



INVESTMENT POLICY

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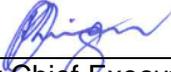
REVIEW DATE: 25/08/2024

DATE RESCINDED:

RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES: Financial Management Policy
Long Service Leave Financing Policy
Cash Flow Analysis and Control Procedure

RELATED LEGISLATION: Local Government Act 2020

EVIDENCE OF APPROVAL:


Signed by Chief Executive Officer

FILE LOCATION: K:\EXECUTIVE\Strategies policies and procedures\Policies - adopted PDF and Word\POL Investment Policy v5.docx

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 2020

The Local Government Act 2020 (The Act) governs the way in which Council may invest funds.

Section 101 of the Act outlines the principles of financial management as below:

- (1) The following are the financial management principles:
 - (a) revenue, expenses, assets, liabilities, investments and financial transactions must be managed in accordance with a Council's financial policies and strategic plans;
 - (b) financial risks must be monitored and managed prudently having regard to economic circumstances;
 - (c) financial policies and strategic plans, including the Revenue and Rating Plan, must seek to provide stability and predictability in the financial impact on the municipal community;
 - (d) accounts and records that explain the financial operations and financial position of the Council must be kept.
- (2) For the purposes of the financial management principles, **financial risk** includes any risk relating to the following:
 - (a) the financial viability of the Council;
 - (b) the management of current and future liabilities of the Council;
 - (c) the beneficial enterprises of the Council.

Section 103 of the Act outlines the principles upon which Council may invest money.

A Council may invest any money:

- (a) in Government securities of the Commonwealth; and
- (b) in securities guaranteed by the Government of Victoria; and
- (c) with an ADI (Authorised Deposit-Taking Institution) and
- (d) with any financial institution guaranteed by the Government of Victoria; and
- (e) on deposit with an eligible money market dealer within the meaning of the Corporations Act; and
- (f) in any other manner approved by the Minister, 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). This is measured at the time the investment is made with the 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.

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.