

Attachment 3 Compliance with Treasury Management

Treasury Management Compliance

As at 30 June 2009

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					✓	
				<u>S&P's long term credit rating</u>		
Counterparty exposures: (on balance sheet)	ANZ National	≤ \$50 million	AA	✓		
	BNZ	≤ \$15 million	AA	✓		
	Westpac	≤ \$15 million	AA	✓		
	ASB / CBA	≤ \$15 million	AA	✓		
	Rabo Bank	≤ \$15 million	AAA	✓		
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						✓
Diesel Hedging - Hedging in place						✓

Due to the revaluation of Greater Wellington's forests at June 2009, 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.

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					84%	≤ 120%
Note: Group net external debt is total external debt less financial investments						

Core Council External Borrowing Limits				Notes	Actual	TMP Limits
Ratio						
Interest expense on net external debt to rates and levies					0.8%	25%
Net external debt to rates and levies					41.4%	210%
Net external debt per capita					\$88	\$400

Internal Borrowing Limits		June 2008	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		285%	400%	250%
	Financial costs to rates		22%	50%	25%
Parks	Debt to rates	58%	56%	50%	50%
	Financial costs to rates		5%	10%	10%
Transport	Debt to rates		82%	250%	150%
	Financial costs to rates		2%	25%	15%
Forestry	Debt to forestry market value	97.5%	109.4%	70%	35%