



Report 07.64
Date 12 February 2007
File CFO/14/01/01

Committee Policy, Finance and Strategy Committee
Author Mike Timmer - Treasurer

International Swap Dealers Association (ISDA) Contract

1. Purpose

To obtain Council approval to enter into an ISDA agent with the Bank of New Zealand (BNZ)

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

GWRC on an ongoing basis enters into interest rate swaps and other similar instruments to manage GWRC interest rate risk. The rules governing these instruments are called an ISDA. There is one ISDA with each bank which governs all of these transactions we do with that bank. GWRC currently has ISDAs with ANZ National and Westpac. GWRC now wishes to enter into ISDA with the BNZ.

4. ISDA

An ISDA is a standard contract that has been developed by the industry over a number of years. While there are some variations between different ISDAs they are fairly minor. Having one ISDA with each bank alleviates the need for having a separate document every time GWRC undertakes a transaction of this type.

5. What financial instruments does the ISDA cover

The ISDA covers all interest rate swaps, options, foreign exchange contracts that GWRC may enter into.

6. Legal Review

Our Lawyers, Chapman Tripp, have reviewed the document and are satisfied with it.

7. Communication

No communications are necessary

8. Recommendations

That the Committee recommends that Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Approves the Council entering into an ISDA with the Bank of New Zealand.*
4. *Authorises the Chief Financial Officer to sign the ISDA on the Council's behalf.*

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Barry Turfrey
Chief Financial Officer