

Treasury Policy

Meeting: Kaipara District Council Meeting
Date of meeting: 30 September 2020
Reporting officer: Sue Davidson, GM Sustainable Growth and Investment

Purpose/Ngā whāinga

The Treasury Policy is a document that is part of every Long-Term Plan (LTP), providing the framework under which council operates all borrowing and investment activities. The time to review it is prior to adopting the LTP and propose any changes to Council.

Executive summary/Whakarāpopototanga

PWC has been engaged by Council to review our Treasury Policy. They also provide advice in the management of our debt, as they run a treasury function inhouse and provide advice to many Councils. Key changes are proposed around:

- Borrowing limit definitions as defined by LGFA
- Lending to CCO's or CCTO's now included
- Interest rate risk control limits (fixed and floating) more flexible as couldn't effectively manage
- Funding risk control limits adjusted as maturity profile too difficult to manage
- Counterparty credit limits

Recommendation/Ngā tūtohunga

That Kaipara District Council

- a) Approve the attached Treasury Policy to be included as part of the Long-Term Plan 2021-2031

Context/Horopaki

The Local Government Act 2002 requires local authorities to adopt a liability management policy and an investment policy. The liability management policy must state the council's policies on how it will manage its borrowings and other liabilities, including interest rate exposure, liquidity, credit exposure and debt repayment. The investment policy must set out the council's policies on investments including the mix of investments, acquiring new investments, management and reporting procedures, and risk management. Together these policies make up Kaipara District Council's treasury management policy providing the framework under which council operates all borrowing and investment activities.

Discussion/Ngā kōrerorero

It should be noted that PWC were not consulted on the previous Treasury Policy review and have advocated for changes to the policy since it was last adopted.

Audit, Risk & Finance Committee have seen this policy and PWC have made presentations to both the Committee and to Council at the September briefing. This policy has been recommended by the Committee to Council.

The current Treasury Policy with proposed marked up changes is attached as Attachment 1.

Options

Option 1 Approve this Treasury Policy for inclusion in the next Long-Term Plan 2021-31

Policy and planning implications

This is a regular review of a policy that has required external expertise to review.

Financial implications

These changes still result in a prudent risk management approach to debt management but provide greater flexibility in medium term management.

Risks and mitigations

The biggest risk to our debt management is not forecasting our debt correctly due to lack of understanding as to the conditions of our assets and their management and future new projects. This has made it difficult for PWC to advise in the past

Option 2 The Council don't make any recommendation or want more information

Policy and planning implications

There is still time in the programme for this to occur as this document does not have to be consulted on by the public.

Financial implications

No further financial implications. Council would accept minor changes proposed to the Treasury Policy

Risks and mitigations

There are no other risks other than forecasting replacement and for new assets and their impact on debt levels. Other risks relating to debt are covered in the policy.

Significance and engagement/Hirahira me ngā whakapapa

The decisions or matters of this report do not trigger the significance criteria outlined in council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Next steps/E whaiake nei

The proposed Treasury Policy will be included in the LTP.

Attachments/Ngā tapiritanga

	Title
A	Kaipara District Council Treasury Policy marked up with proposed changes

Sue Davidson 9 September