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RELATED LEGISLATION:	Local Government Act 1989

EVIDENCE OF APPROVAL:



Signed by Chief Executive Officer

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Policy documents are amended from time to time, therefore you should not rely on a printed copy being the current version. Please consult the policies on the Loddon Shire website (Council Policies) or Intranet (Organisational Policies) to ensure that the version you are using is up to date.

This document is available in alternative formats (e.g. larger font) if requested.

1 PURPOSE

This policy sets the principles for investment decisions by Loddon Shire Council.

2 SCOPE

This policy applies to council staff involved in investing funds for Council. It applies to all bank accounts, investments funds and loan funds controlled by Council and administered through the Corporate Services Directorate and Financial Services Department.

3 POLICY

Any funds not required to fulfil short term operational commitments are considered surplus to immediate requirements and should be invested to generate higher interest revenue. Criteria for investments are set out in this policy.

3.1 Requirements of the Local Government Act 1989

The Local Government Act 1989 (The Act) governs the way in which Council may invest funds.

Section 136 of The Act outlines the principles of sound financial management as below:

- (1) A Council must implement the principles of sound financial management.
- (2) The principles of sound financial management are that a Council must—
 - (a) manage financial risks faced by the Council prudently, having regard to economic circumstances;
 - (b) pursue spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden;
 - (c) ensure that decisions are made and actions are taken having regard to their financial effects on future generations;
 - (d) ensure full, accurate and timely disclosure of financial information relating to the Council.
- (3) The risks referred to in subsection (2)(a) include risks relating to—
 - (a) the level of Council debt;
 - (b) the commercial or entrepreneurial activities of the Council;
 - (c) the management and maintenance of assets;
 - (d) the management of current and future liabilities;
 - (e) changes in the structure of the rates and charges base.

Section 143 of The Act outlines the principles for which Council may invest money as below:

- (a) in Government securities of the Commonwealth;
- (b) in securities guaranteed by the Government of Victoria;
- (c) with an authorised deposit-taking institution;
- (d) with any financial institution guaranteed by the Government of Victoria;
- (e) on deposit with an eligible money market dealer within the meaning of the Corporations Act;
- (f) in any other manner approved by the Minister after consultation with the Treasurer either generally or specifically, to be an authorised manner of investment for the purposes of this section.

3.2 Requirements of the Local Government (Long Service Leave) Regulation 2012

Local Government (Long Service Leave) Regulations 2012 determine entitlements with relation to Long Service Leave.

Council's position to ensure sufficient funds will be set aside to enable Council to meet the Long Service Leave entitlements of Council staff is stated in the Long Service Leave Financing Policy.

These funds are to be invested in line with the investment guidelines stated in this policy.

3.3 Authorised institutions

Council will only invest funds with an authorised deposit taking institution as follows:

Long term credit ratings	Short term credit ratings
AAA to AA-	A1+
A+ to A-	A1
BBB+ to BBB-	A2

Council will ensure that when funds are available for investment, the following considerations will be taken into account in determining which banking institutions will be chosen:

- the best return is obtained (taking into consideration both financial and community benefit)
- exposure to any one individual authorised deposit taking institution is limited to a maximum of 40% of the amount invested by Council (for the purpose of this policy Bendigo and Adelaide Bank and Bendigo community banks are considered a single authorised deposit taking institution)
- risk is managed.

In recognition of the community benefit generated by the Inglewood & Districts Community Bank and other Bendigo and Adelaide Bank operations servicing the Loddon Shire, priority will be given to investing in those institutions on the proviso that the investment differential is no more than 0.2% below the highest of a minimum of three quotes obtained and subject to compliance with the other provisions of this policy such as limiting investments to a maximum of 40% of Council's investment portfolio.

3.4 Investment guidelines

Funds will only be invested in term deposits for periods between 30 days and 2 years.

At least three quotes will be obtained from authorised deposit taking institutions

Individual investment transactions are to be no more than \$2,000,000 with the exception of the Long Service Leave investment which is to be a single investment.

Any proposal to transfer funds to an investment account must be in line with the Levels of Authority delegations.

4 HUMAN RIGHTS STATEMENT

It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights Act. Loddon Shire Council is committed to consultation and cooperation between

management and employees. The Council will formally involve elected employee Health and Safety Representatives in any workplace change that may affect the health and safety of any of its employees.

5 REVIEW

The Manager Financial Services will review this policy for any necessary amendments no later than 4 years after adoption of this current version.