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Glossary

Accrual basis

Accrual basis accounting records financial events based on events that change your net worth (the amount owed to you less the amount you owe others). Standard practice is to record and recognise revenues and expenses in the period which they incur. Even though cash is not received or paid in a credit transaction, they are recorded because they affect the future income and cash flow of the company. Accrual basis is GAAP compliant.

Annual plan

An annual plan must be prepared by a council annually, and it must be adopted before the commencement of the year in which it operates. The purpose of the annual plan is set out in the Local Government Act 2002, section 95 (5).

Annual report

An annual report must be prepared annually for each financial year. The purpose of the annual report is to compare activities performed with those intended in the annual plan. The annual report is described in the Local Government Act 2002, section 98.

Annual value

Are the basis on which local authorities can set rates. It is a measure of what the property would fetch if rented on the open market.

Capital value

This is defined by the Rating Valuations Act 1998 as, "subject to sections 20 and 21, the sum that the owner's estate or interest in the land, if unencumbered by any mortgage or other charge, might be expected to realise at the time of valuation if offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to require".

Capital value does not include chattels, stock, plant or machinery which may be normally included in the sales of properties.

Central government

Central government is the national government of New Zealand. It is managed by the elected Members of Parliament and consists of parliamentary support agencies and a public service. Visit [State Services Commission](#) for more information on the public service.

Code of conduct

A document that sets out members' expectations as to their roles and conduct while acting as an elected member.

Committee

A council may appoint a committee to work in a certain area of responsibility where the local authority operates. A committee is a working group that has fewer members than the full council.

Community

A network of people and organisations linked together by common factors. This might be a network of people linked together geographically i.e. in one place, (in which case a community board may be established), or linked by a common interest or identity.

Community boards

Community boards are established under section 49 of the Local Government Act 2002, which states that they must be established for each community created under Schedule 6. This reads "A community may be constituted in any part of a district in accordance with this schedule and must be wholly within one district". Section 52 of the Local Government Act 2002 specifies the role of the community boards is to -

- represent, and act as an advocate for, the interests of its community.
- consider and report on all matters referred to it by the territorial authority, or any matter of interest or concern to the community board.
- maintain an overview of the services provided by the territorial authority within the community.
- prepare an annual submission to the territorial authority for expenditure within the community.
- communicate with community organisations and special interest groups within the community.
- undertake any other responsibilities that are delegated to it by the territorial authority. Also, according to schedule 7 clause 32 (6) a council must consider whether or not to delegate to a community board if the delegation would enable the community board to achieve its role.

Community outcomes

Outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions. A local authority will consider these outcomes in the course of its decision making.

Council organisation (CO)

Any organisation in which one or more local authorities owns or controls any portion of the voting rights, or has the right to appoint one or more of the directors, trustees etc.

Council-controlled organisation (CCO)

Any organisation in which one or more local authorities owns or controls 50% or more of the voting rights or has the right to appoint 50% or more of the directors, trustees etc. The principal objectives of CCOs according to the Local Government Act 2002 are to -

- Achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent.
- Be a good employer.
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.
- If the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice.

Council-controlled trading organisations (CCTO)

Council-controlled trading organisations are council-controlled organisations that operate a trading undertaking for the purpose of making a profit.

Exacerbator pays principle

This principle reflects the costs to all ratepayers of the actions or inactions of others. It has been used to develop funding systems in the past for flood and river control schemes where properties situated on the uplands have been assessed for flood and river control schemes because water-run off from these properties contributes to flooding in low lying areas downstream.

First Past The Post (FPP)

Under FPP the voter places a tick next to the names of the candidates they wish to vote for. The voter can vote for as many candidates as there are positions available to be filled. The candidates with the most votes win.

Good-quality

The Local Government Act 2002 defines "good-quality" in relation to local infrastructure, local public services and performance of regulatory functions, as infrastructure, services and performance that are: -

- efficient
- effective; and
- appropriate to present and anticipated future circumstances.

Governance

The act, process or power of governing. As this term is currently being used in New Zealand, it refers to the means for collective action in society, responding to and guiding change that is beyond the capacity of private action.

Gross Domestic Product (GDP)

Statistics New Zealand defines GDP as follows -

A major objective of national accounts is to measure the value added resulting from production. If all production, including non-marketed output was added together, considerable duplication would occur because many goods and services provided by one producer are purchased by another for use in subsequent production. As a result the value of some goods and services becomes incorporated in the value of other goods and services. One purpose of the national accounting process is to remove the value of intermediate consumption and so arrive at a value of production free of duplication. This is the concept of value added, or GDP.

More information can be found at [Statistics New Zealand](#).

House of Representatives

This is where the elected Members of Parliament meet and work to govern New Zealand via development of new legislation and amendments to existing legislation. Visit [New Zealand Parliament](#) for more information.

Intergenerational equity principle

This term concerns the spread of benefits across time. Many of the expenditures in a local authority are for infrastructure that have long service lives (such as roading networks). Current ratepayers should not be expected to fund all the benefits of future users, so costs are spread across current and future users.

Joint committee

Councils may form a joint committee to work together on certain issues.

Land value

This is defined by the Rating Valuations Act 1998 as: "Land value", in relation to any land, and subject to sections 20 and 21, means the sum that the owner's estate or interest in the land, if unencumbered by any mortgage or other charge, might be expected to realise at the time of valuation if,

- Offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to impose; and
- No improvements have been made on the land.

Local authority

A local authority means a regional or territorial authority, according to the Local Government Act 2002.

Local boards

A local board is an elected body that co-governs a unitary authority with other local boards and a council. Local boards may be established during a council reorganisation process (pursuant to the Local Government Act 2002), to facilitate better community representation within a predominantly urban area that is predicted to have a population that exceeds 400,000 within a period of 5 years after public notice of the reorganisation proposal.

Local councils

A local council is a local authority.

Local governance statement

A collection of information prepared under section 40 of the Local Government Act 2002 that includes information about the ways in which a local authority engages with its community and makes decisions, and the ways in which individuals can influence processes.

Long term plan (LTP)

Called the Long term council community plan (LTCCP) prior to 2012, the Long term plan is a document required under the Local Government Act 2002 that sets out a local authority's priorities in the medium to long term.

Pecuniary interest

The Office of the Controller and Auditor-General uses the following test for pecuniary interest – *a pecuniary interest exists where the matter would, if dealt with in a particular way, give rise to an expectation of a gain or loss of money.*

Visit [The Office of the Controller and Auditor-General](#) for more information.

Pre-election report

Under the Local Government Act 2002, section 99A, the council's chief executive produces a report before a local authority election. This pre-election report provides information on the council's financial position, *performance and plans, in order to promote public discussion at election time.*

Purpose of local government

This is defined in the Local Government Act 2002 section 10(1) as:

to enable democratic local decision-making and action by, and on behalf of, communities; and

to meet the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Quorum

Quorum is the minimum number of members of an assembly that must be present to make a meeting valid. The definition for a quorum at council meetings is on Schedule 7 23(3) of the Local Government Act 2002.

Regional council

A regional council is one type of local authority. Regional councils' responsibilities include -

- Managing the effects of using freshwater, land, air and coastal waters.
- Developing regional policy statements and the issuing of consents.
- Managing rivers, mitigating soil erosion and flood control.
- Regional emergency management and civil defence preparedness.
- Regional land transport planning and contracting passenger services.
- Harbour navigation and safety, oil spills and other marine pollution.

Some district and city councils also have the powers of regional councils, these are referred to as unitary authorities.

Significant decisions

A decision that will have a high impact on a district or region, on individuals who are likely to be affected by the decision, or the decision will affect the ability of a council to perform its role, including the financial costs of doing so..

Single-Transferable Voting (STV)

Under STV voters rank candidates in their order of preference using numbers. A voter would write "1" next to the name of their favourite candidate, "2" next to their second favourite candidate and so on. Voters may give preferences to as few or many candidates as they wish. Candidates who reach the quota (calculated by the number of valid votes, divided by one more than the number of vacancies) are declared elected.

Special consultative procedure

This is a procedure that councils are required to undertake in certain decision-making circumstances, as defined by the Local Government Act 2002 (section 83).

Standing committee

A Standing Committee is a permanent committee of a council.

Statement of proposal

This is a document that provides the basis for consultation with the community under the SCP by setting out a local authority's proposal with respect to a particular matter.

Strategic asset

An asset or group of assets that the local authority needs to retain to maintain its capacity to promote any outcome it considers important to the current or future well-being of the community.

Sustainable well-being

The term sustainable well-being is based in the concept of the secure existence of individuals, communities and society generally with a sustainable economy, and a healthy ecosystem. Taken from "A Framework for Developing Sustainable Communities, Terrence Loomis, DIA, p.5. You can download it as a pdf file [here](#) (file size 204k).

You will need Adobe Acrobat Reader to view this document, which can be downloaded for free from the [Adobe site](#).

Territorial authority (TA)

This is a type of local authority. They are either city or district councils, and there are no differences in the way that they operate. Territorial authorities' responsibilities include: the provision of local infrastructure, including water, sewerage, storm water, roads, environmental safety and health, district emergency management and civil defence preparedness, building control, public health inspections and other environmental health matters, controlling the effects of land use (including hazardous substances, natural hazards and indigenous biodiversity), noise, and the effects of activities on the surface of lakes and rivers.

Unitary authority

A unitary authority is a territorial authority that has the responsibilities, duties and powers of a regional council conferred on it, either by the provisions of any act, or by an Order in Council giving effect to a reorganisation scheme.

Uniform Annual General Charge (UAGC)

This is a fixed amount per rating unit, or per separately used or inhabited part (SUIP) of a rating unit, for all rateable land within a district. If local authorities intend to use a separately used or inhabited part of a rating unit, then the definition of what is "separately used" or an "inhabited part" of a property must be included in their Financial Impact Statement.

Value of improvements

This is the difference between capital and land value. It reflects the added value given to the land by any buildings or other structures present on the property and any landscaping that has been done.

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