

Waitakere City Council

Operating and Capital Expenditure for May 2008

91.67% of the Year

| Details | Actual Cost to Date | Percentage Spent (%) | Budget Provision |
|--|---------------------|----------------------|--------------------|
| Net Operating Cost | | | |
| Executive Suite | 2,151,232 | 91.6% | 2,349,105 |
| Public Affairs | 4,513,990 | 89.9% | 5,020,000 |
| Quality Assurance & City Development | 878,562 | 48.6% | 1,807,895 |
| Finance | 2,183,926 | 93.3% | 2,342,000 |
| Corporate & Civic Services | 27,583,715 | 96.1% | 28,715,000 |
| Strategy Unit | 8,212,552 | 70.0% | 11,731,000 |
| City Services | | | |
| Service Management | 3,971,500 | 69.6% | 5,710,000 |
| Customer Services & Cemetery | 3,033,820 | 105.5% | 2,876,000 |
| Project Services | 57,565 | 81.1% | 71,000 |
| Planning & Community Services | 5,588,978 | 63.3% | 8,833,000 |
| Regulatory Service - Consents | 1,083,616 | 96.0% | 1,129,000 |
| Asset Management | 56,384,160 | 89.0% | 63,320,000 |
| Total City Services | 70,119,639 | 85.6% | 81,939,000 |
| Interest Provision (Excludes Water Supply) | 16,892,206 | 93.3% | 18,101,000 |
| Aotea Centre Levy | 0 | 0.0% | 82,000 |
| ARC Rates | 263,874 | 188.5% | 140,000 |
| Museum Levy | 1,949,311 | 100.0% | 1,949,000 |
| Beacon Funding | 200,000 | 100.0% | 200,000 |
| Zoo Levy | 26,000 | 96.3% | 27,000 |
| MOTAT | 662,100 | 100.0% | 662,000 |
| Total Net Operating Cost | 135,637,107 | 87.5% | 155,065,000 |
| Net Capital Expenditure | | | |
| Public Affairs | 103,519 | 3.0% | 3,427,000 |
| Quality Assurance & City Development | 2,089 | | 0 |
| Corporate & Civic Services | 17,096,787 | 21.6% | 79,071,000 |
| Strategy Unit | 0 | 0.0% | 2,000,000 |
| City Wide | 30,188 | | 0 |
| City Services | | | |
| Service Management | 340,495 | 36.7% | 955,000 |
| Customer Services & Cemetery | 1,018,494 | 66.6% | 1,530,000 |
| Project Services | 1,988,468 | 27.2% | 7,319,000 |
| Planning & Community Services | 7,173,528 | 57.1% | 12,562,000 |
| Regulatory Service - Consents | 0 | 0.0% | 250,000 |
| Asset Management | 53,023,101 | 45.4% | 116,755,000 |
| Total City Services | 63,544,086 | 45.6% | 139,371,000 |
| Total Net Capital Expenditure | 80,776,669 | 36.1% | 223,869,000 |
| Total Net Council Costs | 216,413,776 | 57.1% | 378,934,000 |

Waitakere City Council

Special Funds as at 31 May 2008

| Special Fund | Opening Balance | Receipts and Transfers | Expenditure / Grants | Interest Receipts | Interest Allocation | Closing balance | Committed Expenditure | Estimated Year End Balance |
|------------------------------------|----------------------|------------------------|-----------------------|-------------------|---------------------|----------------------|-----------------------|----------------------------|
| Restricted Funds | | | | | | | | |
| Community Sport Fund (Note 1) | 810,771.19 | 39,040.08 | (42,353.33) | 2,194.12 | 55,119.70 | 864,771.76 | (2,646.67) | 862,125.09 |
| Auckland Regional Services Trust | 839,179.11 | | (264,445.00) | | | 574,734.11 | (264,445.00) | 310,289.11 |
| Land Subdivision Reserve Fund | 7,965,307.00 | 5,808,789.01 | (924,949.91) | | | 12,849,146.10 | (1,457,050.09) | 11,392,096.01 |
| Waikumete Cemetery & Park Fund | 1,356,872.13 | 88,000.00 | (76,283.99) | | | 1,368,588.14 | (98,716.01) | 1,269,872.13 |
| Harbourview Orangihina Fund | 988,104.97 | | | | 67,326.15 | 1,055,431.12 | | 1,055,431.12 |
| Total Restricted Funds | 11,960,234.40 | 5,935,829.09 | (1,308,032.23) | 2,194.12 | 122,445.85 | 16,712,671.23 | (1,822,857.77) | 14,889,813.46 |
| Non Restricted Funds | | | | | | | | |
| Waitemata Asset Acquisition Fund | 93,071.44 | | | | | 93,071.44 | | 93,071.44 |
| Disaster Recovery Fund | 2,497,271.90 | | | | | 2,497,271.90 | | 2,497,271.90 |
| Rural Fire Recovery Fund | 9,916.01 | | | | | 9,916.01 | | 9,916.01 |
| Quarry Aftercare Fund | 955,172.78 | 105,416.67 | | | | 1,060,589.45 | | 1,060,589.45 |
| Testing Station Plant Renewal Fund | 30,000.00 | | | | | 30,000.00 | | 30,000.00 |
| Community Wellbeing Fund | 646,947.76 | | (30,000.00) | | 38,792.39 | 655,740.15 | | 655,740.15 |
| Total Non Restricted Funded | 4,232,379.89 | 105,416.67 | (30,000.00) | | 38,792.39 | 4,346,588.95 | | 4,346,588.95 |
| Total Special Funds | 16,192,614.29 | 6,041,245.76 | (1,338,032.23) | 2,194.12 | 161,238.24 | 21,059,260.18 | (1,822,857.77) | 19,236,402.41 |

Note 1 - Balance of outstanding loans as at 1 July 2007

| | |
|--|----------------|
| Glen Eden Tennis Club | 5,138 |
| Oratia District School | 7,351 |
| Samanaki Tuvalu Pre-School | 2,344 |
| Waitakere Badminton Association (Loan 3) | 66,691 |
| Waitakere City Association Football Club | 13,381 |
| Waitakere City Association Football Club 2 | 17,197 |
| Waitakere City Rackets Sports Trust | 27,020 |
| Total | 139,122 |

Less: Receipts to date as per above (39,040)

Balance as at 31 May 2008 100,082

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**WAITAKERE CITY COUNCIL ESTIMATED DEBT PORTFOLIO AT
31 May 2008**

| | TERM DEBT (to fund long term assets) | (\$'000's) |
|--|---|----------------|
| Budget year end term debt position per 2007/2008 Annual Plan | Approved Annual Plan term debt | 466,418 |
| | Further term debt approved by Council during 2007/2008 | - |
| | Budget 2007/2008 year end gross term debt | 466,418 |
| | Less Current and future funding for strategic land acquisitions | 115,763 |
| | Forecast year end Sinking Fund Commissioner funds | - |
| | Anticipated 2007/2008 Year End Net Term Debt | 350,655 |

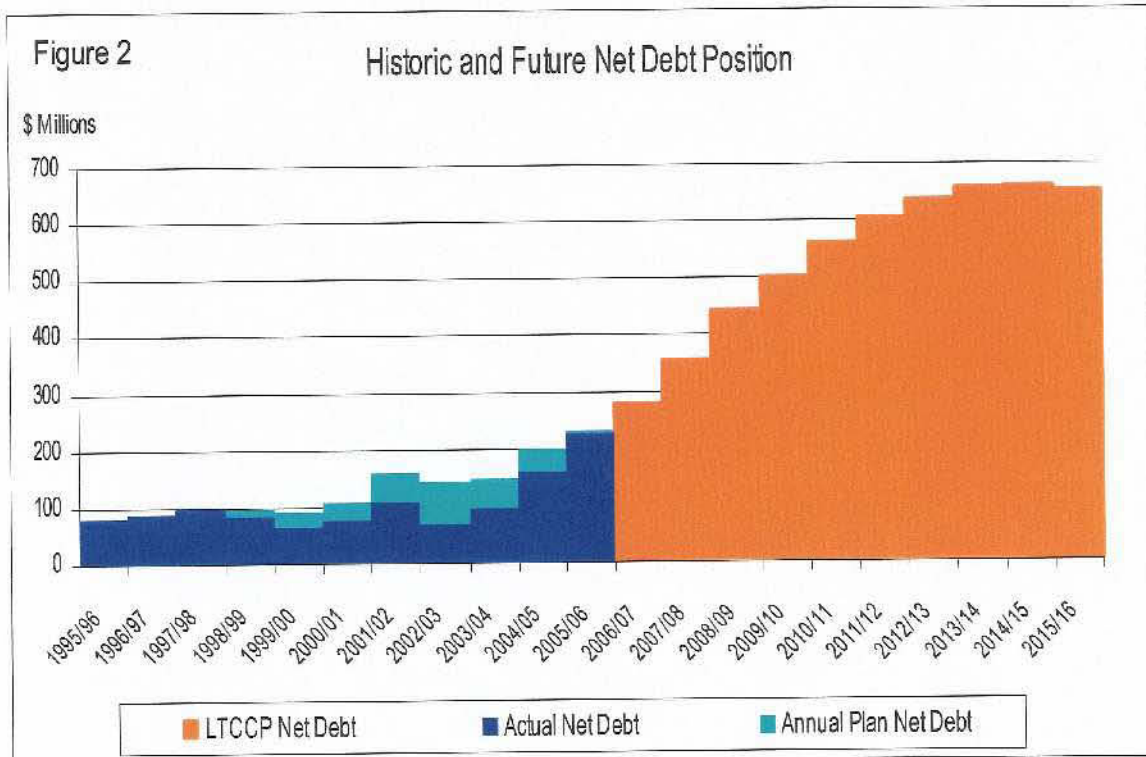
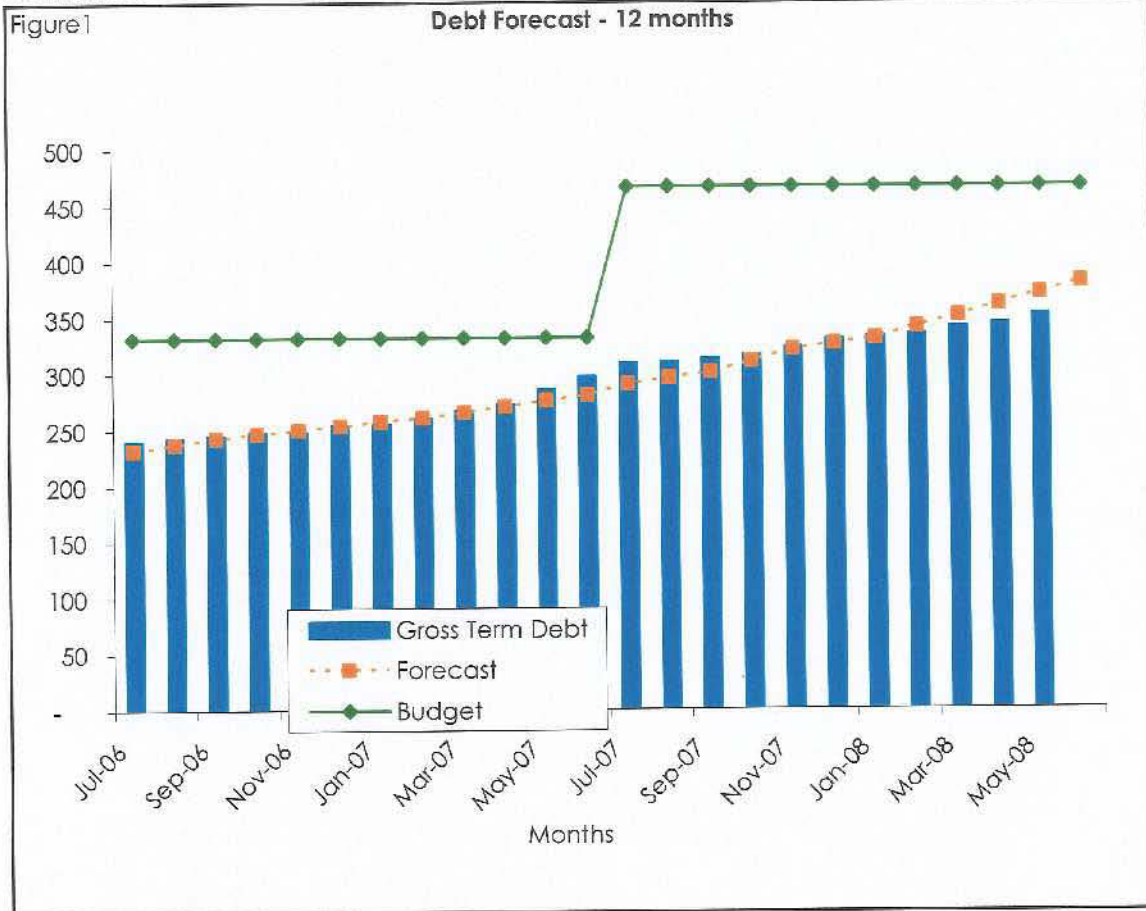
| | May 08 Estimated (\$'000's) | April 08 Estimated (\$'000's) |
|---|-----------------------------------|-------------------------------------|
| TERM DEBT PORTFOLIO | | |
| Term debt borrowed externally | 351,525 | 348,784 |
| Special funds (used to reduce Council's external borrowing) | 0 | 0 |
| Gross term debt | 351,525 | 348,784 |
| Total Sinking Fund Commissioner assets | - | - |
| Net term debt | 351,525 | 348,784 |

| | | | |
|--|--|----------------|----------------|
| Term debt - source of funds at 31 May 2008 | Debtenture stock - fixed rate (security: Debtenture Trust Deed) | 108,500 | 108,500 |
| | Debtenture stock - floating rate (security: Debtenture Trust Deed) | 205,025 | 205,025 |
| | Secured bank loans (security: Debtenture Trust Deed) | 35,000 | 35,000 |
| | Unsecured bank loans / (investments) | 3,000 | 259 |
| | External borrowing | 351,525 | 348,784 |
| | Special funds (used to reduce Council's external borrowing) | 0 | 0 |
| | Gross term debt requirement | 351,525 | 348,784 |

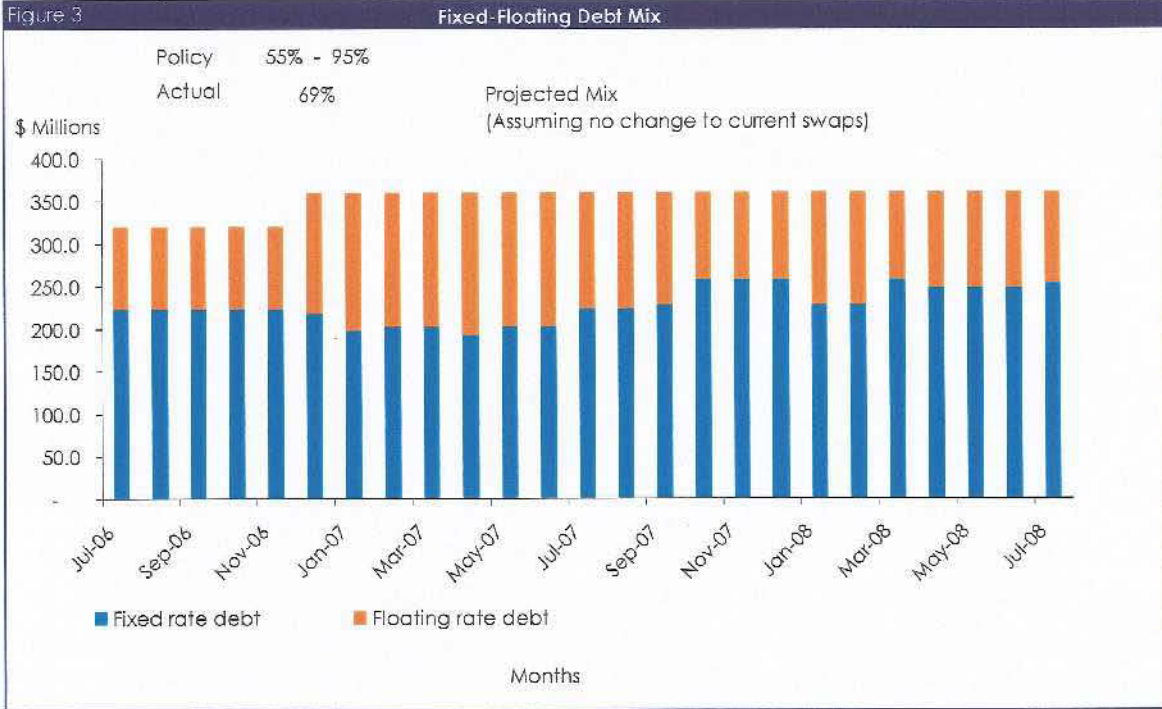
| | (\$'000's) | (\$'000's) |
|--|---|---------------|
| WORKING CAPITAL | | |
| Working capital borrowing at 31 May 2008 | Unsecured bank loans / (investments) | 14,741 |
| | Special funds (used to reduce Council's external borrowing) | 20,859 |
| | Council working capital borrowing requirement | 35,600 |

| | (\$'000's) | (\$'000's) |
|-----------------------------------|-------------------------------|------------|
| CASH INVESTMENTS | | |
| Cash investments held 31 May 2008 | Other Cash Investments | - |
| | Total cash investments | - |

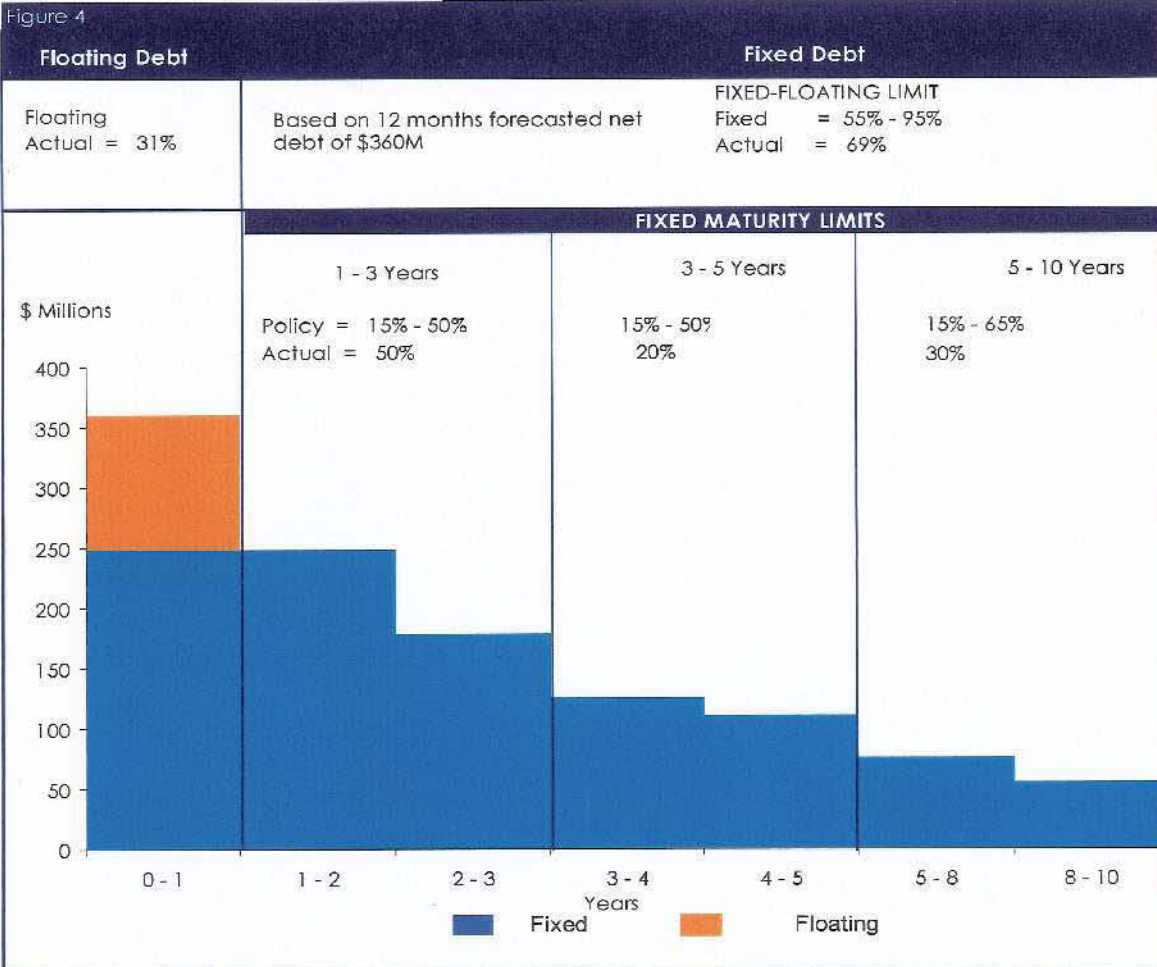
Debt Forecast



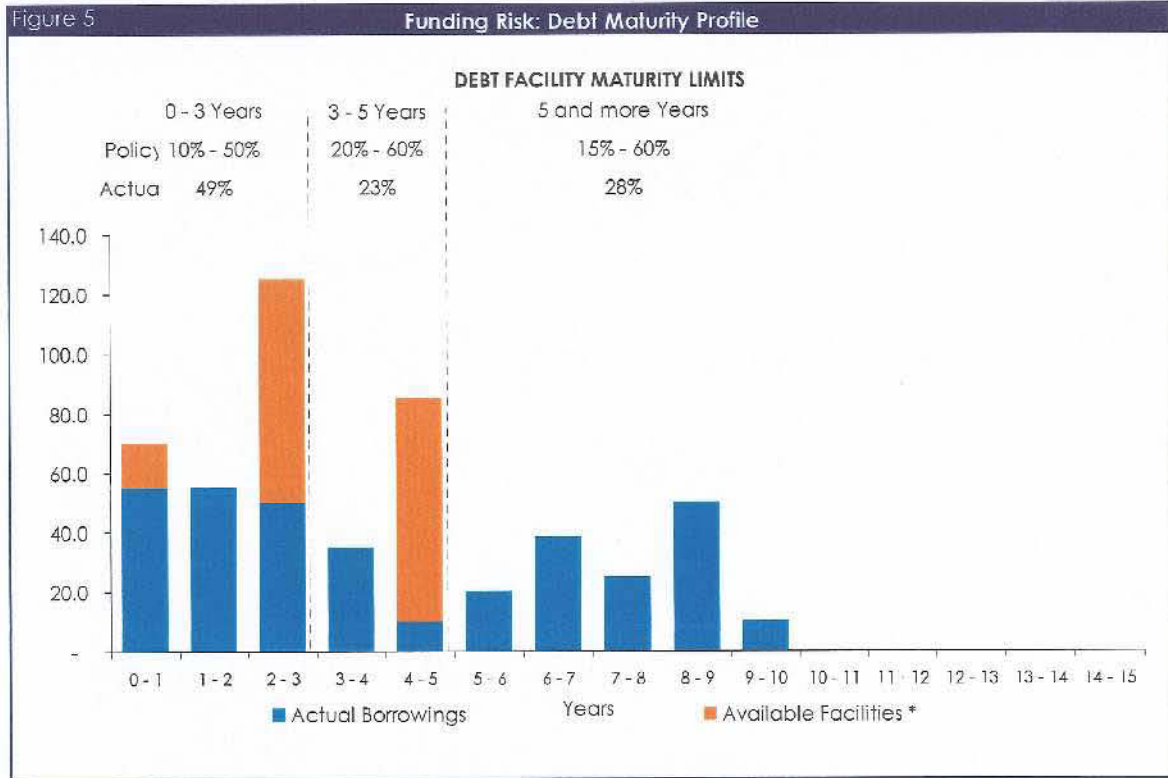
Fixed-Floating Debt Mix



Net Interest Rate Repricing Risk Profile



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* Council is in the unique position of having \$185 million committed funding facilities. The nature of these facilities may, depending on the utilisation, result in a breach of the funding maturity limit. As this facility is very much in Council's favour this is an acceptable breach of policy.

Summary of Debt Sources

Figure 6 \$ Millions

| Council Approved Debt Sources | Total | | |
|-------------------------------|---------------------------|----------------|----------------|
| | Committed Funding Sources | Usage | Available |
| Bank Loans | | | |
| Short Term (uncommitted) | \$0.0 | \$3.0 | \$0.0 |
| Long Term (committed) | \$200.0 | \$35.0 | \$162.0 |
| Commercial Paper | | | |
| Bank Overdraft | \$1.0 | \$0.0 | \$1.0 |
| Senior Bonds | | | |
| Retail | \$0.0 | \$0.0 | \$0.0 |
| Wholesale | \$313.5 | \$313.5 | \$0.0 |
| Other | \$0.0 | \$0.0 | \$0.0 |
| TOTAL | \$514.5 | \$351.5 | \$163.0 |

The Liability Management and Investment Policy gives guideline parameter for the mix of fixed/floating interest rate management and maturity profile. From time to time the actual position may marginally be outside the recommended guideline as a result of market interest rates or the Councils' actual cash position.

Notes:

Working capital borrowing is necessary due to fluctuations in the timing of operating revenue and expenditure. The working capital borrowing requirement also includes internal deficits relating to prior years. External working capital borrowing is reduced by the use of internal special funds with any surplus requirement funded by way of unsecured bank loans.

Gross Term debt is the borrowing relating to long term loan funded capital works projects. External borrowing to fund term debt is reduced by the use of internal special funds with the surplus requirement funded by way of secured or unsecured short term bank loans, fixed or floating medium or long term bonds and finance leases.

The managed debt portfolio refers to the portion of Council's total debt portfolio that is managed to reduce interest rate risk, liquidity/funding risk, counterparty risk and operational and legal risk as defined in the Liability Management and Investment Policy. The portfolio is managed on the external net term debt requirement excluding finance leases. i.e. it is net of the special funds that have been used to reduce the external term debt requirement and the sinking fund balance. Working capital is not included in the managed debt portfolio.

Special Funds are cash funds either collected through rates or vested to Council that have been 'set aside' for specific future spending. The funds are used in the interim to reduce Council's requirement to borrow externally. The fund is managed via accounting entries and a monthly interest allocation is made to the funds based on the Council's weighted average cost of borrowing for that period.

Description of Graphs:

Figure 1

Gross term debt (blue) is the actual gross term debt position of Council as defined in the notes above. The *Forecast* (orange) is the projected gross term debt level per month in the current financial year, the figures are obtained from capital works timing forecasts (provided by budget managers on a monthly basis) and the current debt maturity profile. The *Budget* (green) line represents the gross public debt as approved in the 2007/2008 Annual Plan.

Figure 2

The prior year net term debt figures (dark blue section) are obtained directly from the published Annual Reports. The Annual Plan net term debt figures (light blue section) are obtained from the published Annual Plan. The orange section is the Long Term Council Community Plan net term debt as published for 2006 - 2016.

Figure 3

The fixed (blue) and floating (orange) interest rate mix, both historic and projected, based on the 12 month rolling forecast net debt requirement. The Liability Management and Investment Policy minimum is 55% fixed and maximum 95% fixed. The positioning of the portfolio between policy minimum and policy maximum is dependent on the current and forecast financial market outlook.

Figure 4

Interest rate risk profile. Figure 4 shows, given the current fixed/floating rate mix and the debt forecast (assuming no changes to current swaps), the percentage of current fixed rate debt that will mature in future years. This enables Council to recognise and reduce significant concentrations of interest rate risk that may arise in future years. As debt forecasts change the amount of fixed cover in place may have to be adjusted to comply with the policy limits.

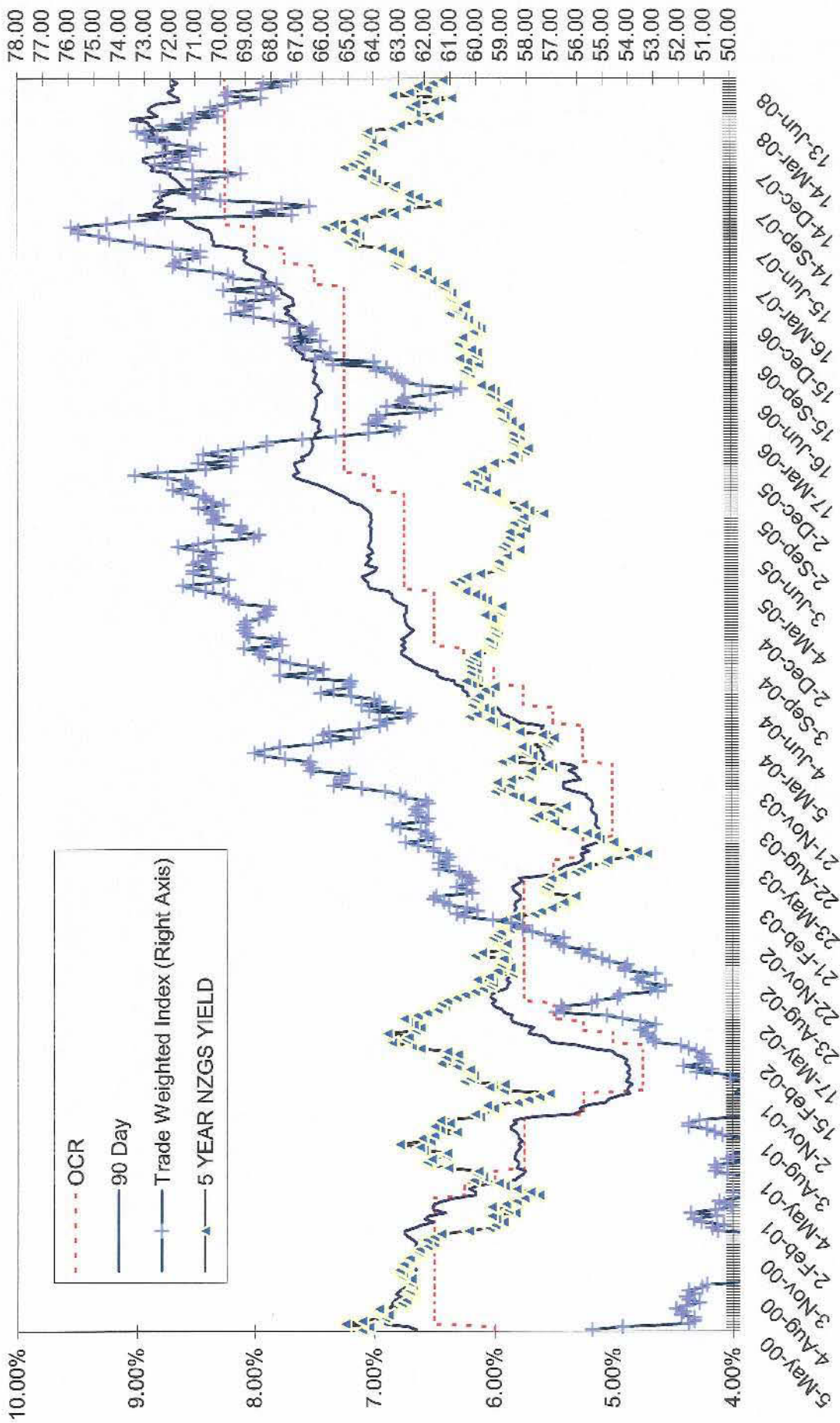
Figure 5

Funding and liquidity risk. Figure 5 varies from figure 4 in that it shows the actual maturity profile of current debt on issue as opposed to the profile of Councils' exposure to interest rate risk arising when debt either reprices (in the case of floating rate debt or hedges) or matures. The debt maturity profile enables Council to identify significant concentrations of maturing debt and debt facilities. Where there are significant concentrations of debt maturing, Council is at risk of not being able to re-borrow from the market at favourable rates.

Figure 6

In order to ensure Council has the ability to borrow from the market when funding is required committed funding facilities are arranged with approved debt sources. Figure 6 shows Council's committed funding sources and the current usage of these funds. In addition to the committed sources Council also uses uncommitted lines of funding as seen in short term bank loans and bonds. Uncommitted funding is at times less expensive than committed funding, however its availability is not guaranteed.

Wholesale Market Interest Rates and the Trade Weighted Index



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