

COMPLIANCE WITH TREASURY MANAGEMENT POLICY

Treasury Management Compliance

As at 31 December 2003

Total Council Limit Compliance Analysis			
	<i>Notes</i>	<i>Yes</i>	<i>No</i>
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 (> A+ credit rating)		✓	
Core Council external borrowing limits compliance		✓	
Consolidated group external borrowing limits compliance		✓	
Internal borrowing limits compliance		✓	

Core Council External Borrowing Limits Compliance			
<i>Ratio</i>	<i>Notes</i>	<i>Actual</i>	<i>TMP Limits</i>
Interest expense on net external debt to rates and levies:		7%	20%
Net external debt to rates and levies:		85%	175%
Net external debt per capita		\$147	\$300

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

Internal Borrowing Limits Compliance					
<i>Activity</i>	<i>Ratio</i>	<i>Notes</i>	<i>Actual</i>	<i>TMP Limits</i>	<i>TMP Targets</i>
Regional Water Supply	Debt to water supply levy		204%	300%	220%
	Financial costs to water supply levy		17%	40%	20%
Flood Protection - Western	Debt to rates		291%	400%	250%
	Financial costs to rates		23%	50%	25%
Flood Protection - Wairarapa	Debt to rates		22%	80%	80%
	Financial costs to rates		2%	10%	10%
Parks & Forests	Debt to rates		32%	50%	50%
	Financial costs to rates		2%	10%	10%
Forestry	Debt to forestry market value		60%	70%	35%