

# STAFF REPORT

**TO:** Chair and Members, Corporate Services Committee  
**FROM:** Corporate Services Manager  
**DATE:** 31 March 2011  
**SUBJECT:** Corporate Services Manager's Report – RFN11-04-02

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## 1. Treasury: February 2011

### Debt Levels

Council's debt at 28 February 2011 stands at \$125.4 million, with an average interest rate of 5.91%. (June 2010 6.12%).




### New swap transactions

The Corporate Services Manager has delegated authority to enter into interest rate swaps on behalf of Council on the proviso that it is reported back to this Committee. No new swaps have been entered into since the last report.

### Treasury Limits


The following are details of Council's compliance with Treasury limits.

#### Fixed Rate Maturity Profile Limit

	Minimum	Maximum	Actual: February 2011	Limit Meet
1 – 3 years	20%	60%	27%  (December 2010 29%)	
3 – 5 years	20%	60%	22%  (December 2010 32%)	
5 – 10 years	10%	60%	50%  (December 2010 49%)	




## Fixed/Floating Profile

(A maturity greater than 1 year is defined as fixed)

Minimum	Maximum	Fixed Actual: March 2011	Limit Meet
55%	95%	67%  (December 2010 70%)	

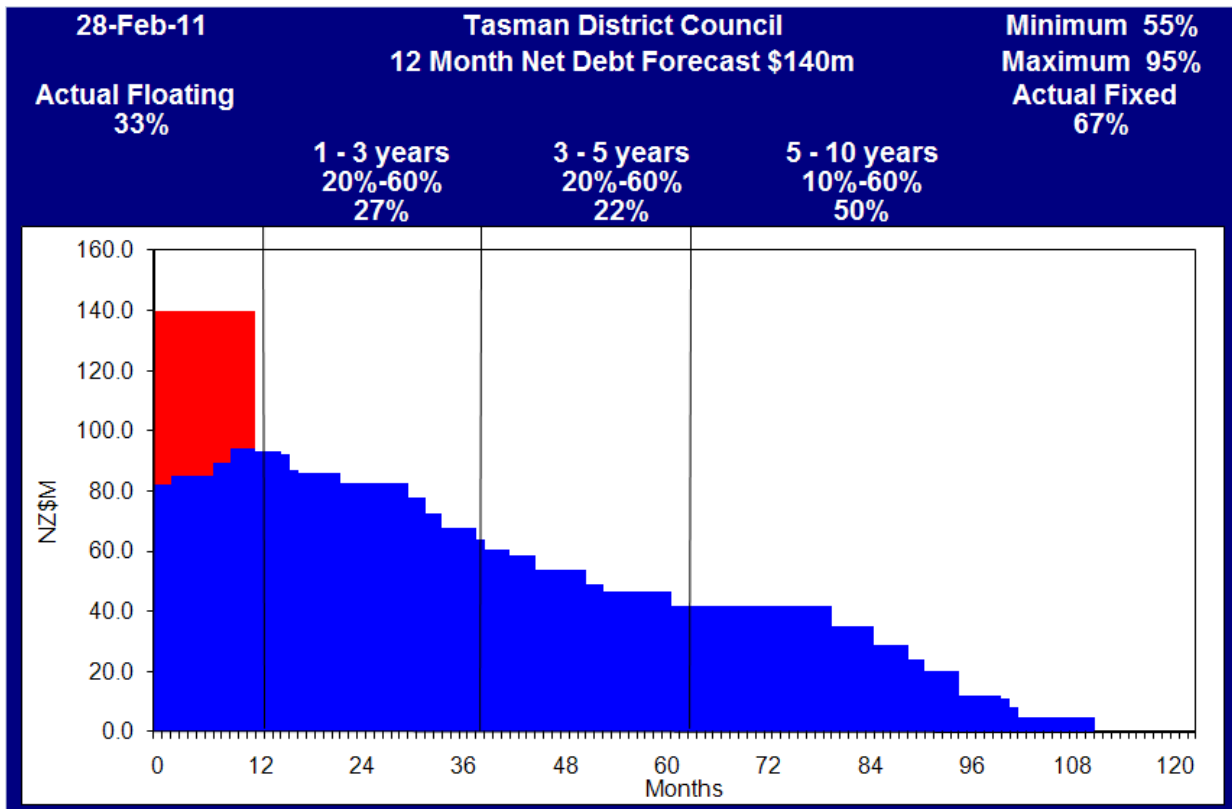
## Facility maturity limit

To minimise the risks of large concentrations of debt maturing or being reissued in periods where credit margins are high for reasons within or beyond Council's control, delegated debt maturities are generally spread widely over a band of maturities.

	Minimum	Maximum	Actual: March 2011	Limit Meet
1 – 3 years	20%	60%	71%  (December 2010 71%)	
3 – 5 years	20%	60%	29%  (December 2010 29%)	
5 – 10 years	10%	60%	-	

## Treasury Management Policy Limits

Since the last report the debt maturity profile has increased in the 5 to 10 year bucket providing additional security should interest rates rise in the near future.



Treasury Limits	Actual February 2011	Within Limits
Net Debt not to exceed 20% of equity	10.44%	
Net external debt not to exceed 250% of total operating revenues	143%	
Net interest as a % of total revenues to be less than 20%	8%	
Net interest as a % of total annual rates to be less than 25%	13.64%	
Liquidity over the next 12 months to be at least 110%	110%	

## 2. Investments

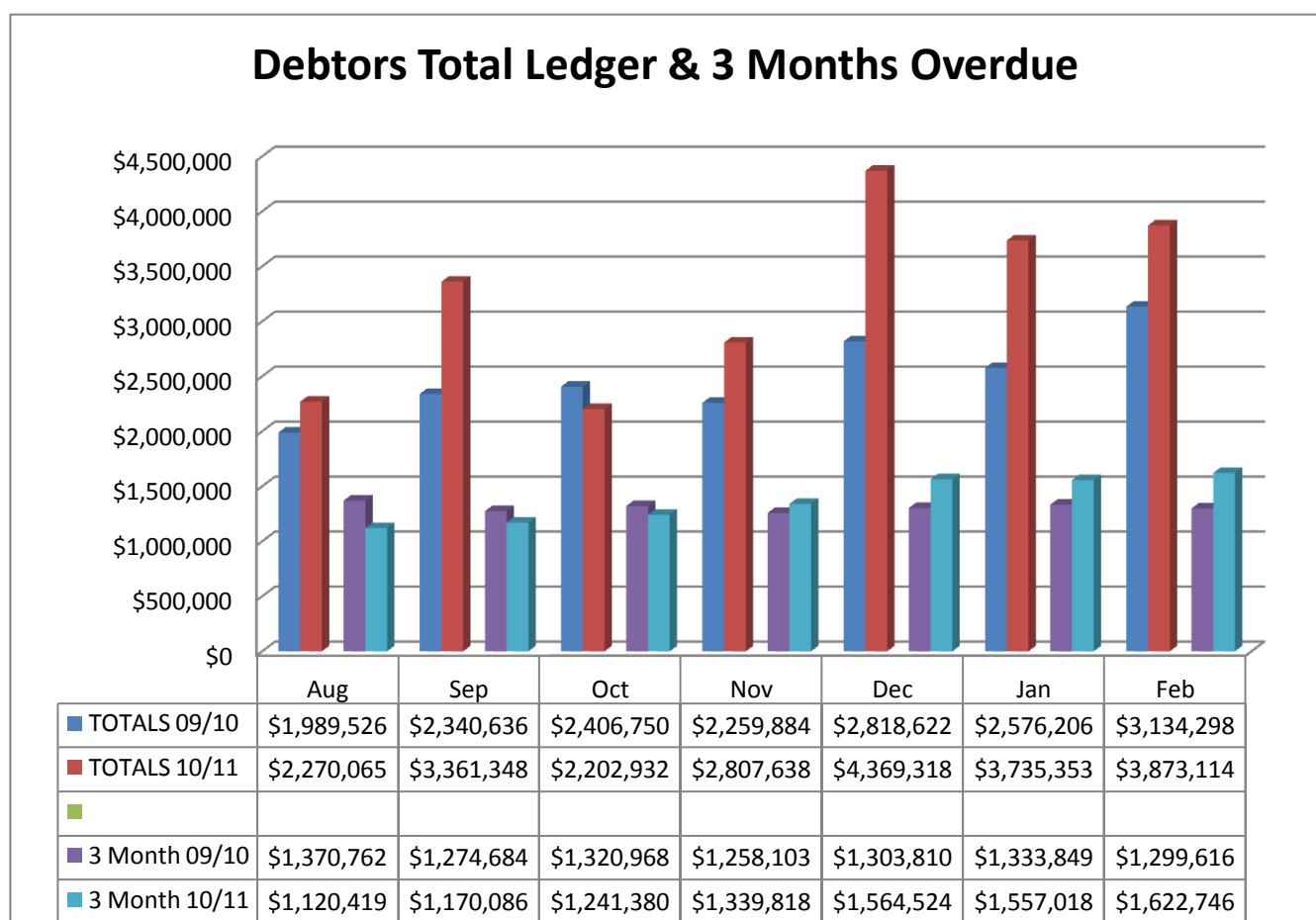
Council investments which include disaster funds, self insurance funds and general investments total \$4.868 million dollars with an average interest rate of 4.43% (July 2010 4.56%).

## 3. Capital Works update

The capital spend for the first eight months of the year is 49% (February 2010 45%) against a budget of 75%.

## 4. Debtors

There was a high level of development contributions activity initiated in December 2010, resulting in an increased balance of total debtors. One account in particular was an invoice for \$985,000. This invoice has now been paid but was received outside the timeframe of this graph.



## 5. Insurance matters

Attached for information purposes is an update letter from Civic Insurance in regard to LAPP and Civic. Council staff at the time of writing are not aware of any negative impacts on Council's insurance as a result of the tragic events that have affected Christchurch.

Council staff have recently been approached by Marlborough District Council and Nelson City Council to participate in a Top of the South insurance tender. There is a meeting scheduled in April 2011 to discuss this matter further. A joint tender has the potential to ensure that future insurance is more competitively priced.

### **Recommendation**

**That the Corporate Services Committee agrees that Tasman District Council participate with the Nelson City Council and the Marlborough District Council on the negotiation of a joint insurance tender.**

### **6. District Revaluation**

Attached is a letter from Quotable Value Ltd outlining the tentative dates for the forthcoming district revaluation. These dates provide sufficient time for ratepayers to receive and object, if necessary, to their revaluations. The new values will take effect from 30 June 2012.

### **7. Interim Audit**

While dates are yet to be confirmed it is expected that the interim audit for the June 2011 annual report is likely to commence in May 2011. The results of this audit will be presented to the August 2011 Audit Subcommittee meeting.

### **Recommendation**

**That the Corporate Services Committee receives the Corporate Services Manager's Report RFN11-04-02, dated 31 March 2011.**

Murray Staite  
Corporate Services Manager