

COMPLIANCE WITH TREASURY MANAGEMENT POLICY

Treasury Management Compliance As at 31 March 2004

Total Council Limit Compliance Analysis			Notes	Yes	No
Risk management activities are related to the Council's underlying cashflows				✓	
A mixture of undrawn committed lines and liquid investments of no less than \$7.5 million are available for normal operations				✓	
A mixture of undrawn committed lines and liquid financial investments available for the Council's self-insured infrastructural assets and contingency reserves				J	
Hedging of interest rate risk on debt and use of derivatives within allowable parameters				J	
Hedging of interest rate risk on investments within allowable parameters				✓	
Counterparty exposures: (on balance sheet)	ANZ	≤ \$15m		J	
	NBNZ	■ \$50m		✓	
	BNZ	≤ \$15m		✓	
	Westpac	■ \$15m		✓	
	ASB	≤ \$15m		J	
Counterparty credit limits within allowable parameters (> A+ credit rating)				✓	
Core Council external borrowing limits compliance				✓	
Consolidated group external borrowing limits compliance				✓	
Internal borrowing limits compliance				✓	

Note: The Treasury Management Policy adopted in 30 June 2003 included new consolidated group borrowing compliance limits. We have been incorrectly reporting on these limits since the September 2003 Treasury Management Review. The calculation has now been revised to reflect the intended definitions when the limits were introduced.

Consolidated Group External Borrowing Limits Compliance (as at 30 June 2003)			Notes	Actual	TMP Limits
Net interest expense to total operating revenue				4%	± 10%
Net external debt to total operating revenue				53%	± 100%
Note: Group net external debt is total external debt less financial investments					

Core Council External Borrowing Limits Compliance			Notes	Actual	TMP Limits
Ratio					
Interest expense on net external debt to rates and levies				7%	20%
Net external debt to rates and levies				74%	175%
Net external debt per capita				\$129	\$300
Note: Core council net external debt is total council debt less sinking finds					

Internal Borrowing Limits Compliance					TMP Targets
Activity	Ratio	Notes	Actual	TMP Limits	
Regional Water	Debt to water supply levy		203%	300%	220%
	Financial costs to water supply levy		16%	40%	20%
Flood Protection -	Debt to rates		294%	400%	250%
	Financial costs to rates		23%	50%	25%
Flood Protection -	Debt to rates		22%	80%	80%
	Financial costs to rates		2%	10%	10%
Parks & Forests	Debt to rates		32%	50%	50%
	Financial costs to rates		2%	10%	10%
Forestry	Debt to forestry market value		61%	70%	35%

Further Management Information		
Plantation Forestry	Debt to forestry market value	56%
Wairarapa Forestry	Debt to forestry market value	71%