

COMPLIANCE WITH TREASURY MANAGEMENT POLICY

Treasury Management Compliance

As at 30 June 2008

zuschlagm:
need to include Diesel Hedging for
June report

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	✓		
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 - No Hedges are currently in place					✓	

Due to the revaluation of Greater Wellington's forests at June 2008, 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.

Consistent with the prior year Forestry's valuation includes Land, Trees and Infrastructural improvements. The ratios are based on the latest valuation as per 30.06.08

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				70%	≤ 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				0.2%	25%
Net external debt to rates and levies				27.3%	210%
Net external debt per capita				\$55	\$400

Internal Borrowing Limits		June 2007	Actual	TMP Limits
Activity	Ratio			
Regional Water	Debt to water supply levy		182%	300%
	Financial costs to water supply levy		15%	40%
Flood Protection	Debt to rates		274%	400%
	Financial costs to rates		21%	50%
Parks	Debt to rates	59%	58%	50%
	Financial costs to rates		5%	10%
Transport	Debt to rates		60%	250%
	Financial costs to rates		1%	25%
Forestry	Debt to forestry market value	84.5%	97.5%	70%

Further Management Information		
Plantation Forestry	Debt to forestry market value	81.4%
Reserve Forestry	Debt to forestry market value	127.8%