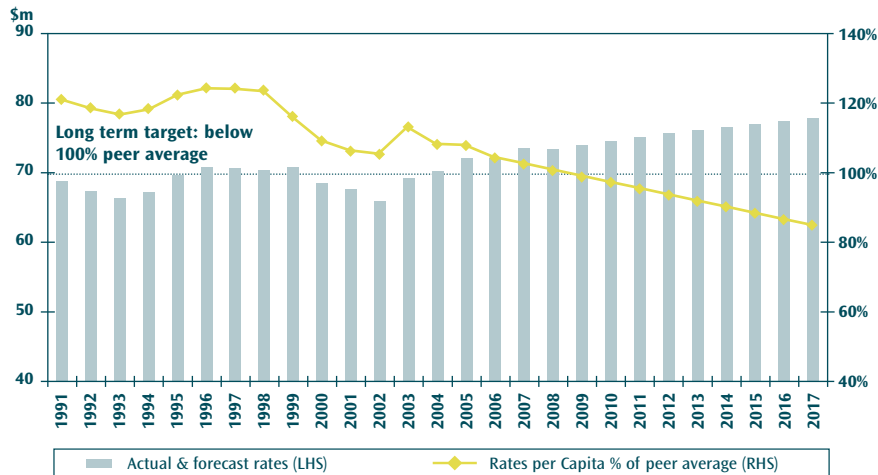




HUTT CITY COUNCIL’S FINANCIAL STRATEGY

Council has adopted a Financial Strategy to clearly summarise its financial objectives. Council uses the Financial Strategy as a framework for budget management during Community Plan deliberations.

STRATEGY	OBJECTIVES	MEASURES	TARGETS
Rate Charges	Council rate charges are controlled prudently and are competitive when compared to peer local authorities	Rates per capita (refer graph on next page)	Annual increase below inflation + 0.5% Below peer average by 2010
Cost to deliver services	Council delivers services at a cost below the average of peer councils Council’s service costs are equitably allocated (within the limits of available charging mechanisms)	Total service cost per capita Support costs per capita Actual revenue vs indicative cost allocations in the Revenue & Financing Policy: – Private vs public funding (user charges vs rates) – Public funding by sector.	Below peer average Below peer average Individual activities generally within 5% of Policy Within 1% of Policy by 2010
Financial position	Council’s financial position is better than peer average	Net debt level (refer to graph on next page) Net debt per capita Net debt/equity ratio Operating result	Below annual target Below \$60m by 2010 Below \$30m by 2015 Within Treasury Policy limits at all times Below peer average Below peer average Produce a surplus each year
Funding supply	Council has secure and cost-effective funding sources available to meet its financial needs	Liquidity requirements of the Liability Management Policy Overall cost of funds	100% compliance with Policy requirements Below independent benchmark
Financial risk	The risk of Council incurring a material financial loss is very low	Uninsured risks in relation to the Risk Management Policy Investment and Liability Management Policy limits	All identified, considered and approved by the Executive Management Team (EMT) 100% compliance with Policy requirements

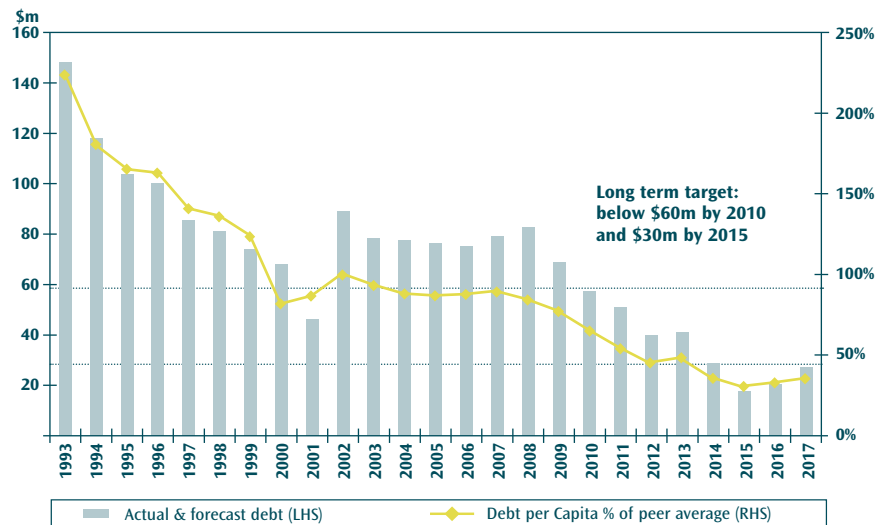


RATES INCOME (INFLATION ADJUSTED)

The level of rates is a key focus of Council’s Financial Strategy.

This graph shows historical and forecast rate levels. It highlights the reductions achieved from 1999 onwards, offset by modest increases in recent years to cover the cost of wastewater treatment facilities.

The graph also measures rates per capita in comparison with our peers (other similar local authorities). Historically Hutt City rates per capita have been well above peer average. This is partially owing to many peer authorities owning major profitable businesses such as ports, airports, forestry and electricity companies, that help to keep rates down. Council’s long term target is to deliver rate levels less than the peer average per capita. The graph shows that this is forecast to be achieved in 2009.



NET DEBT (INFLATION ADJUSTED)

Council’s Financial Strategy has a target of reducing debt below \$30 million by 2015. This target has been adopted so that Council can further strengthen its financial position and be well placed for the anticipated increase in capital replacement expenditure anticipated over the next 20–30 years.

This graph shows historical and forecast net debt levels. It highlights the considerable success Council has had in reducing debt levels since 1993. At the time debt levels in Hutt City were more than twice the average for similar local authorities.

The increase in debt in 2002 was owing to the unavoidable requirement to fund the construction of the wastewater treatment facilities at Seaview. However, debt levels are now below the average of peer local authorities and forecast to fall further.

HUTT CITY'S COMMUNITY CHARTER – BUILDING A BETTER COMMUNITY



Community Charter: Hutt City was the first city in New Zealand to adopt its own Charter, setting out what it believes are the values and attitudes the City as a whole should promote. The initiative for this came from Church leaders following the tragic death in 2002 of one of the city's residents, which promoted everyone to reflect more deeply about how they care for one another, and also accept responsibility towards one another. The first words of the Charter are "together we make a difference" and Council staff have worked to adopt these values into the operations of the organisation and to liaise with local businesses, schools and other institutions (some of whom have already adopted their own) to do the same.

Residents want a community that works together, where people support each other and feel safe. The Community Charter provides a set of community values that the city, as a whole, can aspire to.

OUR COMMUNITY VALUES

- Together we can make a difference
- Our city has a place for everyone
- We uphold everyone's right to life, liberty and the pursuit of happiness

Our city has what it takes to:

- Offer hope to those who feel there is none
- Be a place where people feel they belong
- Take responsibility for our own well-being
- Support each other when support is most needed
- Make this a safer city for everyone who lives and works here.

FOR THE COMMUNITY TO ACHIEVE THE VALUES:

- Our community leaders will act according to our values
- We will keep learning about each other so that our values always reflect the people who live here
- We will encourage, recognise and reward people who promote community values
- Council will ensure its decisions and policies fit with our values
- We will regularly check that our activities take us closer to our goal of being a city renowned for its strength and sense of community.

Council is committed to promoting the Community Charter within its own organisation and the community. Council will be one of a number of organisations that will play a role in promoting the Charter in the community.

