

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.

CAIP

Canterbury Abuse Intervention Project.

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 will be a professionally managed fund with its own governance procedures. The fund will be 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 will be applied as follows:

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

Christchurch City Council Financial Plan and Programme (The Financial 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 Financial Plan in July.

City Scene - The Financial Plan Edition

This is delivered to all households at the same time as the Draft Financial Plan is released. It summarises the key elements of the Draft Financial Plan.

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 2002/03 is set at 6.8% and has been calculated on the book value of the assets utilised by each activity. It takes account of when calculating fees and charges.

CWTP

The Christchurch Wastewater Treatment Plant is also referred to as the Sewerage Treatment Works.

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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 future 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 page 140.

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 2002/03 financial year runs from 1 July 2002 to 30 June 2003.

Funding Policy

The Funding Policy allocates the costs of Christchurch City's activities according to: who will benefit; and who will ultimately pay.

These costs are allocated bearing in mind issues of fairness, equity and practicality.

The Funding Policy is a requirement of the Local Government Act and has been published in the Strategic Statement.

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 calculated using the long run average renewals approach (LRARA). In order to comply with a new accounting standard, this method of depreciation will be replaced with straight line depreciation from 1 July 2003.

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 (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 16 to 21 for a summary of the LTFS.)

Modifier

The modifier is a Funding Policy device to avoid significant adjustment difficulties arising from a reassignment of costs between the different rating sectors (otherwise known as avoiding sudden changes).

The triennial review of the Funding Policy resulted in some very significant rate increases for the Rural and Institutional Sectors. The modifiers which were approved ease the burden of the increase for the Residential, Rural and Institutional sectors. (See pages 28 to 30.)

Outcomes

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

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Outputs

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 on each of the activity pages (see 36 to 79) 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. (See page 64.)

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 41 and 42.)

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 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.

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.

TAOS

The Council's Library Computer System.



Kurashiki Sister City Garden, Halswell Quarry Park.