

# COMPLIANCE WITH TREASURY MANAGEMENT POLICY

## Treasury Management Compliance As at 30 September 2003

Total Council Limit Compliance Analysis			Notes	Yes	No
Risk management activities are related to the Council's underlying cashflow:				✓	
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.					✓
Hedging of interest rate risk on debt and use of derivatives within allowable parameter:				✓	
Hedging of interest rate risk on investments within allowable parameter:				✓	
Counterparty exposures: (on balance sheet)	ANZ	≤ \$15m		✓	
	NBNZ	≤ \$50m		✓	
	BNZ	≤ \$15m		✓	
	Westpac	≤ \$15m		✓	
	ASB	≤ \$15m		✓	
Counterparty credit limits within allowable parameters				✓	
Core Council external borrowing limits compliance				✓	
Consolidated group external borrowing limits compliance				✓	
Internal borrowing limits compliance				✓	

### Breach of Treasury Management Policy Limits

At 30 September 2003, the Council had insufficient funding to meet Treasury Management Policy requirements for the Council's self-insured infrastructural assets and contingency reserves.

Core Council External Borrowing Limits Compliance			Notes	Actual	TMP Limits
Interest expense on net external debt to rates and levies:				6%	20%
Net external debt to rates and levies				85%	175%
Net external debt per capita				\$148	\$300

Consolidated Group External Borrowing Limits Compliance ( as at 30 June 2003 )			Notes	Actual	TMP Limits
Net interest expense to total operating revenue				6%	≤ 10%
Net external debt to total operating revenue				85%	≤ 100%

Internal Borrowing Limits Compliance			Notes	Actual	TMP Limits	TMP Targets
Regional Water Supply	Debt to water supply levy			206%	300%	220%
	Financial costs to water supply levy			16%	40%	20%
Flood Protection - Western	Debt to rates			294%	400%	250%
	Financial costs to rates			23%	50%	25%
Flood Protection - Wairarapa	Debt to rates			23%	80%	80%
	Financial costs to rates			2%	10%	10%
Parks & Forests	Debt to rates			31%	50%	50%
	Financial costs to rates			2%	10%	10%
Forestry	Debt to forestry market value			59%	70%	35%