FMC Contract	Sundry Revenue
2006/07	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	0.00%
2007/08	2.60%	2.90%	4.20%	4.10%	3.00%	3.10%	8.73%	0.00%
2008/09	5.00%	5.70%	8.40%	8.10%	6.10%	6.20%	12.40%	0.00%
2009/10	7.40%	8.40%	12.40%	12.00%	9.30%	9.00%	15.92%	7.00%
2010/11	9.50%	10.90%	16.20%	15.70%	12.50%	11.70%	19.23%	7.00%
2011/12	11.60%	13.20%	19.80%	19.20%	15.70%	14.30%	22.33%	7.00%
2012/13	13.40%	15.40%	23.20%	22.50%	18.90%	16.70%	25.27%	14.49%
2013/14	15.10%	17.40%	26.40%	25.50%	22.00%	18.80%	28.00%	14.49%
2014/15	16.60%	19.10%	29.30%	28.30%	25.00%	20.80%	30.41%	14.49%
2015/16	18.20%	20.90%	32.20%	31.10%	28.00%	22.70%	32.88%	22.50%

These assumptions have a low level of uncertainty for years 1-3 and a medium level for years 4-10.

CONTRACTS

These contracts are a statement of fact, with an assumption that they will be renewed as indicated on existing terms. The likelihood of this not occurring is minimal.

- J & L Taranaki Ltd will provide facilities management services to Council for the period to 30 June 2006, with a right of renewal to 30 June 2009 for Services and Civic Amenities.
- Vision Roding Ltd will provide facilities management services to the Council for a period of three years, with two further rights of renewal for one year, for Roding, commencing 1 July 2006.
- Stratford Metal Supplies 2000 will provide refuse collection services to the Council for the period to 30 September 2006.
- Waste Management Ltd will provide refuse collection services to the Council for the period starting 1 October 2006 for a period of seven years.
- Quotable Value Ltd have a contract for provision of valuation services to 30 June 2006. A new contract will be let for a three year period.
- The Stratford Holiday Park is leased to June 2016, with rent renewals in 2006 and 2011.
- The farm has a 50/50 sharemilking agreement to the end of the 2008 season, with an assumption of 100,000 kg production and a payout of \$4.00 per kg from Fonterra.
- AA Drivers Licensing have given Council an agency relationship to 30 April 2009 at a fixed fee, with a right of renewal.
- The Information Centre has various commission agreements with tourism providers. Commission income is not expected to rise during this plan.

RISKS

Council has completed a risk assessment process to identify the major risks it should be aware of, and monitoring. Risks were assessed against a matrix of consequence versus likelihood. The first given parameter below is the consequence, and the second the likelihood. The five consequence levels are catastrophic, major, moderate, minor and insignificant. The five likelihood levels are almost certain, likely, moderate, unlikely and rare. The overall risk level is a combination of the two parameters, with the higher the consequence and the more likelihood of occurrence, the higher the overall risk.

Activity Management Plans contain further details on risks associated with an individual activity.

Extreme Risks

The extreme risks, which were judged Major and Moderate are:

- Failure of major contracts impacting Council.
- Failure to renew major contracts at acceptable price.

(Council's has three major contracts, being roading, facilities maintenance and personnel costs, which cover 33% of total expenditure. Any variance to forecast assumptions therefore has a major impact on the overall plan.)

High Risks

The High Risks, which all were judged Moderate and Moderate are:

- Relevant information not reported to Council.
- Loss of institutional knowledge.
- Failure to control project budgets.
- Exposure to Council following tender process.
- Council members do not understand their roles and responsibilities.

And at Major and Unlikely:

- Appointment of inappropriate CEO.
- Relationship between the CEO and Council not effective.
- Ineffective Council leadership.
- Breakdown of relationship between staff and Council.

All of the above are in the 'High Risk' group.

Medium Risks

In the Medium Risk group at Moderate but Unlikely are:

- Conflict of interest of Council Members.
- Council Members do not fulfil roles.
- Inadequate corporate governance system in place.
- Failure to release information by Council.
- Pursuing inappropriate business interests.
- The needs of stakeholders not met.
- Actions of the CEO do not meet the required standards.
- Customer confidence eroded.
- Exposure to Council due to poor contractor management process.
- Inability to recover or continue business following a disaster.

- Failure to meet Business Plan.
- Liability to Council following negligent acts or advice.
- Exposure to Council due to unrelated entity performance.
- Demand on Council activities not been met by Council staff.
- Community needs are not known or identified.
- Failure to obtain major external funding.
- Plans not being consistent with report formats.

Low Risks

In the Low Risk group at Minor and Unlikely are:

- Inappropriate behaviour of Council Members.
- Not giving effect to the Maori provision of the Local Government Act.
- Exposure to Council from related Council Controlled Organisation's.
- Failure to staff to be informed impacting on customer service levels.
- Failure to have up to date Council policies and procedures.

PROSPECTIVE INCOME STATEMENT

Budget 2005/06 \$000		Forecast 2006/07 \$000	Projection 2007/08 \$000	Projection 2008/09 \$000
	Income			
6,229.6	Rates	6,899.4	7,557.1	8,043.0
124.4	Other Funding	155.0	165.0	175.0
1,502.0	Land Transport NZ Subsidies	1,650.6	1,748.1	1,790.6
1,328.0	User Charges For Services	1,477.5	1,483.3	1,451.6
120.0	Grants / Donations / Bequests	380.0	0.0	0.0
9,304.0	Total Income	10,562.6	10,953.5	11,460.2
	Less Total Operating Expenditure			
1,752.1	People	2,060.2	2,130.3	2,181.0
5,462.1	Services and Facilities	6,152.5	6,443.6	6,566.0
917.0	Leadership	950.4	987.4	1,046.5
723.0	Economic	739.9	763.4	825.4
717.1	Environmental Management	757.8	786.9	756.7
9,571.3	Total Operating Expenditure	10,660.9	11,111.6	11,375.7
(267.3)	NET PROFIT (LOSS) FROM OPERATIONS	(98.4)	(158.2)	84.5
	<i>Note:</i>			
	<i>Included in Total Operating Expenditure is:</i>			
2,430.5	Depreciation	2,869.9	2,869.9	2,869.9

PROSPECTIVE SUMMARY OF NET CASH REQUIREMENTS

Budget 2005/06 \$000		Forecast 2006/07 \$000	Projection 2007/08 \$000	Projection 2008/09 \$000
(267.3)	NET PROFIT (LOSS) FROM OPERATIONS	(98.4)	(158.2)	84.5
2,676.8	Capital Expenditure	4,168.4	3,119.1	3,080.0
144.4	Principal Loan Repayments	188.1	236.0	260.1
	Less Other Funding			
1056.3	Loans Received	1499.6	767.7	588.7
	Add Back Non-Cash Items			
2,430.5	Depreciation	2,869.9	2,869.9	2,869.9
22.5	Provision for Landfill Aftercare	22.5	20.0	22.5
375.8	Net Increase (Decrease) in Cash (excl GST)	(107.9)	104.3	180.4
	<i>This Increase (Decrease) in cash comprises:</i>			
143.4	Loan Repayments to Reserves	191.8	254.4	290.6
17.8	Operational Transfers To/From Reserves	(15.5)	(27.0)	(27.9)
(1,500.5)	Capital funded from Reserves	(2,207.6)	(2,133.1)	(2,140.6)
1174.1	Infrastructural Depreciation	1241.0	1381.9	1398.7
574.8	Depreciation transferred to Reserves	721.8	721.8	721.8
0.0	Transfer to Contingency Reserve	0.0	0.0	50.0
104.1	Interest transferred to Reserves	142.0	134.9	140.1
(137.9)	Transfer from Loan Repayment Reserve	(181.4)	(228.8)	(252.3)
375.8		(107.9)	104.3	180.4

PROSPECTIVE BALANCE SHEET

Budget	Forecast	Projection	Projection
2005/06	2006/07	2007/08	2008/09
\$000	\$000	\$000	\$000

	<u>Current Assets</u>			
3,113.5	Bank Accounts	3,314.2	3,418.5	3,598.9
864.5	Accounts Receivable	623.7	640.0	656.3
3,978.0	<u>Total Current Assets</u>	3,937.9	4,058.5	4,255.2
	<u>Non-Current Assets</u>			
772.5	Investments	864.6	864.6	864.6
168,154.8	Property, Plant & Equipment	240,802.7	240,710.9	240,544.1
168,927.3	<u>Total Non-Current Assets</u>	241,667.3	241,575.5	241,408.7
172,905.3	<u>TOTAL ASSETS</u>	245,605.2	245,633.9	245,663.9

	<u>Current Liabilities</u>			
830.3	Accounts Payable	441.8	455.0	468.1
0.0	Employee Entitlements	103.2	106.3	109.5
0.0	Current Portion Term Liabilities	181.4	569.9	629.2
830.3	<u>Total Current Liabilities</u>	726.4	1,131.2	1,206.8
	<u>Non-Current Liabilities</u>			
3,452.6	Term Liabilities	5,230.9	5,040.2	4,940.3
70.7	Other Loans	64.7	57.5	49.7
142.9	Provision for Landfill Aftercare	165.4	145.4	122.9
189.3	Employee Entitlements	199.2	199.2	199.2
3,855.5	<u>Total Non-Current Liabilities</u>	5,660.2	5,442.3	5,312.1
	<u>Public Equity</u>			
104,869.9	Accumulated Surplus	236,066.5	235,804.1	235,708.1
661.4	Asset Renewals Reserve	1,094.3	1,180.0	1,428.8
202.2	Contingency Reserve	202.2	202.2	252.2
671.8	Other Council Created Reserves	865.7	934.6	1,019.6
355.2	Restricted Reserves	380.9	383.7	385.7
964.1	Targeted Rate Reserves	609.1	555.9	350.5
60,494.8	Revaluation Reserves	0.0	0.0	0.0
168,219.5	<u>Total Public Equity</u>	239,218.6	239,060.4	239,144.9
172,905.3	<u>TOTAL LIABILITIES & EQUITY</u>	245,605.2	245,633.9	245,663.9

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

Budget 2005/06 \$000		Forecast 2006/07 \$000	Projection 2007/08 \$000	Projection 2008/09 \$000
<u>168,486.7</u>	<u>Public Equity at Beginning of Year</u>	<u>239,317.0</u>	<u>239,218.6</u>	<u>239,060.4</u>
(267.3)	Plus Net Profit (Loss) for the Year	(98.4)	(158.2)	84.5
0.0	Plus Movements in Revaluation Reserves	0.0	0.0	0.0
(267.3)	Total Recognised Revenue and Expenses for the Period	(98.4)	(158.2)	84.5
<u>168,219.4</u>	<u>Public Equity at End of Year</u>	<u>239,218.6</u>	<u>239,060.4</u>	<u>239,144.9</u>

PROSPECTIVE STATEMENT OF NET PUBLIC DEBT

Budget 2005/06 \$000		Forecast 2006/07 \$000	Projection 2007/08 \$000	Projection 2008/09 \$000
2,534.3	Opening Balance	3,313.7	5,412.3	5,610.1
1614.6	New Loans Raised	2280.0	767.7	588.7
(696.3)	Annual Repayment	(181.4)	(569.9)	(629.2)
<u>3,452.6</u>	<u>Closing Balance</u>	<u>5,412.3</u>	<u>5,610.1</u>	<u>5,569.6</u>
<u>BORROWING HIGHLIGHTS</u>				
3.53%	Debt Servicing as a % of Rates Revenue	2.84%	3.16%	4.18%
1.19%	Increase in Rates due to Borrowing Renewals	0.95%	0.57%	1.21%
2.42%	Debt/Equity Ratio	2.26%	2.35%	2.33%

PROSPECTIVE STATEMENT OF MOVEMENT IN RESERVES

Budget		Forecast	Projection	Projection
2005/06		2006/07	2007/08	2008/09
\$000		\$000	\$000	\$000
<u>ASSET RENEWALS RESERVE</u>				
893.8	Opening Balance	1,158.8	1,094.3	1,180.0
15.4	Interest Credited	57.9	54.7	59.0
2,414.5	Transfers In	2,557.4	2,557.4	2,557.4
(2,164.9)	Transfers Out	(2,679.9)	(2,526.4)	(2,367.5)
1,158.8	Closing Balance	1,094.3	1,180.0	1,428.8
<u>CONTINGENCY RESERVE</u>				
202.2	Opening Balance	202.2	202.2	202.2
10.1	Interest Credited	10.1	10.1	10.1
0.0	Transfers In	0.0	0.0	50.0
(10.1)	Transfers Out	(10.1)	(10.1)	(10.1)
202.2	Closing Balance	202.2	202.2	252.2
<u>OTHER COUNCIL CREATED RESERVES</u>				
823.2	Opening Balance	869.8	865.7	934.6
41.1	Interest Credited	43.5	43.3	46.7
143.4	Transfers In	191.8	254.4	290.6
(137.9)	Transfers Out	(239.4)	(228.8)	(252.3)
869.8	Closing Balance	865.7	934.6	1,019.6
<u>RESTRICTED RESERVES</u>				
391.6	Opening Balance	393.9	380.9	383.7
19.6	Interest Credited	18.5	19.0	19.2
10.2	Transfers In	12.6	12.6	12.6
(27.5)	Transfers Out	(44.1)	(28.9)	(29.8)
393.9	Closing Balance	380.9	383.7	385.7
<u>TARGETED RATE RESERVES</u>				
606.6	Opening Balance	693.3	609.1	555.9
30.3	Interest Credited	34.7	30.5	27.8
265.4	Transfers In	305.8	305.8	305.8
(209.0)	Transfers Out	(424.7)	(389.4)	(539.0)
693.3	Closing Balance	609.1	555.9	350.5
<u>REVALUATION RESERVES</u>				
0.0	Opening Balance	0.0	0.0	0.0
0.0	Transfers In	0.0	0.0	0.0
0.0	Transfers Out	0.0	0.0	0.0
0.0	Closing Balance	0.0	0.0	0.0
3,318.0	<u>TOTAL RESERVES</u>	3,152.1	3,256.4	3,436.8

PROSPECTIVE CASH FLOW STATEMENT

Budget		Forecast	Projection	Projection
2005/06		2006/07	2007/08	2008/09
\$000		\$000	\$000	\$000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash was Provided From:				
6,229.6	Rates	6,899.4	7,557.1	8,043.0
1,502.0	Land Transport NZ Subsidies	1,650.6	1,748.1	1,790.6
124.4	Investment Income	155.0	165.0	175.0
120.0	Grants and Donations	380.0	0.0	0.0
1,328.0	Other Income	1,477.5	1,483.3	1,451.6
9,304.0		10,562.6	10,953.5	11,460.2
Cash was Applied To:				
5,098.1	Supply of Goods and Services	5,563.5	5,728.4	5,946.2
1,826.5	Payments to Employees	1,913.7	2,032.9	2,094.1
238.7	Interest Paid on Public Debt	336.4	500.5	488.1
7,163.3		7,813.6	8,261.8	8,528.4
2,140.8	NET CASH FROM OPERATING ACTIVITIES	2,749.0	2,691.7	2,931.8
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Cash was Provided From:				
6,000.0	Sale of Investments	6,000.0	6,000.0	6,000.0
6,000.0		6,000.0	6,000.0	6,000.0
Cash was Applied To:				
2,676.8	Purchase of Fixed Assets	4,168.4	3,119.1	3,080.0
6,000.0	Purchase of Investments	6,000.0	6,000.0	6,000.0
8,676.8		10,168.4	9,119.1	9,080.0
(2,676.8)	NET CASH FROM INVESTING ACTIVITIES	(4,168.4)	(3,119.1)	(3,080.0)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Cash was Provided From:				
1,614.6	Loans Received	1,499.6	767.7	588.7
1,614.6		1,499.6	767.7	588.7
Cash was Applied To:				
696.3	Repayment of Public Debt	181.4	228.8	252.3
6.5	Principal Loan Repayments	6.7	7.2	7.8
702.8		188.1	236.0	260.1
911.8	NET CASH FROM FINANCING ACTIVITIES	1,311.5	531.7	328.6
375.8	NET INCREASE (DECREASE) IN CASH HELD	(107.9)	104.3	180.4
2,737.7	TOTAL CASH RESOURCES AT 1 JULY	3,422.1	3,314.2	3,418.5
3,113.5	TOTAL CASH RESOURCES AT 30 JUNE	3,314.2	3,418.5	3,598.9

CAPITAL PROGRAMME

Budget 2005/06 \$000		Forecast 2006/07 \$000	Projection 2007/08 \$000	Projection 2008/09 \$000
	<u>Roading</u>			
198.7	Capital Expenditure	600.4	616.0	630.4
1275.1	Renewal Expenditure	1438.8	1463.6	1508.325
	<u>Stormwater</u>			
39.0	Capital Expenditure	739.0	40.6	42.3
27.4	Renewal Expenditure	27.4	28.6	29.7
	<u>Water Supply</u>			
22.5	Capital Expenditure	101.8	99.1	191.7
98.5	Renewal Expenditure	58.4	81.5	380.9
	<u>Refuse Disposal</u>			
0.0	Renewal Expenditure	0.0	0.0	0.0
	<u>Sewerage</u>			
250.0	Capital Expenditure	43.1	43.9	13.1
17.6	Renewal Expenditure	142.1	100.3	50.2
	<u>Parks & Reserves</u>			
19.6	Capital Expenditure	46.4	20.1	20.6
0.0	Renewal Expenditure	13.5	22.6	15.9
	<u>Property</u>			
511.4	Capital Expenditure	538.5	2.6	3.7
17.0	Renewal Expenditure	309.0	7.7	78.2
	<u>Administration</u>			
80.0	Renewal Expenditure	110.0	592.5	115.0
<u>2556.8</u>	<u>TOTAL PROJECTS (excl GST)</u>	<u>4168.4</u>	<u>3119.1</u>	<u>3080.0</u>
	<u>FUNDING</u>			
1056.3	Loans	1499.6	767.7	588.7
1480.5	Reserves	2207.6	2133.1	2140.6
20.0	Grants/Donations	380.0	0.0	0.0
0.0	Rates	81.2	218.3	350.7
0.0	Subsidies	0.0	0.0	0.0
<u>2556.8</u>	<u>TOTAL (excl GST)</u>	<u>4168.4</u>	<u>3119.1</u>	<u>3080.0</u>

STATEMENT OF PROSPECTIVE ACCOUNTING POLICIES

REPORTING ENTITY

Stratford District Council ("the Council") is a territorial local authority governed by the Local Government Act 2002.

The activities of the Percy Thomson Trust, a non-profit organisation controlled by Council, are included in these financial statements only to the extent of the grant to be paid to the Trust.

The prospective financial statements have been prepared in terms of Section III of the Local Government Act 2002 and New Zealand International Financial Reporting Standards (NZIFRS).

Under NZIFRS, Stratford District Council is a public benefit entity (PBE) and will be subject to policies and exemptions that may not apply to other entities within the group. Where PBE treatment of specific issues differs from the usual treatment, this fact is noted in each policy.

The Council has adopted the New Zealand equivalents to the International Financial Reporting Standards commencing from the 1 July 2006 financial year.

The operations of the Council have been divided into the following five functions:

- People.
- Services and Facilities.
- Leadership.
- Economic.
- Environmental Management.

Measurement Base

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

Accounting Policies

The following accounting policies which materially affect the measurement of results and financial position have been applied consistently to all years presented from 1 July 2006, unless otherwise stated.

1. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements presented in this Plan include an Income Statement, encompassing all activities of the Council.

In order to meet its obligations of public accountability, the Council has also included for each significant activity, a separate Cost of Services Statement.

2. **BUDGET FIGURES**

The budget figures have been prepared in accordance with NZIFRS and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

The Council has not presented group prospective financial statements because the Council believes that the parent prospective financial statements are more relevant to users. The main purpose of prospective financial statements in the LTCCP is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and as a consequence how much the Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of the Council.

3. **REVENUE RECOGNITION**

Rates revenue is recognised when levied.

Land Transport NZ roading financial assistance is recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests, and assets vested in the Council - with or without conditions - are recognised as revenue when control over the assets is obtained.

Dividends are recognised on an accrual basis net of imputation credits on establishment of the right to receive payment.

4. **GOODS AND SERVICES TAX (GST)**

All items in the financial statements are exclusive of GST, with the exception of receivables and payables which are stated as GST inclusive. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

5. **ACCOUNTS RECEIVABLE**

Accounts receivable are stated at expected realisable value after providing for doubtful and non-collectable debts.

6. **INVESTMENTS**

All investments are stated at lower of cost and net realisable value. Any decreases are recognised in the Income Statement.

7. **PROPERTY, PLANT AND EQUIPMENT**

Items over \$1,000 are treated as property, plant and equipment. Property, plant and equipment are classified into two categories:

Unrestricted

The Council is able to sell these assets without restrictions.

Restricted

The disposal of these assets is limited by legislation, or in the manner in which they were vested, or cannot be physically uplifted and sold.

Council has elected to measure its property, plant and equipment, which have been revalued by Telfer Young Independent Valuers as at 30 June 2006, on the date of transition to New Zealand equivalents to International Financial Reporting Standards (NZIFRS), effectively 1 July 2006, at its fair value and use that fair value as its deemed cost as at 1 July 2006.

Property, plant and equipment classes of assets whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

If there is no market-based evidence of fair value because of the specialised nature of the item of property, plant and equipment, Council will carry those classes of assets at its cost less any accumulated depreciation and any accumulated impairment losses value.

If the carrying amount of a class of assets is increased or decreased as a result of a revaluation, the increase/decrease shall be credited/debited directly to equity under the heading revaluation reserve. However, the net revaluation increase/decrease shall be recognised in profit or loss.

Property, plant and equipment are valued as follows:

<u>Class</u>	<u>Method of Valuation</u>
Land	Fair Value
Buildings	Fair Value
Roads, Bridges and Footpaths	Depreciated Replacement Cost
Reticulation Systems	Depreciated Replacement Cost

Plant and Equipment

The following classes of assets will no longer be revalued, and will be accounted for on the basis of the most recent valuation or the historic cost of the items within the class:

- Plant and Machinery Fair Value
- Motor Vehicles Fair Value
- Furniture and Fittings Fair Value
- Office Equipment Fair Value

Valuation

Unless stated valuations are carried out or reviewed by independent qualified valuers and are carried out at least on three yearly cycles. Valuations will be undertaken more regularly if necessary to ensure no individual item of property, plant and equipment within a class has a carrying value that is materially different from its fair value.

Public Benefit Entity Revaluation

Revaluation increases and decreases relating to individual assets within a class of assets are offset. Revaluation increase and decrease in respect of assets in different classes are not offset. Where the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase is credited to the revaluation reserve. The net revaluation increase shall be recognised in the Income Statement to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in the Income Statement. A net revaluation decrease for a class of assets is recognised in the Income Statement, except to the extent that it reverses a revaluation increase previously recognised in the revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of the same class of asset.

Impairment

The carrying amount of the Council's assets, other than investment property are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of an asset are not primarily dependant on the asset's ability to generate net cash flows, and where the Council, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

Where the Council accounts for revaluations of property, plant and equipment on a class of asset basis, an impairment loss on a revalued asset is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment lost does not exceed the amount in the revaluation reserve for that same class of asset.

Where the Council accounts for revaluations of property, plant and equipment on a class of asset basis, a reversal of an impairment loss on a revalued asset is credited directly to the revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the Income Statement, a reversal of that impairment loss is also recognised in the Income Statement.

8. **DEPRECIATION**

Depreciation is provided on a straight line basis on all property, plant and equipment, including infrastructural assets, at rates that will write off the value of the assets, less their estimated residual values, over their useful lives.

The useful lives of the classes of assets have been estimated as follows:

	<u>Years</u>
Buildings	40-100
Plant	5-10
Motor Vehicles	5
Fixtures and Fittings	5-10
Office Equipment	4-10
Roading Basecourse	50-80
Roading Seal	14
Roading Culverts	80
Roading Sumps	80
Signs	10
Bridges (including Tunnels)	60-150
Footpaths	20-80
Streetlights	30
Stormwater	80
Water Supply	50-80
Sewerage	40-80

9. **BUSINESS UNIT**

Business Unit gains or losses are recorded in the equity of the Stratford District Council.

10. **COST OF SERVICE STATEMENTS**

The Cost of Service Statements report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

Cost Allocation

The Cost of Service Statements reflect the full cost of significant activities, by including direct costs, internal transfers, depreciation, depreciation and indirect costs (overheads) allocated on the “step” method, based on hours of service supplied to each activity.

“Direct Costs” are those costs directly attributable to a significant activity.

“Indirect Costs” are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

11. **EMPLOYEE ENTITLEMENTS**

Provision is made in respect of Council’s liability for annual leave, long service leave and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay while the other provisions have been calculated on an actuarial basis at current rates of pay.

12. **PROVISION FOR LANDFILL AFTERCARE**

As operator of the urban and rural landfills in the district, Council has a legal obligation (in accordance with FRS 15) to provide ongoing maintenance and monitoring services at the landfill sites after closure.

To provide for the estimated cost of aftercare, a provision has been created, and a charge is made each year based on the estimated value of restoration works over the number of years Council is required to maintain these sites.

13. **FINANCIAL INSTRUMENTS**

The Council is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors and loans. All financial instruments are recognised in the Balance Sheet and all revenues and expenses in relation to financial instruments are recognised in the Income Statement.

Except for loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at their fair value.

14. **CHANGES IN ACCOUNTING POLICIES**

The group has changed its accounting policies to comply with NZIFRS for periods on or after 1 July 2006.

The only financial effects from these changes has been to reduce the asset revaluation reserve and increase retained earnings by \$60.5 million for the elimination of the revaluation reserve.

FUNDING IMPACT STATEMENT

INTRODUCTION

This Statement sets out the information required by Schedule 10 of the Local Government Act 2002. It details the revenue and financing mechanisms to be used to cover the estimated expenses for the years of the plan.

The Funding Impact Statement should be read in conjunction with the Council's Revenue and Financing Policy and the Funding Requirements Statement in this plan.

Council proposed that the following revenue and financing sources be used to cover the estimated expenses of Council for the period of the plan.

- General rates.
- A uniform annual general charge.
- Targeted rates for water supply, sewage disposal and domestic refuse.
- Fees and charges.
- Subsidies and grants.
- Interest income.
- Development levy contributions and financial contributions.
- Reserves funds.
- Loan funds.
- Working capital.

Various sections of the Local Government (Rating) Act 2002 refer to the Funding Impact Statement. These sections require:

- The basis of setting the general rate ie. land, annual or capital value (Section 13).
- Any category or categories that will be used for differentiating the general rate (Section 14).
- The function or functions for which a targeted rate will be set (Section 16).
- Any category or categories of land that will be used to set a targeted rate on a differential basis or determine whether a property will be liable for a targeted rate (Section 17).
- Any factor that will be used to calculate liability for a targeted rate (Section 18).
- An indication that Council wishes to set a charge for water supply by volume of water consumed if Council is intending to do so (Section 19).

The factors that may be used in calculating liability for targeted rates are:

1. The annual value of the rating unit.
2. The capital value of the rating unit.
3. The land value of the rating unit.
4. The value of improvements to the rating unit.
5. The area of land within the rating unit.
6. The area of land within the rating unit that is sealed, paved, or built on.
7. The number of separately used or inhabited parts of the rating unit.
8. The extent of provision of any service to the rating unit by the local authority, including any limits or conditions that apply to the provision of the service.
9. The number or nature of connections from the land within each rating unit to any local authority reticulation system.
10. The area of land within the rating unit that is protected by any amenity or facility that is provided by the local authority.
11. The area of floor space of buildings within the rating unit.
12. The number of water closets and urinals within the rating unit.

Notes:

- For the purposes of clauses 1 to 5, 8, and 10, rating unit includes part of a rating unit.
- For the purposes of clause 8, the extent of provision of a service to the land must be measured objectively and be able to be verified.
- For the purposes of clause 12, a rating unit used primarily as a residence for 1 household must not be treated as having more than 1 water closet or urinal.
- For targeted rates using a location differential, rating units outside the specified locations are not subject to that target rate.

Important: All charges are GST inclusive, and funds raised are GST exclusive.

GENERAL RATE

Council set a general rate under section 13 based on the capital value of each rating unit within the district.

The general rate is set with no differential.

The rates (in cents per dollar of capital value) for 2006/2007 are 0.2770 cents, raising \$4,344,950.

General rates will be used to fund all activities that are not covered by the uniform annual general charge, targeted rates or other funding mechanisms outlined in the Revenue and Financing Policy.

UNIFORM ANNUAL GENERAL CHARGE

Council set a uniform annual general charge (UAGC) under section 15 in respect of every separately rateable property within the district.

The uniform annual general charge for 2006/2007 is \$334, raising \$1,166,250.

The uniform annual general charge will be used to fund governance, a portion of refuse, civil defence, bylaws, dog control, liquor licensing, environmental health, building control, district plan, resource consents and corporate support.

TARGETED RATE - DOMESTIC REFUSE

Council set a targeted rate under section 16 in respect of refuse collection on the basis of a charge per each separately used or inhabited part of a rating unit from which Council is prepared to collect a container of refuse, as part of its normal refuse disposal service, in the Stratford and Midhirst domestic collection area. This rate uses factors 7 and 8.

The domestic refuse rate under section 16 for 2006/2007 is \$236, raising \$500,640.

The domestic refuse rate will be used to fund the urban domestic refuse collection activity.

TARGETED RATE - WATER SUPPLY

Council set a targeted rate under section 16 in respect of water supply on the basis of a charge per each separate rating unit to which water is supplied in the Stratford Water Supply Area, the Midhirst Water Supply area, and the Toko Water Supply Area. This rate uses factor 8.

In addition, Council set a targeted rate in respect of water supply under section 19 on the basis of a charge per unit of water supplied in the Stratford Water Supply Area, the Midhirst Water Supply area, and the Toko Water Supply Area to any rating unit which has been fitted with a water meter.

The water supply rate under section 16 for 2006/2007 is \$250, raising \$587,510.

The Stratford water supply rate under section 19 for 2006/2007 is \$22.50 for the first 250 cubic metres plus \$0.26 per cubic metre of supply in excess of 250 cubic metres per annum, raising \$55,000.

The Midhirst water supply rate under section 19 for 2006/2007 is \$22.50 for the first 250 cubic metres plus \$0.38 per cubic metre of supply in excess of 250 cubic metres per annum, raising \$4,000.

The Toko water supply rate under section 19 for 2006/2007 is \$22.50 for the first 250 cubic metres plus \$0.38 per cubic metre of supply in excess of 250 cubic metres per annum, raising \$500.

The water supply rates will be used to fund the water supply activities in the Stratford, Midhirst and Toko areas.

TARGETED RATE - SEWERAGE DISPOSAL

Council set a targeted rate under section 16 in respect of sewerage disposal on the basis of a charge per the number of water closets and urinals within each separate rating unit which is connected to a public sewerage drain. This rate uses factors 7, 8 and 12.

The sewerage disposal rate under section 16 is \$138 where one water closets and/or urinals is connected.

The sewerage disposal rate under section 16 is \$207 where two water closets and/or urinals are connected.

The sewerage disposal rate under section 16 is \$276 where three water closets and/or urinals are connected.

The sewerage disposal rate under section 16 is \$311 where four water closets and/or urinals are connected.

The sewerage disposal rate under section 16 is \$345 where five water closets and/or urinals are connected.

The sewerage disposal rate under section 16 is \$380 where six water closets and/or urinals are connected.

The sewerage disposal rate under section 16 is \$414 where seven water closets and/or urinals are connected.

The sewerage disposal rate under section 16 is \$449 where eight or more water closets and/or urinals are connected.

Note that the number of water closet and urinal units is assessed as what is required by the Acceptable Solutions, NZ Building Code, and not by what actually exists.

The sewerage disposal rate for 2006/2007 is to raise \$300,100 and will be used to fund the sewerage disposal activity.

TARGETED RATE - COMMUNITY CENTRES

Council set a targeted rate under section 16 in respect of community centres on the basis of a charge per each separately inhabited dwelling within a rating unit in the listed community areas. This rate uses a fixed charge based on a location differential using factor 8.

The community centre rates for 2006/2007 are:

- A fixed charge of \$22.50 for each dwelling unit within the Wharehuia/Te Popo Community Centre area.
- A fixed charge of \$11.25 for each dwelling unit within the Strathmore Community Centre area.
- A fixed charge of \$13.50 for each dwelling unit within the Pembroke Road Community Centre area.
- A fixed charge of \$22.50 for each dwelling unit within the Toko Community Centre area.
- A fixed charge of \$16.90 for each dwelling unit within the Pukengahu Community Centre area.
- A fixed charge of \$9.95 for each dwelling unit within the Midhirst Community Centre area.
- A fixed charge of \$22.50 for each dwelling unit within the Ngaere Community Centre area.
- A fixed charge of \$11.25 for each dwelling unit within the Makahu Community Centre area.
- A fixed charge of \$22.50 for each dwelling unit within the Cardiff Community Centre area.

The community centres rate will be used to fund the operating costs of the community centres and will raise \$11,200.

PAYMENT DUE DATES AND PENALTIES

All rates will be payable in four equal instalments due on:

1 st Instalment:	30 August 2006.
2 nd Instalment:	29 November 2006.
3 rd Instalment:	28 February 2007.
4 th Instalment:	30 May 2007.

Pursuant to Section 57 and 58 of the Local Government (Rating) Act 2002 the following penalties on unpaid rates will be applied:

- A charge of 10% on so much of any instalment that has been assessed after 1 July 2006 and which remains unpaid after the due date for that instalment.
- A charge of 10% on so much of any rates levied before 1 July 2006 which remain unpaid on 10 July 2006 or such later date as required under section 58(1)(b)(ii).
- A continuing additional penalty of 10% on so much of any rates levied before 1 July 2006 which remain unpaid six months after the previous penalty was added.
- Penalties imposed are exempt from GST.

EARLY PAYMENT

Sections 55 and 56 of the Local Government (Rating) Act 2002 empowers Council to have policies for the early payment of rates. The Council policies are:

- Council proposes to accept early payment of all rates assessed for the 2006/2007 year, but no discount will be applied for early payment. (Section 55).
- Council proposes to accept early payment of all rates assessed for the 2007/2008 and subsequent years, but no discount will be applied for early payment. These payments will be applied to general rates or individual targeted rates if requested by the ratepayer, otherwise they will be applied against future general rates. (Section 56).

PAYMENT LOCATIONS

Rates shall be payable between the hours of 8.30 am to 4.30 pm, Monday to Friday, at either the Council offices, Miranda Street, Stratford; or the Stratford Information Centre, Prospero Place, Stratford.

Mail and electronic payments shall be deemed to be received at the Council Office on day of receipt.

SUBSEQUENT YEARS

The funding mechanism for subsequent years in the plan does not vary from the 2006/2007 year but does include adjustments to compensate for price level changes due to inflation as calculated for local authorities by Business and Economic Research Limited (BERL).

The following table summarises the indicative charges as set out in detail under the Funding Requirements and Funding Summary tables:

		2005/06	2006/07	2007/08	2008/09
		Units (GST incl)			
General Rate	cents/\$ of Capital Value	0.3871	0.2770	0.3127	0.3401
UAGC		\$ 194	\$ 334	\$ 350	\$ 356
Refuse		\$ 222	\$ 236	\$ 238	\$ 247
Water Supply		\$ 245	\$ 250	\$ 263	\$ 271
Sewerage	1 Closet	\$ 113	\$ 138	\$ 141	\$ 141
	2 Closets	\$ 170	\$ 207	\$ 212	\$ 212
	3 Closets	\$ 226	\$ 276	\$ 282	\$ 282
	4 Closets	\$ 255	\$ 311	\$ 317	\$ 317
	5 Closets	\$ 283	\$ 345	\$ 353	\$ 353
	6 Closets	\$ 311	\$ 380	\$ 388	\$ 388
	7 Closets	\$ 339	\$ 414	\$ 423	\$ 423
	8 + Closets	\$ 368	\$ 449	\$ 458	\$ 458

Handwritten initials or signature in purple ink, consisting of two distinct characters.