

Glossary of Terms

Agenda 21

Agenda 21 establishes the basis for action to sustainable development. Sustainable development can be interpreted as providing the following:

- A viable natural environment capable of supporting life systems, now and in the future.
- A sufficient economy that provides sustainable livelihoods for all.
- Nurturing communities that provide opportunities for meeting social, cultural and spiritual needs.

Annual Citizens' Survey

This is an independent survey of citizens which is undertaken in March/April each year. Approximately 800 residents are interviewed on a variety of issues some of which are asked each year and some of which are topical. The questions which are asked each year enable the Council to track trends over the long term. Many of the survey results provide the data for the Triple Bottom Line performance indicators.

Asset Management Plans (AMPs)

AMPs cover all aspects - policy, management, financial and engineering, for all major assets. They ensure that the required level of service of these assets is maintained over the long term.

Capital Contingency Fund

An unspecified amount which is available to fund priority projects and to fund cost increases over and above the inflation provision.

Capital Endowment Fund

A \$75M fund has been set up with part of the proceeds from the Enerco Gas Network sale. This fund is a professionally managed fund with its own governance procedures. The fund is invested in a balanced portfolio of securities. A portion of the annual returns will be

reinvested to protect the fund against inflation and the balance of the income is applied as follows:

- 70% to economic development projects
- 30% to civic and community projects

Christchurch City Council Financial Plan and Programme (The Financial Plan or sometimes referred to as the Annual Plan)

The Plan is the Council's statement of direction. It helps to ensure consistency and co-ordination in the decision-making and policy setting process.

As part of the process to finalise the Financial Plan, a Draft Financial Plan is published in April setting out the proposed plans and policies. The Council then seeks public input through the submission process before finalising the Plan in July.

City Scene - The Financial Plan Edition

This is delivered to all households at the same time as the Draft Plan is released. It summarises the key elements of the Draft Financial Plan. It also includes a list of the capital works for each Ward and these are cross referenced to a Ward map.

Community Board Funding

As part of the Plan process, Community Boards are allocated \$390,000 to fund projects or activities of their choice. This amount is split between funding for Community Worker positions (\$50,000), Project Funding (\$240,000) and Strengthening Community Action Plans (SCAP) (\$40,000). These amounts are allocated prior to the adoption of the Draft Plan. The remainder (\$60,000) represents discretionary funding which may be retained by the Community Boards for allocation throughout the year.

Cost of Capital

Cost of capital represents the opportunity cost of having capital (eg buildings, plant, equipment) employed in each activity. The cost of capital for 2003/04 is set at 6.9% and

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has been calculated on the book value of the assets utilised by each activity.

It has taken account of when calculating fees and charges.

Council Controlled Organisation (CCO)

Where the Council has 50% or more of the voting rights.

Council Controlled Trading Organisation (CCTO)

Means a Council controlled organisation that operates a trading undertaking for the purpose of making a profit.

Debt Repayment Reserve

This is a reserve which has been set up using special dividends, return of capital and Enerco Gas Network sale proceeds. This reserve is used to repay loans and is also used in lieu of borrowing. In 2001/02 \$100M from the Enerco gas sale proceeds was transferred to this Reserve.

Depreciation

The charging of depreciation records the consumption and wearing out of the Council's assets. This is an accounting device to ensure that an appropriate amount of capital expenditure is spread as an expense in each year and matched against the income of the Council (including rates) in the operating account. For more information on depreciation, see pages 148 and 149.

Financial Year

The Council's 2003/04 financial year runs from 1 July 2003 to 30 June 2004.

Funding Impact Statement (FIS)

A statement that sets out the funding mechanisms that the Council will use, their level, and the reason for their selection in terms of the principles of financial management. Funding Impact Statements must be included in a Long Term Council Community Plan and

in the Annual Plan.

Inputs

Inputs are the resources used to produce the goods or services provided by the Council. Input items include labour and maintenance expenditure. Inputs are transformed into outputs through activities.

Long Term Council Community Plan (LTCCP)

A plan covering at least ten years adopted under section 93 of the Local Government Act, that describes the activities the Council will engage in over the life of the plan, why the Council plans to engage in those activities and how those activities will be funded.

Long Term Financial Strategy (LTFS)

The strategy is at a high level and projects the expenditure (operating and capital) and the sources of funds for the period 2002/03 to 2011/12. The projected rate increases, debt levels and the impact on the four key ratios of the Financial Management Policies are also covered in the Strategy (see pages 22 to 29 for a summary of the LTFS). Next year the LTFS will be incorporated within the Long Term Council Community Plan.

Modifier

The modifier is a Funding Impact mechanism. It is used to avoid difficulties arising from a reassignment of costs between the different rating sectors.

This year's Financial Plan process resulted in some very significant rate increases for the Rural and Residential Sectors. The modifiers which were approved ease the burden of the increase for the Rural Sector (see page 34).

Outcomes

Outcomes are the impacts on or consequences for the community of the services or facilities provided.

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Outputs (or Activities)

Outputs/activities are the goods, services or products which the Council produces, eg advice, provision of services, and administration of regulations. Budgets have been structured on an output basis.

Outputs can be either Operational or Capital Outputs. Operational Outputs are based on inputs (expenses) from operating budgets. Capital Outputs are based on capital (expenditure inputs), eg fixed assets, infrastructural and restricted assets.

For the rating purposes of the Local Government (Rating) Act 2002 outputs equate to activities.

Output Classes (or Group of Activities)

Output Classes are groupings of related or similar outputs/activities which are aggregated for reporting purposes. The outputs specified on each of the activity pages (see 44 to 91) are at the output class level.

For the purposes of the Local Government (Rating) Act 2002 Output Classes can also be described as Group of Activities.

Policy on Partnerships with the Private Sector (PPP)

Any arrangement or agreement entered into between one or more local authorities and one or more other persons or organisations engaged in business, not including arrangements or agreements where all of the parties are local authorities or council organisations, or a contract for the supply of goods and services by or on behalf of a local authority.

Public Accountability

This is a very broad service delivery activity which includes the direct costs relating to Councillors and Community Board members plus support and advice costs relating to the democratic process (see pages 73 and 74).

Rates Assessment

A statement sent to all ratepayers which lists the types of rates that will be assessed on the rating unit (see definition below) and the factors that will be used to calculate rates.

Rates Invoice

This is the actual bill for rates.

Setting of Rates

This is the physical act by which a local authority adopts the rates. It is equivalent to the old term of "making" of rates.

Statement of Corporate Intent (SCI)

Is an agreed understanding between the Council (as shareholder) and each of the Trading Enterprises. The SCIs are negotiated annually and include the future objectives and performance of the Trading Enterprise.

Strategic Asset

An asset or group of assets that the Council needs to retain if it is to maintain the Council's capacity to achieve or promote any outcome that is important to the current or future well-being of the community.

Strategic Statement

The Strategic Statement sets the Council's long-term strategic direction and broad policy directions. It was published in 2001 and is required by law to be published every three years. The Strategic Statement includes the Strategic Objectives, various Policy Statements, the Long Term Financial Strategy and the Funding Policy. A summary of the key elements of the Strategic Statement are included in this Financial Plan.

The Strategic Statement is available at the Civic Offices or at www.ccc.govt.nz.

The Strategic Statement will be replaced by the Long Term Council Community (LTCCP) in 2004.