

# COMPLIANCE WITH TREASURY MANAGEMENT POLICY

## Treasury Management Compliance

As at 31 March 2005

Total Council Limit Compliance Analysis			
	<i>Notes</i>	<i>Yes</i>	<i>No</i>
Risk management activities are related to 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 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 National	≤ \$50m	✓
	BNZ	≤ \$15m	✓
	Westpac	≤ \$15m	✓
	ASB	≤ \$15m	✓
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 30 June 2004, the Forestry activity has breached its internal debt limit.

Consolidated Group External Borrowing Limits Compliance (as at 30 June 2004)			<i>TMP</i>
	<i>Notes</i>	<i>Actual</i>	<i>Limits</i>
Net interest expense to total operating revenue		3%	≤ 10%
Net external debt to total operating revenue		46%	≤ 100%
Note: Group net external debt is total external debt less financial investment			

Core Council External Borrowing Limits Compliance			<i>TMP</i>
<i>Ratio</i>	<i>Notes</i>	<i>Actual</i>	<i>Limits</i>
Interest expense on net external debt to rates and levies:		6%	20%
Net external debt to rates and levies:		70%	175%
Net external debt per capita		\$123	\$300
Note: Core council net external debt is total council debt less sinking finds			

Internal Borrowing Limits Compliance				<i>TMP</i>	<i>TMP</i>
<i>Activity</i>	<i>Ratio</i>	<i>Notes</i>	<i>Actual</i>	<i>Limits</i>	<i>Targets</i>
Regional Water	Debt to water supply levy		187%	300%	220%
	Financial costs to water supply levy		14%	40%	20%
Flood Protection - Western	Debt to rates		263%	400%	250%
	Financial costs to rates		20%	50%	25%
Flood Protection - Wairarapa	Debt to rates		27%	80%	80%
	Financial costs to rates		2%	10%	10%
Parks & Forests	Debt to rates		33%	50%	50%
	Financial costs to rates		3%	10%	10%
Forestry	Debt to forestry market value		73.4%	70%	35%

Further Management Information		
Plantation Forestry	Debt to forestry market value	67%
Reserve Forestry	Debt to forestry market value	84%