


POLICY	INVESTMENT	
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1.0 INTRODUCTION

1.1 To develop a policy for the investment of surplus cash funds.

2.0 PURPOSE

2.1 To set guidelines for investing surplus funds held by Moree Plains Shire Council.

2.2 Ensure that investments comply with relevant legislative guidelines.

2.3 Ensure that investments comply with Council's current investment policy constraints.

2.4 Maximise earnings from authorised investments.

3.0 SCOPE

3.1 This policy applies to all Council liquid assets that are owned, managed and/or under the care control and management of Council.

4.0 POLICY STATEMENT

4.1 Authorised Investments

4.1.1 All investments must be denominated in Australian Dollars.

4.1.2 Authorised investments are limited to:

- a. Those listed on the current Ministerial Approved Forms of Investment, (see attachment 1) and
- b. Interest bearing deposits be invested with:
 - i. Any of the authorised deposit taking institutions as regulated by APRA in accordance with the *Banking Act 1959* and have an attended office operating within the Moree Plains Shire.
 - ii. Any other authorised deposit taking institutions as regulated by APRA in accordance with the *Banking Act 1959* by resolution of Council.
 - iii. That total invested outside of the big four banks does not exceed 20% of the total investment portfolio at any time.

4.2 General Guidelines

4.2.1 Diversification

In order to minimise risk and preserve capital within Council's investment portfolio Council must:

- a. Diversify investments whereby the amount invested with any one authorised deposit taking institution (ADI) shall not exceed 40% of Council's total of funds invested.
- b. The total amount invested with any one fund manager should not exceed 40% of the total portfolio of funds invested.
- c. Council should at all times keep sufficient cash in the highly liquid investment types of Bank Accounts and Managed Funds to adequately cover all operational cash requirements.
- d. The term to maturity of any Council's investments may range from "At Call" to 2 Years in order to allow for maximisation of investment yields and the matching of longer term obligations with funds invested.
- e. The purchase of land as an asset holding is exempt from this term restriction as land would be purchased on the basis of a long term holding with a focus on capital appreciation.

4.3.1 Investment Practices

- a. When investing not less than three (3) quotations shall be obtained from an authorised deposit taking institution (ADI) when an investment is proposed.
- b. If any of Council's investments alters as such they no longer fall within the investment policy guidelines, they will be divested as soon as practicable.
- c. Investments that are currently held yet cannot be liquidated due to market forces and do not fall within the above parameters of this guideline (e.g. Collateral Debt Obligations) will be grandfathered as long as necessary as per the Transitional Arrangements prescribed in the *Local Government Act 1993* – Ministerial Order and associated guidelines (Relating to investments by Councils).
- d. All investments made must comply with Council's Delegation Register.
- e. Where required Council is to obtain independent valuations on a monthly basis and these valuations are to be utilised in Reports to Council.
- f. From time to time Council may seek the advice of an Independent Investment Advisor to review investment practices, type, exposure and valuations.

4.4.1 Term to Maturity

The investment portfolio is to be invested with the following term to maturity guidelines.

Maximum Overall Portfolio Term to Maturity	
Portfolio % < 1 Year	100%
Portfolio % > 1 Year < 5 Years	70%
Portfolio % > 5 Years	50%

4.5.1 Performance Benchmarks

The performance objective for the portfolio is to exceed the benchmark rates shown below, over a rolling twelve (12) month period.

Investment Category	Performance Benchmark
Cash or Cash Plus	"At Call" BBSW Cash Rate
Direct Investments	UBSWA Bank Bill
Land	CPI + Council deemed margin

4.6.1 Reporting

- a. A monthly report should be provided to Council, detailing the investment portfolio and confirming compliance of Council's investments within policy limits.
- b. For audit purposes, certificates must be obtained confirming the amounts if investment held on Council's behalf at 30th June each year.

5.0 ROLES AND RESPONSIBILITIES

5.1 Council

- 5.1.1 As per Section 8 of the Local Government Act, 1993, "Council's Charter", Council must "bear in mind that it is the custodian and trustee of public assets and to effectively plan for, account for and manage the assets for which it is responsible", including the investment of funds.
- 5.1.2 Accordingly, based on Council's Charter, Council must be satisfied that an appropriate Investment Policy (this Policy) is in place and enacted by the Delegated Officers to ensure the preservation of Council's invested funds.

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5.2 Officer

5.2.1 Council Officers should act at all times with the duty of care, level of skill, prudence and diligence that a prudent person would exercise when investing and managing their own affairs and in the spirit of the "Prudent Person" principle as set out on *Section 14 of the Trustee Act, 1925 (NSW)*.

5.2.2 At all times Council Officers must invest funds on the basis of preservation of capital and the minimisation of risk.

5.3 Ethics and Conflicts of Interest

5.3.1 Council Officers and Councillors shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the General Manager.

5.3.2 Independent advisors are also required to declare that they have no actual or perceived conflicts of interest.

6.0 DELEGATION

6.1 The General Manager or his delegated representatives have authority to invest surplus funds. Delegates are recorded in the current financial delegation listing.

7.0 REFERENCES

7.1 Authority for Investments


7.1.1 The *Local Government Act 1993*, Regulations 2005 and Code of Accounting Practice and Financial Reporting provide the framework around which Councils are required to exercise its powers of investment.

7.1.2 All investments are to be made in accordance with:

- a. *Local Government Act 1993- Section 625*;
- b. Ministerial Order - Relating to investments by Councils (The Ministerial Order relates to the Order prevailing at the time the investment is made)
- c. Local Government (General Regulation) Regulations 2005 - Reg 212
- d. Local Government Code of Accounting Practice and Financial Reporting,
- e. Any applicable International Accounting Standards; and
- f. Office of Local Government Circulars

8.0 DISPUTE PROCEDURE

8.1 In the event of a dispute over any aspect of this policy, immediate action will be taken to resolve the situation through effective and constructive consultation between the parties concerned. If a resolution cannot be reached, the services of a

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mediator will be requested to finalise the matter to the satisfaction of all parties concerned.

9.0 ATTACHMENTS

- 9.1 Ministerial Approved Forms of Investment
- 9.2 Current Investment Order

10.0 LINK TO COMMUNITY STRATEGIC PLAN

- 10.2 This policy is linked to the following Moree Plains Shire Council adopted Community Strategic Plan theme and objectives:

Coordinated Committee Leadership

- L2. We demonstrate accountability, transparency and ethical conduct.
- L5. We manage our finances, assets and services effectively.

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HISTORY

Original Policy	Investment Policy (2005)
Policy drafted by:	Finance Department
Policy reviewed and amendments made by:	Manex
On:	2 September 2014
Policy reviewed and amendments made by:	Ordinary Council Meeting
On:	11 September 2014
Adopted by Council on:	17 October 2014
Resolution No:	14/09/11
This policy works in conjunction with these policies:	Nil
This policy supersedes the following policies:	Investment Policy (2005)
Classification of policy	External
Issue Date:	September 2014
Review Date:	September 2018

SIGNED BY THE GENERAL MANAGER OF MOREE PLAINS SHIRE COUNCIL,
WHOSE SIGNATURE APPEARS BELOW.


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DAVID ABER

23/10/14
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DATE