

POLICY	
Title:	FINANCIAL MANAGEMENT – INVESTMENTS POLICY
Objective:	To invest money, money held in Council funds that may not be required for immediate use and to provide guidance for the investment of the Shire's funds and taking into account the legislative requirements and risk while ensuring the Shire's liquidity requirements are being met.
Legal:	Local Government Act 1995 – Sections 6.14 and 6.15 Local Government (Financial Management) Regulations 19 and 19C The Trustee Act 1962 – Part iii Investments Banking Act 1959 – Section 5 Western Australian Treasury Corporation Act 1986
Date Adopted:	17 September 2012

- 1.0 The Local Government (Financial Management) Regulation 19C prohibits a local government from:
 - (a) Depositing funds with an unauthorised institution (An authorised institution is defined in 3 below).
 - (b) Depositing funds for a fixed term of more than 12 months.
 - (c) Investing in bonds that are not guaranteed by the Commonwealth Government or a State or Territory Government.
 - (d) Investing in bonds with a term to maturity of more than 3 years.
 - (e) Investing in a foreign currency.
- 2.0 Council funds may be invested in one or more of the following:
 - 2.1 Fixed Term Deposits (For a fixed term of 12 months or less)
 - 2.2 Commercial Bank Bills (For a fixed term of 12 months or less)
 - 2.3 Government Bonds (For a term to maturity of 3 years or less)
 - 2.4 Cash Management Funds (For a fixed term of 12 months or less)
- 3.0 Council funds are to be invested with the following financial institutions:
 - 3.1 Banking institutions holding a banking licence under Commonwealth Banking Legislation with a BBB rating or better, as set by Standard and Poor's. The Institution must be an Authorised Deposit-Taking Institution (ADI's) as defined under the Banking Act 1959.
 - 3.2 Bonds issued and guaranteed by government.
- 4.0 Credit Risk Management
 - 4.1 Global Credit Framework

To control the credit quality on the entire portfolio, a global credit framework will apply to limit the percentage of the portfolio exposed to any particular

rating category. The maximum available limits in each Standard & Poor's credit rating category are as follows:

Standard and Poors - Credit Ratings:

Long term	Short Term	%	Description
AAA	A-1+	100	Prime
AA+		100	High Grade
AA		100	
AA-		100	
A+	A-1	100	Upper Medium Grade
A		100	
A-	A-2	70	
BBB+		50	Lower Medium Grade

4.2 Term to Maturity Management

The Shire of York portfolio will have the following structural constraints:

Category Description	Minimum	Maximum
Portfolio % < 1 Year (Fixed Term Deposit)	0%	100%
Portfolio % > 1 Year < 3 Years (Govt Bonds)	0%	70%

To provide adequate liquidity all tradeable securities purchased will have, subject to market conditions, the ability to be liquidated within five working days.

5.0 Investment Reporting

A monthly investment report must be provided to Council after the end of that month. The report shall give results for the calendar month in question and year to date. The report shall be segregated into three segments for the following:

- General Municipal Funds;
- Reserve Funds;
- Trust Funds.

The following detail is to be provided for each segment:

- Total funds invested by institution and investment type;
- Credit ratings of the investments;
- Current interest rates of individual investments;
- Total investments earnings year to date against budget.

6.0 Investments when ever possible are to be placed with Local Banks.

7.0 Letters of Confirmation will be obtained from the financial institutions confirming details of investments held on Council's behalf at 30th June each year.