

## INVESTMENTS

### Objective

- To provide a framework for making decisions concerning appropriate investment of Council's funds.
- To establish a series of limits within which Council officers must operate in the planning and process of investing Council monies.
- In setting these limits, to determine the general level of risk that is acceptable for monies managed on trust for the community of Gilgandra Shire.
- To achieve maximum returns from the investment of Council funds while exercising the care, diligence and skill that a prudent person would exercise when investing funds.

### Scope

All funds invested by Council excluding those monies that are held in Council's general trading account.

### Policy

*Authority for Investment* - All investments are to be made in accordance with the Relevant Legislation, taking into account the Authorised Investments and the Local Purchasing Policy if applicable.

*Authorised Investments* - All investments must be denominated in Australian dollars and be held in Australia. Authorised Investments must be:

- Interest bearing deposits issued by Approved Deposit-taking Institutions (ADI's) that are regulated by the Australian Prudential Regulatory Authority (APRA) under the Banking Act 1959; and
- Both the principle and interest of the investments must be guaranteed by the financial institution.

### Guidelines

The following guidelines must be adhered to when lodging an investment:

- Only authorised investments are to be used.
- Portfolio limits are:
  - TCorp: 100%
  - AAA: 100%
  - AA: 100%
  - A: 100%
  - A-: 40%
  - BBB: 35%
  - BBB- and below: 0%

- Institution limits are:
  - TCorp: 100%
  - AAA: 100%
  - AA: 100%
  - A: 30%
  - A-: 20%
  - BBB+: 10%
  - BBB: 5%
  - BBB- and below: 0%
- Maximum investment terms:
  - T/Corp: n/a
  - AAA: n/a
  - AA: 5 years
  - A: 3 years
  - BBB+: 3 years
  - BBB: 12 months
  - BBB- and below: n/a
- When placing an investment, at least three quotes must be obtained from applicable institutions according to the category of the portfolio where the investment is to be placed.
- The investment is to be lodged with the institution offering the highest rate of return taking into account Council's Local Purchasing Policy if applicable.
- All investments are to be lodged for periods no greater than 1 year or for no longer than the period over which the underlying liability could reasonably be expected to arise, whichever is the lesser.

## Performance Benchmark

The Performance Benchmark will be the performance of the overall investment portfolio and will aim to equal or achieve the average 90 day BBSW reference rate over the year.

## Variation to Policy

Council approval must be gained should staff wish to invest funds outside the terms of this Policy and the Policy is to be amended accordingly.

## Responsibility

The Director Corporate Services and/or the Treasurer have authority to invest surplus funds.

## Strategy

The purpose of the investment strategy is to provide direction for investments in the near to medium term.

The investments are considered with the following information as a guide:

- Use of professional advice as appropriate without engaging third parties to act on Council's behalf.
- Consider only those investments that are regarded as Authorised Investments.
- Aim to ensure that the maturity profile of Council's investments is consistent with funding requirements in Council's management plans.
- Review the portfolio strategy and performance on a monthly basis and reported to Council.
- Policy to be reviewed as required or in the event of a change in legislation which impacts the investments.
- Any existing investments that are non compliant through the adoption of this policy are to be either recalled at earliest possible time that is advantageous to Council or when they reach maturity.

Relevant Legislation

Local Government Act 1993 Section 623  
 Local Government Act 1993 Order (of the Minister) dated 15 July 2005.  
 The Trustee Act 1925 B no.14 Powers and Duties Authorised Investments  
 The Trustee Act 1925 B Regulation of 20 September 1991  
 Local Government (Financial Management) Regulation 1993 Clause 19  
 Review of Local Government Investments (Cole Report) April 2008.

Associated Documents

Nil

<b>Responsible Officer:</b>	Director Corporate Services		
<b>Date Adopted:</b>	19/6/08	<b>Resolution No:</b>	181/08
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