

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.

Carry Forwards

When the Annual 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. In June the Council is able to assess what the carry forward projects will be and to include them in the final Annual Plan.

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.

Community Board Funding

As part of the Annual 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 Annual Plan and discretionary funding (\$50,000) which is generally retained for allocation throughout the year.

Cost of Capital

Although not enacted at the time of printing, the Local Government Reform Bill removes the requirement to charge cost of capital from the Local Government Act. We have assumed that this will apply to the 1996/97 year and have shown it as a below the line note. This is in order to ensure that for fee calculation purposes cost of capital is taken account of.

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.

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.

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.

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.

Operating Deficit

Prior to 1994/95, the Council calculated its rate requirement on a cash flow basis. The full implementation of accrual accounting together with increased depreciation highlighted a significant deficit in the operating account.

The financial management policies embody a progressive, reduction in the deficit over a four year period. This will ensure that today's generation pays its fair share and that the financing basis in the long term is sound. Surpluses from 1998/99 onwards will ensure that the reliance on borrowing for capital works is progressively reduced and a positive contribution to repayment of debt is made annually.

Outcomes

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

Output Classes

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

Outputs

Are the goods, services or products which the Council produces, e.g. 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), e.g. fixed assets, infrastructural and restricted assets

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.

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 Transit New Zealand to be separately reported in the Annual Plan. See page 31.

Statement of Corporate Intent (SCI)

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

Unspecified Capital Provisions

Included within years 2 to 5 of the long term capital programme, are unspecified sums. They give some flexibility to the programme and will allow new or priority projects to be added in future years.

Vision Statement

The Vision Statement is intended to reflect the Council's vision for the 'ideal' Christchurch. That is, it is intended to be a statement of the outcomes that the Council's policies and activities are directed at achieving. Up to the present time the vision has been known as the Statement of Strategic Objectives. See page 16.