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Committee Policy, Finance and Strategy
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Treasury Management Policy

1. Purpose

To seek approval of the revised Treasury Management Policy (refer **Attachment 1**), for the purposes of public consultation as part of the Council's Long Term Council Community Plan (LTCCP).

2. Background

The Council's existing Treasury Management Policy was adopted in November 1999 and continues in force until amended.

The Treasury Management Policy has traditionally been updated each three years as part of the LTCCP process and this update cycle has been reinforced by the recent passing of the Local Government Act 2002.

The new Act now requires the Treasury Management Policy to be subject to public consultation, and in response, officers intend to include the policy within the LTCCP documentation to be released for public consultation during April 2003.

Apart from being required by law, the Treasury Management Policy provides the Council with the following benefits:

- Provides transparency to external parties about Council's Treasury activities.
- Provides comfort to Council's lenders and prospective lenders.
- Provides a key building block into the LTCCP process by providing parameters within which Council can plan its future borrowing.
- Enhances the credibility of the Council as it is seen as sound business practice.

As Councillors are aware, a series of workshops have been held in relation to the matters contained in the Treasury Management Policy, the most recent one being 24 February 2003.

3. What are the key changes between the existing Treasury Management Policy and the revised policy?

There are six key areas of change to the existing policy:

- New external borrowing limits have been introduced for the consolidated group (section 2.2 of the policy)
- The liquidity limits have been increased (section 2.4 of the policy)
- There are changes to the hedging limits (section 2.5 of the policy)
- The forestry internal borrowing limit has been increased (section 2.8 of the policy)
- A new section has been added on reserves (section 2.9 of the policy)
- There has been a general update and rationalisation of the investment policy (section 3 of the policy)

4. Communications

The policy will form part of the LTCCP documentation and be released for public comment during April 2003. After the consultation period the Council will need to determine what changes it wishes to make to the policy.

5. Recommendations

That the Committee recommend to Council that it:

- (1) receive the report and note its contents.*
- (2) approve the revised Treasury Management Policy (dated March 2003) and note that the revised Policy will be subject to public consultation as part of the LTCCP process.*

Report prepared by: _____ :

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Attachment 1: Attached as a separate attachment