



Report 07.774
Date 20 November 2007
File CFO/14/01/01

Author Council
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International Swap Dealers' Association (ISDA) Contract

1. Purpose

To obtain Council approval to enter into an ISDA agreement with the Commonwealth Bank of Australia (CBA).

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

Greater Wellington Regional Council (GWRC) enters into interest rate swaps and other similar instruments to manage GWRC interest rate risk. The rules governing these instruments are contained in a agreement termed an ISDA. There is one ISDA with each bank which governs all of these transactions GWRC does with that bank. GWRC currently has ISDAs with ANZ National, BNZ and Westpac. GWRC now wishes to enter into an ISDA with the CBA.

4. ISDA

An ISDA is a standard contract that has been developed by the industry over a number of years. While there are some variations between different ISDAs they are fairly minor. Having one ISDA with each bank alleviates the need for having a separate document every time GWRC undertakes a transaction of this type.

5. What financial instruments does the ISDA cover?

The ISDA covers all interest rate swaps, options, foreign exchange contracts that GWRC may enter into.

6. Legal Review

Our lawyers, Chapman Tripp, have reviewed the ISDA with CBA and are satisfied with it.

7. Communication

No communications are necessary

8. Recommendations

That the Committee recommends that Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Approves the Council entering into an ISDA with the Commonwealth Bank of Australia.*
4. *Authorises the Chief Financial Officer to sign the ISDA on the Council's behalf.*

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Barry Turfrey
Chief Financial Officer