

# Investment Policy

## 1 Document Information

<b>Version Date</b> <i>(Draft or Council Meeting date)</i>	[22 May 2018]
<b>Author</b>	Finance Manager
<b>Owner</b> <i>(Relevant director)</i>	Director of Finance & Corporate Services
<b>Status –</b> <i>Draft, Approved, Adopted by Council, Superseded or Withdrawn</i>	Adopted by Council
<b>Next Review Date</b>	Within 12 months of Council being elected
<b>Minute number</b> <i>(once adopted by Council)</i>	18/05/20

## 2 Summary

Provides for the General Manager to have authority to invest Council's funds in accordance with an approved investment strategy.

## 3 Approvals

Title	Date Approved	Signature
Director of Finance & Corporate Services		

## 4 History

Minute No.	Summary of Changes	New Version Date
10/02/17	Readopted by Council	15 February 2010
10/06/18	Readopted by Council	21 June 2010
11/05/13	Readopted by Council	16 May 2011
13/05/17	Reviewed and updated based on current fiscal conditions	21 May 2013
13/09/30	Previous (May 2011) version inadvertently readopted as per s165(4)	17 September 2013
14/04/9	Readopted by Council	15 April 2014
18/05/20	Readopted as per s165(4)	22 May 2018

## 5 Reason

- To undertake investment of surplus funds in line with Council's current Investment Strategy.
- To maximise earnings from authorised investments and ensure the security of Council Funds.

## 6 Scope

The General Manager (or his delegated representative) has authority to invest surplus funds in keeping with this policy and strategy.

## 7 Associated Legislation

All investments are to be made in accordance with:

- Local Government Act 1993 - Section 625;
- Local Government Act 1993 - Order (of the Minister) dated 29<sup>th</sup> July 2005;
- The Trustee Amendment (Discretionary Investments) Act 1997 – Sections 14A(2), 14C(1) & (2);
- Local Government (Financial Management) Regulation 1999 – Clause 16

## 8 Definitions

### 9 Responsibilities

#### 9.1 General Manager

The General Manager is responsible for the overall control and implementation of the policy.

#### 9.2 Directors and Managers

Directors and Managers are responsible for the control of the policy and procedures within their area of responsibility. The Finance Manager is delegated to invest surplus funds under delegation by the General Manager. The Finance Manager provides guidance to the Senior Finance Staff of all day to day operations of Council's investing activities

## 10 Related Documents

Document Name	Document Location

## 11 Policy Statement

### Delegation of Authority

The General Manager (or his delegated representative) has authority to invest surplus funds.

Currently this authority is delegated to the Finance Manager. From an operational perspective investments are undertaken by Senior Finance staff under the guidance of the Finance Manager.

### Authorised Investments

All investments must be denominated in Australian Dollars. Authorised Investments would include but not necessarily be limited to:

- Local / State / Commonwealth Government Bonds, Debentures or Securities;

- Managed funds (securities) issued by a fund manager (or its ultimate parent company), who has a minimum long term credit rating of A (S&P Australian Ratings) or better, or Moody Investor Services equivalent;
- Deposits in prescribed securities that either have a minimum long term credit rating of A or short term rating of A1 from Standard & Poors or Moody Investor Services equivalent;
- Interest bearing deposits / securities issued by a licensed bank, building society or credit union;
- Investments with NSW Treasury Corp/Hourglass Investment Facility.

## Guidelines

### (A) Council's Investments

Investment Type	Investment Maturity	Maximum Exposure as % Total Investment Portfolio
Cash Funds (at call)	N/A	As required for Day to Day Cash Flow
Cash Funds (Direct Investments)	30 days – 365 days	100%

### (I) Quotations on Investments

Not less than three (3) quotations shall be obtained from authorised institutions when an investment is proposed.

### (B) General Policy Guidelines

#### (I) Direct Investments

**The amount invested with any one financial institution should not exceed the following percentages of average annual funds invested.**

Long Term Rating (Standard & Poors)	Short Term Rating (Standard & Poors)	Maximum Percentage of Total Investments
AAA to AA-	A1+	30%
A+ to A-	A1	20%
BBB+ to BBB-	A2	10%
Unrated Credit Union	<i>Unrated</i>	2%

The aggregate of investments should not exceed the following percentages of all investments.

Long Term Rating (Standard & Poors)	Short Term Rating (Standard & Poors)	Maximum Percentage Permitted
AAA to AA-	A1+	100%
A+ to A-	A1	50%
BBB+ to BBB-	A2	10
Unrated Credit Union	<i>Unrated</i>	2%

(ii) Credit Ratings

If any of Council's investments are downgraded such that they no longer fall within these investment policy guidelines, they will be divested as soon as is practicable.

(iii) Council's attitude to Risk

The investment guidelines attached to the 29<sup>th</sup> July 2005 Ministerial Order requires councils to "exercise the care, diligence and skill that a prudent person would exercise in investing council funds. A prudent person is expected to act with considerable duty of care, not as an average person would act, but as a wise, cautious and judicious person would."

Cabonne Council believes this requirement will be satisfied if all investments are made in conjunction with this investment policy.

(C) Performance Benchmarks

<i>Investment</i>	<b>Performance Benchmark</b>
Cash Funds (At Call)	11AM Cash Rate
Cash Funds (Direct Investments)	BBSW Index

(D) Reporting

(l) A monthly report should be provided to Council, detailing the investment portfolio

- (i) Investment income earned versus budget year to date and is reported quarterly in Council's "Quarterly Budget Review" document.
- (ii) For audit purposes, certificates must be obtained from the banks/fund managers confirming the amounts of investment held on Council's behalf at 30<sup>th</sup> June each year.