

7. TREASURY MANAGEMENT REPORT

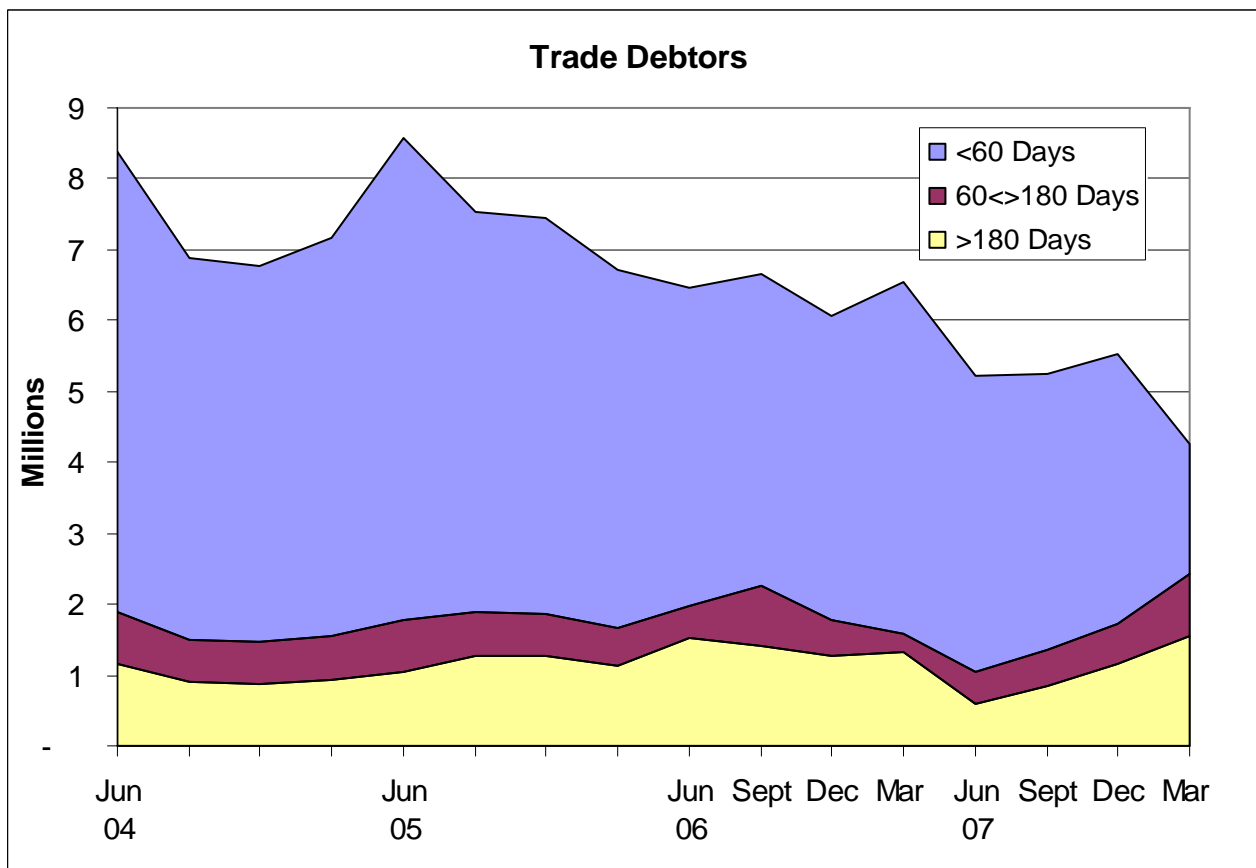
General Manager responsible:	General Manager Corporate Services, DDI 941-8540
Officer responsible:	Corporate Finance Manager
Author:	Diane Brandish

PURPOSE OF REPORT

1. The purpose of this report is to provide the Audit and Risk Management Subcommittee with an update of the Council's key treasury and debtor financial ratios and KPIs.

EXECUTIVE SUMMARY

2. The Audit and Risk Management Subcommittee has requested a quarterly report on the Council's treasury and debtor positions. This report replaces the two separate reports previously provided and focuses performance against agreed KPIs together with the key risks for the subcommittee's consideration.
3. Treasury: The table attached as Appendix 1 shows that the Council remains well within its financial ratio policy limits. Council funding requirements are substantially less than predicted in the 2007/08 Annual Plan due to lower capital expenditure and higher-than-expected operating surplus for the year to June 2007. Liquidity, credit and interest rate risk, also remain within target limits. In the last quarter we have changed our treasury adviser to Asia Pacific as a result of their proactive stance on a number of issues relevant to the local government sector. Asia Pacific are in the process of reviewing our current debt requirements and advising on the most efficient structure, cognisant of our pending funding needs.
4. Debtors: The chart below shows a steadily deteriorating position in the balance of overdue accounts (60 days and over) for the whole of this financial year. This has now been addressed with an action plan in place to address specific problem debtors and to identify whether internal processes should be altered to minimise the amount of default. We expect that the various actions underway will begin to reduce aged debtors by June 2008.



5. Library revenue is included within the operating account but debtors have not yet been included within the overall debtor figures. While it is recognised that this needs to be addressed the focus to date has been on some of the larger projects. Parking meter revenue has always been included within the operating account. Fines are not included until such time as they are received.

FINANCIAL AND LEGAL CONSIDERATIONS

6. There are no legal implications.

STAFF RECOMMENDATIONS

It is recommended that the report be received.