

COMPLIANCE WITH TREASURY MANAGEMENT POLICY

Treasury Management Compliance As at 30 September 2004

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

Due to the revaluation of Greater Wellington's forests at 30 June 2004, the Forestry activity has breached its internal debt limit.

Consolidated Group External Borrowing Limits Compliance (as at 30 June 2004)			
	Notes	Actual	TMP Limits
Net interest expense to total operating revenue		3%	≤ 10%
Net external debt to total operating revenue		46%	≤ 100%

Note: Group net external debt is total external debt less financial investments

Core Council External Borrowing Limits Compliance			
Ratio	Notes	Actual	TMP Limits
Interest expense on net external debt to rates and levies		6%	20%
Net external debt to rates and levies		80%	175%
Net external debt per capita		\$140	\$300

Note: Core council net external debt is total council debt less sinking finds

Internal Borrowing Limits Compliance					
Activity	Ratio	Notes	Actual	TMP Limits	TMP Targets
Regional Water	Debt to water supply levy		196%	300%	220%
	Financial costs to water supply levy		15%	40%	20%
Flood Protection - Western	Debt to rates		282%	400%	250%
	Financial costs to rates		21%	50%	25%
Flood Protection - Wairarapa	Debt to rates		23%	80%	80%
	Financial costs to rates		2%	10%	10%
Parks & Forests	Debt to rates		34%	50%	50%
	Financial costs to rates		3%	10%	10%
Forestry	Debt to forestry market value		71.36%	70%	35%

Further Management Information		
Plantation Forestry	Debt to forestry market value	66%
Reserve Forestry	Debt to forestry market value	81%