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.

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.

Carry Forwards

When the Plan is adopted, there is an expectation that the work programmes and asset purchases will be completed by the end of the 12 month period. In reality there will, however, be a number of projects which will not be completed as planned.

The reasons for the delays are many and varied. They may relate to retention monies being held back until a project is satisfactorily completed, legal difficulties, weather conditions or delays caused by other service work.

To ensure that the planned programme is completed, it is necessary to carry forward to the new financial year both the unspent budget provision and the source of funding. Carry forwards are finalised in August and reported to the Council in September. All budget adjustments will be reported on in the 1999/00 Annual Report.

Carry forwards do not alter the rates requirement and are funded by the unspent portion of the previous year's rates, as well as any subsidy monies still to be claimed or loan monies still to be raised.

Christchurch City Council Annual Plan

The Plan provides a statement of direction for the Council and ensures consistency and co-ordination in both making policies and decisions concerning the use of Council resources. The Plan also contains a summary of the Long Term Financial Strategy and the changes to the Funding Policy.

As part of the preparation process a Draft Plan is published in April. The Council then seeks public input on the Draft Plan through the submission process. These submissions are considered by the Council when finalising the final version of the Plan.

City Scene - The Plan Edition

Delivered to all households at the same time as the Draft Plan is released. This edition summarises the Draft Plan.

Community Board Funding

As part of the Plan process, Community Boards have been allocated $300,000 to fund projects or activities of their choice. The amount is split between project funding ($250,000) which is allocated prior to the adoption of the Draft Plan and discretionary funding ($50,000) which is generally retained 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 1999/00 is 6.6% and has been calculated on the book value of the assets utilised by each activity. It has been shown as a below the line note and has been taken account of when calculating fees and charges.

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 the Statement of Accounting Policies.

Financial Management Policies

In 1994 financial management policies were adopted to ensure that the Council's debt remains under control. These policies were established on advice from a leading chartered accounting firm and our auditors, Audit New Zealand. The policies set the parameters within which the Council can operate in the long term. They include a series of prudent financial ratios which are the 'outer financial benchmarks' for the Council to live within. The other parts of the policy include a number of financial objectives for the short to medium term.

Financial Year

The Council's financial year runs from 1 July to 30 June. The 1999/00 financial year therefore covers the period 1 July 1999 to 30 June 2000.

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.

LRARA Depreciation Method

Depreciation of infrastructural assets (roads, sewers, water pipes, waterways) is now being calculated using the long run average renewals approach (LRARA) instead of the straight line depreciation method calculated previously. The Council believes the LRARA method more accurately reflects the decline in the service potential of these assets.

Local Authority Trading Enterprise (LATE)

A Local Authority Trading Enterprise is a special company owned by a local authority. It is the local government equivalent of a State Owned Enterprise.

Long Term Financial Strategy

The strategy is at a high level and projects out the expenditure (operating and capital) and the sources of funds for the period 1999/00 to 2008/09. 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.

Outcomes

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

Outputs

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.

Output Classes

Output Classes are groupings of related or similar outputs which are aggregated for reporting purposes. The outputs specified in this Plan are at the output class level.

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.

Funding Policy (Revenue Policy)

A statement of who benefits from and who should pay for Council services.

This is a requirement of the Local Government Act and was published in the Strategic Statement in 1998. (Copies of the Strategic Statement are available from the Civic Offices or at http://www.ccc.govt.nz.)

S20A Disclosure - Transit New Zealand Act 1991

This section of the Transit New Zealand Act requires minor and ancillary roading works and in-house professional services which receive financial assistance from Transfund NZ to be separately reported in the Plan. See pages 32 and 33.

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.

Surpluses (Operating Surpluses)

The operating surplus is calculated to ensure that the Council does not breach any of its financial ratios. The four ratios which were put in place in 1994 are designed to control Council debt. To achieve this, the surplus calculation takes account of the long term capital programme, debt repayment, funds generated by depreciation and any special fund drawdowns.

Unspecified Capital Provisions

Included within the long term capital programme, are unspecified sums. They give some flexibility in future years and will allow new or priority projects to be added.

Punting on the River Avon.

A riverside view of the recently renovated Canterbury Provincial Buildings.