

COMPLIANCE WITH TREASURY MANAGEMENT POLICY

Treasury Management Compliance

As at 30 June 2007

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 credit rating</u>		
Counterparty exposures: (on balance sheet)	ANZ National	≤ \$50m	AA	✓		
	BNZ	≤ \$15m	AA	✓		
	Westpac	≤ \$15m	AA	✓		
	ASB / CBA	≤ \$15m	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 30 June 2005, June 2006 & 30 June 2007, the Forestry activity has breached its internal debt limit.

Consolidated Group External Borrowing Limits				Notes	Actual	TMP Limits
Net interest expense to total operating revenue					3%	≤ 12%
Net external debt to total operating revenue					61%	≤ 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					0.4%	25%
Net external debt to rates and levies					26.1%	210%
Net external debt per capita					\$49	\$400

Internal Borrowing Limits				Notes	Actual	TMP Limits
Activity	Ratio					
Regional Water	Debt to water supply levy				196%	300%
	Financial costs to water supply levy				14%	40%
Flood Protection	Debt to rates				254%	400%
	Financial costs to rates				18%	50%
Parks	Debt to rates				59%	50%
	Financial costs to rates				4%	10%
Transport	Debt to rates				26%	250%
	Financial costs to rates				1%	25%
Forestry	Debt to forestry market value				84.7%	70%

Further Management Information			
Plantation Forestry	Debt to forestry market value		71%
Reserve Forestry	Debt to forestry market value		113%