

 <p>DISTRICT COUNCIL of TUMBY BAY</p>	<p>POLICY# 5.23</p> <p>Investments</p> <p>POLICY AREA</p> <p>Financial & Internal Control</p>	Version No:	2
		Issued:	Oct 2013
		Next Review:	2016 Audit Committee

1.0 Introduction

1.1 Objectives

The purpose of this policy is to ensure that:

- Council maximises the return on surplus funds, taking into consideration the level of risk
- Council funds are preserved
- Council funds are invested in accordance with its legislative and common law responsibilities

1.2 Legislative Power

Section 139 of the Local Government Act.

1.3 Prudent Person of Business

All investments are to be made exercising care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons.

1.4 Legislative Requirements

All investments are to be made in accordance with the provisions of the Local Government Act 1999, with particular attention to Sections 139 and 140.

2.0 Investments

2.1 Approved Investments

Without approval from Council, investments are limited to

- Deposits with the Local Government Finance Authority
- Bank accepted / endorsed bank bills
- Bank negotiable Certificate of Deposits
- Bank interest bearing deposits
- State / Commonwealth Government Bonds

Subject to the following exposure limits

2.2 Investment Limits

Investments shall not be made with institutions or products with a rating below that listed below, and nor should the amount invested exceed the following percentages of total short-term investments.

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Type	S&P Short Term Rating	S&P Long Term Rating	Maximum Holding
LGFA deposits	n/a	AA	100%
Other products and institutions	A-1+	AAA to AA-	75 %
Other products and institutions	A-1	A+ to A-	40 %

2.3 Calculation of Maximum Holding (refer Table 2.2)

The Maximum Holding is the amount of the investment, plus any other investments of the same type, at the time of making the investment, as a percentage of the current total of council investments, or the anticipated total of investments in 5 working days time.

3.0 Maximising Return

3.1 Money to be invested

The bank account balance of Council is to be kept at a level no greater than is required to meet Councils immediate working capital requirements, with any surplus funds being applied to either reduce debt or invest.

3.2 Quotations on Investments

Funds are to be invested at the best terms available at that time after taking into account all relevant factors, including the exposure limits set above which delivers the best value to Council.

4.0 Long Term Investments

4.1 Council Approved Investments

Investments fixed for a period greater than 12 months are to be approved by Council.

5.0 Reporting

5.1 Valuation and measurement

All reports are to account for investments in accordance with the provisions of Accounting Standard AAS33 Presentation and Disclosure of Financial Instruments.

Annual averages are to be calculated by using the weighted average of end of month balances.

5.2 Reports

On a quarterly basis a report will be prepared which summarises, for each investment

- 5.2.1 Amount and performance of each investment
- 5.2.2 Comparison of Investment portfolio with exposure limits
- 5.2.3 Comparison of year to date performance, with budget

5.3 Annual Review

Each year a report will be prepared which summarises the performance of each investment and the performance of the investment portfolio as whole.

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Strategic Link:
Delegation:

Documentation: Nil

Authority: Adopted by Council: 8/10/2013 {Motion No }
Reviewed by Council: 10/11/2015 {Motion 7c/112015}

SIGNED:
Responsible Officer

Date: ____/____/____

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