

PURPOSE

This policy provides the framework for the prudent investment of Council's funds, with the aim of maximising investment returns within the approved risk profile and legal responsibilities.

SCOPE

Council at times has funds that are in excess of its immediate operational requirements. These funds are available for investment in terms of this Policy.

This policy does not apply to investments other than for the management of surplus funds. Investments in associates are outside the scope of this policy.

STRATEGIC PLAN ALIGNMENT

Leading Our Community

Objective 4.1	Govern in the best interests of our community
Strategy 4.1.1	Manage Council for maximum efficiency, accountability, and transparency
Strategy 4.1.3	Maximise regulatory compliance in Council and the community through our systems and processes

STATUTORY REQUIREMENTS

Acts	<i>Local Government Act 1993</i> <i>Trustee Act 1898</i>
Regulations	<i>N/A</i>
Australian/International Standards	<i>Glenorchy City Council Delegations Register</i>

All Council investments are to be made in accordance with Section 75 of the *Local Government Act 1993*. Section 75 requires Council investments be made in any manner in which a trustee is authorised by law to invest funds and in any investment the Treasurer approves.

The ethical constraints of a trustee include:

1. Exercising the powers of a trustee in the best interest of all beneficiaries of the trust
2. Avoiding conflict between a self-interest and the best interest of the 'trust property'
3. Not making a profit from the trust
4. Acting prudently and seeking advice from qualified people

When making investment decisions Council will consider the factors that a Trustee would consider such as:

- The purpose of the trust and the needs of the final benefitting party

- Diversifying investments
- Depreciation, appreciation, tax liability, associated costs, and inflation
- Maintaining the value of the investment
- Ensuring the term of the investment matches the likely duration of the beneficial needs
- Reviewing existing investments

Council will at the time of policy review, determine if there are any relevant Treasury guidelines that may impact on investment processes.

DEFINITIONS

ADI's means Authorised Deposit-taking Institutions. An ADI is a financial institution licensed by the Australian Prudential Regulatory Authority to carry on banking business, including accepting deposits from the public.

Australian Prudential Regulatory Authority (APRA) licenses banking, insurance, and superannuation businesses to operate and supervise them to ensure that under all reasonable circumstances, the financial promises made to their beneficiaries (i.e., depositors, policyholders, and superannuation fund members) are kept.

Standard & Poors Credit Rating is a leading index provider and data source of independent credit rating.

Tascorp (the Tasmanian Public Finance Corporation) was established to develop and implement borrowing and investment programmes for the benefit of Tasmanian State Authorities. It has the power to borrow and invest money and to enter into contracts for the purpose of managing borrowings and investments.

BACKGROUND

Section 75 of *the Local Government Act 1993* outlines the method of investment that Council may use when dealing with funds not necessary to meet the day to day financial obligations of the Council.

This Investment Policy refers to those activities that are related to the investment operations of the Glenorchy City Council. It is, by nature, a high-level document and provides a guide on how investment risks are to be managed.

The policy provides clear direction to management, staff, and Aldermen in relation to investment operations and establishes an appropriate structure to ensure that the Council:

- Maximises interest earned on surplus funds within prudent risk limits;
- Minimises its liquidity risk; and
- Investment activities operate within Council's legislative and common law responsibilities.

It should be noted that this policy does not apply to:

- Investments other than for the management of short-term funds.

POLICY STATEMENT

1. Criteria for Investment

Criteria	Description
Safety and Security	Security of the ratepayer's capital is a primary consideration in all investment decisions
Liquidity	Investment must be managed to ensure that sufficient funds are available to meet cash requirements as they fall due
Rate of Return	Subject to the two preceding considerations, Council will aim to maximise its return

2. Expected Rate

The performance of Council's investment portfolio will be measured against the Industry Standard 90 Day Bank Bill Swap Rate (BBSW).

3. Delegated Authority

The General Manager has delegated authority to invest Council funds in accordance with section 75 of the *Local Government Act 1993*.

4. Investment Guidelines

- (a) Investments are to be made in accordance with Section 75 of the *Local Government Act 1993*
- (b) Investments can only be made with Authorised Deposit-taking Institutions (ADIs). The ADI's authority granted by the Australian Prudential Regulation Authority (APRA) under the Banking Act 1959 (Cth)
- (c) Investments may only be made in products where the underlying assets are cash
- (d) When an investment is proposed, quotes must be sought from a minimum of three (3) ADIs. Investment decisions must be documented.
- (e) Where an ADI is a subsidiary of another, and has its own credit rating, the two institutions shall be treated as separate and subject individually to the exposure limits.
- (f) There is no limit on the amount of funds that can be placed with Tascorp
- (g) Exposure to Council's transactional banker is not to exceed \$10,000,000
- (h) Subject to the above provision (g), individual exposures to the Australian and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation are not to exceed \$15,000,000.
- (i) Subject to provision (h) exposure to other banking institutions with a Standard and Poors credit rating A1 or A- are not to exceed \$3,000,000
- (j) The amount invested with any one financial institution under provision (g) and (h) shall not exceed 50% of the total funds invested. The amount invested with any one financial institution under provision (i) shall not exceed 25% of the total funds invested.

- (k) Investments are to be for a period of 12 months or less.
- (l) The General Manager and the Chief Financial Officer are authorised to jointly approve temporary variations to this policy in exceptional circumstances if the investment is to Council's advantage and consistent with the Policy purpose. Such variation will be reported to Council as soon as practicable.
- (m) If any investments are downgraded such that they no longer fall within the investment policy, they will be divested into Council's Overdraft Cheque Account as soon as practicable.

5. Reporting

For audit purposes certificates must be obtained from banks, fund managers, or relevant custodians, confirming the amounts of investment held on Council's behalf at the 30th June each year.

6. Provision for elected members

Details of all current investments are to be provided to any Alderman and / or Council's Audit Panel upon request.

DOCUMENT CONTROL

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