



# NORTHERN MIDLANDS COUNCIL

## POLICY MANUAL

### INVESTMENT OF COUNCIL FUNDS

<b>Originated Date:</b>	Adopted 15 December 2008 – Min. No. 310/08 (as Policy 55)
<b>Amended Date/s:</b>	Reviewed 21 September 2015 – Min. No. 270/15 Reviewed 20 March 2017 – Min. No. 89/17 Reviewed 13 December 2021 – Min. No. 21/490
<b>Applicable Legislation:</b>	Section 75 of the <i>Local Government Act</i>
<b>Objective</b>	To provide guidelines for the investment of Council Investment funds.
<b>Administration:</b>	Corporate Services
<b>Review Cycle/Date:</b>	Next review 2025.

#### 1 DEFINITIONS

*Investment Funds:*

are funds that are not required to be expended in the course of normal operations in the immediate/short term.

*Authorised Deposit-taking Institution (ADI):*

a body corporate in relation to which an authority under subsection 9 (3) of the Banking Act (No. 6 of 1959 as amended) is in force.

*Investment arrangement:*

an arrangement that relates to acquiring, consolidating, dealing with, or disposing of certificates of deposit, bonds or notes issued or proposed to be issued.

#### 2 OBJECTIVE

The objective of this policy is to ensure that the best possible rate of return is achieved from the investment of surplus Council funds whilst, at the same time, ensuring the security of those funds.

#### 3 POLICY

- 3.1 The level of Council funds available for investment is to be reviewed at least fortnightly. During the review process likely cash inflows and outflows for the immediate future will be assessed to establish either the availability of investment funds or the need to redeem existing investments.
- 3.2 Where investment funds are available the following procedures will apply:
- Rates and Terms from at least two (2) Authorised Deposit taking institutions shall be compared whenever an investment arrangement is proposed. The most suitable offer of the day will be successful after allowing for security, and administration and banking fees.
  - An 'Investment Lodgement Form/Certificate' is to be completed which will include the following information:
    - Name of ADI;
    - Amount of Investment;
    - Duration of Investment;
    - Details of Product including security; (i.e. S&P rating, State or Commonwealth)
    - Interest Rate offered;
    - Endorsement of the selection by the Accountant or the Corporate Services Manager.
- 3.3 Funds may be deposited with any Commonwealth, State or Authorised Deposit Taking Institution. To control the overall credit quality of the deposits, the following maximum holding limits will apply:-



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S&P Long Term Credit Rating *	Maximum % holding
AAA to AA-	100%
A+ to A-	75%
BBB+ to BBB-	50%
Not Rated	25%

\*or equivalent

#### **4 RESPONSIBILITY**

Any two of three following incumbents shall be jointly responsible for the application of this policy:

- Corporate Services Manager;
- Financial Accountant; and
- General Manager.