

Policy

Title: Investment of Council Funds

Category: Corporate Governance

Date Last Adopted 7 March 2016

1. Objectives

To maximise the Council's return on its investments, subject to the satisfaction of the criteria of safety and security, liquidity, and ethical nature.

2. Background

The permitted methods of investment of Council funds are defined within the *Local Government Act 1993*. The below policy outlines the Council processes within legislated parameters.

3. Policy

1. Criteria for Investment

- (i) Safety and Security – Security of the ratepayer's capital is the overriding consideration in all investment decisions.
- (ii) Liquidity – Investments must be managed to ensure that sufficient funds are available to meet cash requirements as they fall due.
- (iii) Rate of Return – Subject to the two preceding considerations, Council will aim to maximise its return.
- (iv) Ethical in Nature – Subject to the preceding considerations, in making investment decisions, regard will be taken to an investment being environmentally and socially ethical. Subject to the investment guidelines, preference will be given to investment institutions that do not invest in the fossil fuel industry over those institutions that do invest in the fossil fuel industry.

2. Expected Rate

The performance benchmark is the 90 day Bank Bill Swap Rate (BBSW).

3. **Delegated Authority**

The Director Financial Services is delegated authority to invest according to Section 75 of the *Local Government Act 1993*, from the Council through the General Manager.

4. **Investment Guidelines**

- (i) Section 75 of the *Local Government Act 1993*, will be complied with at all times.
- (ii) Investments may be made for any period up to a maximum of one year.
- (iii) Investments can only be made in products where the underlying assets are cash.
- (iv) There is no limit on the amount of funds that can be placed with Tascorp.
- (v) Exposure to Council's transactional banker is limited to \$12,000,000.
- (vi) Subject to item 4(v), exposure to Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation is limited to \$7,000,000.
- (vii) Subject to item 4(vi) exposure to other banking institutions with a Standard and Poors credit rating A1/A- is limited to \$5,000,000.
- (viii) Subject to item 4(vii) exposure to other banking institutions with a Standard and Poors credit rating A2/BBB is limited to \$2,000,000.
- (ix) When determining the level of exposure to a financial institution, the exposure includes all funds held with the institution, including funds not classified as investments.
- (x) Where a banking institution is a subsidiary of another the level of exposure shall be the sum of the exposure to each institution and limited as above.
- (xi) For any fixed term investment, whether new or rollover, quotes must be sought from a minimum of three institutions. Investment decisions must be documented.
- (xii) Any investment outside of the investment guidelines contained within this policy must be referred to the Finance Committee for prior approval.

5. **Provision of Information to Aldermen**

- (i) Details of all current investments are to be provided to any Alderman upon request.

4. Legislation, Terminology and References

Section 75 of the Local Government Act 1993

Delegations Register

Responsible Officer:	Director Financial Services
Policy first adopted by the Council:	13/11/1995
History	
Amended by Council	13/6/2000
Amended by Council	28/7/2008
Amended by Council	24/10/2011
Amended by Council	8/9/2014
Amended by Council	27/4/2015
Amended by Council	7/3/2016
Next Review Date:	March 2017