

# STAFF REPORT

**TO:** Mayor and Councillors  
**FROM:** David Ward  
**DATE:** 17 February 2006  
**SUBJECT:** Treasury Management Policy

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## PURPOSE

To review and make changes where necessary to Council's Treasury Management Policy which will subsequently be included in our 2006 LTCCP.

## BACKGROUND

The policy attached to this report (dated April 2004) is the third version of Council's Treasury Management Policy. Whilst the policy follows a traditional line associated with Council's borrowing and investment programme, our projected funding sources through the term of the 2006 LTCCP are proposed to continue to follow these traditional methods.

## DISCUSSION

Following a review of the document by the Corporate Services Chairman and the Corporate Services Manager, it is proposed that amendments be made to those clauses detailed below:

**Clause 2.1(f)** – include reference to the Accounting Manager in addition to Corporate Services Manager to reflect internal responsibilities

**Clause 3.2** – Council's debt level is not to exceed the higher of 20% of total annual rates and levies or net external public debt of \$2,500 per capita.

These indicators are to be read in conjunction with the presentation made to the Council workshop on 9 February 2006 where projected debt levels were identified and whilst these may touch ceiling levels around 2012, the impact of inflation adjusted balance sheet reporting will ease some pressure.

**Clause 3.7** – the net external debt repayment is to be lifted to a minimum level of \$4 million per year.

This level reflects projections contained within the cashflow statement to be included in Council's 2006 LTCCP.

**Clause 4.3.2** – The sub-clause entitled "Disposition of Revenue" will be redrafted to reflect the current statement of intent.

**Clause 4.3.3** – This sub-clause is proposed to be deleted.

Whilst Council does hold a small shareholding (26,792 shares) valued at \$59,000 in this Company, the investment is not considered to be significant. We do not receive an annual dividend and when the Company is wound up funds will be directed towards Council's general rate revenue source.

**Clause 4.4.2** – The value of Council's property investments will be updated.

**Clause 4.4.3** – The value of this investment will be updated.

**Clause 4.5.1** – Council's annual cash commitment to the business unit will be updated, including projections over the next ten years.

**Clause 4.5.2** - Council's annual cash commitment to the business unit will be updated, including projections over the next ten years.

**Appendix IV** – This will be updated to reflect Council's current list of approved financial institutions.

**Appendix VII** – This will be updated to reflect Council's current bank accounts.

**Appendix VIII** – This will be updated to reflect Council's current list of separately banked reserve accounts.

## **RECOMMENDATION**

**That the Treasury Management Policy, incorporating proposed amendments, be adopted for inclusion in Council's 2006 LTCCP.**

David Ward  
Corporate Services Manager