



# **WEDDIN SHIRE COUNCIL**

**POLICY NUMBER: 1.17.3**

**POLICY FOR INVESTMENT**

**Adopted: 16 March 2017**

## **POLICY FOR INVESTMENTS (No. 1.17.3)**

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1. **TITLE:** Policy for Investment

2. **NUMBER:** Policy Number 1.17.3

3. **PURPOSE:**

The purpose of this policy relates to the investment of Council Funds.

- To undertake investment of surplus funds
- To maximise earnings from authorised investments and ensure the security of Council funds.
- To ensure that the maturity of Council's investments as close as possible matches Councils funding requirements in accordance with its 4 year delivery plan.

4. **APPLICATION (Scope):**

This policy applies to the General Manager and Director of Corporate Services to have authority to invest surplus funds.

5. **ASSOCIATED LEGISLATION AND OTHER REFERENCES**

**Local Government Act, 1993**  
**Local Government (General) Regulation**

6. **POLICY:**

### **Authority for Investment**

All investments are to be made in accordance with:

- Local Government Act 1993 - Section 625
- Local Government General Regulation Clause 212
- Ministerial Investment Order
- The Trustee Amendment (Discretionary Investments) Act 1997 - Sections 14A and 14C

### **The key objectives for Councils investment activities are:**

- To take all prudent measures to ensure that the preservation of capital is the primary consideration.
- To maximise returns from investment activities while exercising the care, diligence and skill that a 'prudent' person would exercise when investing funds.

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- To ensure the organisation has access to necessary cash resources to meet its funding obligations and operating costs.
- To invest within the legislative constraints imposed on investments via the Minister's Order and investment guidelines.
- To achieve or exceed budgeted investment revenue.

### **Authorised Investments**

All investments must be denominated in Australian Dollars. Authorised Investments are to be limited to:

- Term Deposits with the Local Government Financial Services (LGFS) with a minimum Standard and Poors (S & P) short term credit rating of A2.
- Term Deposits issued by Approved Deposit Institutions (ADI's) administered by the Australian Prudential Regulatory Authority (APRA) under the Banking Act 1959 with a minimum Standard and Poors (S & P) short term credit rating of A2.

### **GUIDELINES**

#### **(a) Approved Investments would include:**

<b>Fund Type</b>	<b>Recommended investment horizon</b>
Term Deposit	1 month 1 – 2 months 1 – 12 months

#### **(b) Council's Direct Investments**

##### *Term of Maturity*

The term of maturity of any of Council's investments may range from one to twelve months at final legal maturity, unless specifically approved by Council.

#### **(c) Credit Risk Guidelines**

##### *(i) Credit Ratings*

If any of Council's investments are downgraded to such an extent that they are no longer on authorised investment as per this policy, they will be divested as soon as is practicable.

**(d) Performance Benchmarks**

<b>Investment</b>	<b>Performance Benchmark</b>
Overall Portfolio	Average Return will aim to equal or exceed the Reserve Bank cash rate over the year.

**(e) Variation to Policy**

The General Manager or his delegated representative is authorised to approve variations to this policy if the investment is to Council’s advantage and/or due to revised legislation. Any variation will need to be ratified by Council.

**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 professional advice as appropriate, to help select the most appropriate investment, designed to maximise returns and minimise risk as well as providing easy access to funds.
- Investments with LGFS and ADI's may be increased over time in accordance with the diversity and balance required in the overall portfolio.
- Aim to ensure that the maturity profile of Council's investments is consistent with funding requirements in Council's long term financial plans.
- Review the portfolio strategy and performance assumptions on an ongoing basis. Credit ratings are to be based on Standard & Poors (S&P) Ratings Guidelines (a global credit ratings agency).
- Policy to be reviewed as required or in the event of a change in legislation which impacts on the investments.
- Council may consider advice from appropriate sources before investing funds.
  
- Aside from the normal seasonal inflows from rates etc, the following factors should be considered in the relevant financial year when investing funds:
  - The sub prime mortgage problems in the United States have adversely impacted on world global markets resulting in declining valuations and liquidity for structured credit investments.
  - Aim to shorten the maturity profile of Council's investments so as to permit matching of liquidity with funding requirements.

**TRAINING AND INVESTMENT ADVICE.**

Training will be available to relevant staff. Investment advice will be sought as required.

**REPORTING**

- (i) A monthly report should be provided to Council, detailing the investment portfolio and the amount invested. The format of Report may be changed from time to time to improve disclosure or comply with new regulatory requirements.
- (ii) For audit purposes, certificates must be obtained from the investment institution confirming holdings on Council’s behalf as at 30th June each year.

**7. NON-COMPLIANCE:**

Non-compliance with this policy may render responsible staff liable for disciplinary action or some other measure.

**8. REVIEW AND AMENDMENT:**

- This policy shall be reviewed at 4 yearly intervals, to ensure it meets all statutory requirements and the needs of Council.
- This Policy may be amended or cancelled by Council at any time without prior notice or obligation.

**9. ADOPTION:**

This policy commences as from the date of adoption by Council, being 16 March 2017 and replaces any previous policy.

**10. HISTORY:**

<b>Version</b>	<b>Details</b>
1.17.1	Adopted 19 August 2010
1.17.2	Adopted 21 March 2013
1.17.13	Adopted 16 March 2017