

Attachment 4: Compliance with Treasury Management Policy

COMPLIANCE WITH TREASURY MANAGEMENT POLICY

Treasury Management Compliance

As at 31 March 2008

Total Council Limit Compliance Analysis					
			Notes	Yes	No
Risk management activities are related to underlying cash flows				✓	
A mixture of undrawn committed lines and liquid investments of no less than \$15 million are available for normal operations				✓	
A mixture of undrawn committed lines and liquid financial investments available for self-insured infrastructural assets and contingency reserves				✓	
Hedging of interest rate risk on debt and use of derivatives within allowable parameters				✓	
Hedging of interest rate risk on investments within allowable parameters				✓	
			S&P's credit rating		
Counterparty exposures: (on balance sheet)	ANZ National	≤ \$50 million	AA	✓	
	BNZ	≤ \$15 million	AA	✓	
	Westpac	≤ \$15 million	AA	✓	
	ASB / CBA	≤ \$15 million	AA	✓	
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 June 2007, the Forestry activity has, consistent with prior years breached its internal debt limit. Parks and Forests have breached their internal borrowing limits due to the purchase of Waitangirua Farm in June 2006.

Consistent with the prior year Forestry's valuation includes Land, Trees and Infrastructural improvements

Consolidated Group External Borrowing Limits			
	Notes	Actual	TMP Limits
Net interest expense to total operating revenue		4%	≤ 12%
Net external debt to total operating revenue		70%	≤ 120%
Note: Group net external debt is total external debt less financial investments			

Core Council External Borrowing Limits			
Ratio	Notes	Actual	TMP Limits
Interest expense on net external debt to rates and levies		0.4%	25%
Net external debt to rates and levies		27.8%	210%
Net external debt per capita		\$55	\$400

Internal Borrowing Limits		June 2007	Actual	TMP Limits	TMP Targets
Activity	Ratio				
Regional Water	Debt to water supply levy		180%	300%	220%
	Financial costs to water supply levy		15%	40%	20%
Flood Protection	Debt to rates		270%	400%	250%
	Financial costs to rates		21%	50%	25%
Parks	Debt to rates	59%	58%	50%	50%
	Financial costs to rates		5%	10%	10%
Transport	Debt to rates		23%	250%	150%
	Financial costs to rates		1%	25%	15%
Forestry	Debt to forestry market value	84.5%	89.5%	70%	35%

Further Management Information		
Plantation Forestry	Debt to forestry market value	74%
Reserve Forestry	Debt to forestry market value	121%