1.0  Purpose

1.1  To undertake investment of surplus Council funds that are not required to be expended in the course of normal operations.

2.0  Objective

2.1  The objective of this policy is to provide direction for Council staff in the matter on investment of surplus Council funds.

2.2  Under s.75 of the Local Government Act 1993, Council may invest money. Investing money provides a higher rate of return than what is received in operational bank accounts.

2.3  Based upon Standard and Poor's rating levels (see attached), Council funds may be invested as follows:

   **Short term investments (up to 1 year)**
   To invest in an A1 rating and above only. No restriction on amount invested.

   **Medium term investments (1 – 5 years)**
   To enter into AA- or greater rating investments. Maximum of $5 million.

   **Long term investments (6 – 10 years)**
   To enter into AA- or greater rating investments. Maximum of $2 million.

   An assessment of Council’s cash flow requirements up until the next investment maturity date must be completed before new investments are purchased. Sufficient funds must be maintained in cash (cheque account) each month so that no overdraft interest or fees are incurred.

**Authorisation**

The General Manager or the delegated officer has authority to invest surplus funds.

**Standard & Poor's Ratings levels**

**Short term:**
- A1+  Extremely Strong Capacity to Pay
- A1  Strong Capacity to Pay
- A2  Satisfactory Capacity to Pay
- A3  Adequate Capacity to Pay
- B  Speculative

**Long term:**
- AAA  Extremely Strong Capacity to Pay
- AA+  Very Strong Capacity to Pay
- AA  Very Strong Capacity to Pay
- AA-
A+  Strong Capacity to Pay
A-  
BBB+  Adequate Capacity to Pay
BBB-  
BB+  Uncertainties or Adverse Conditions could lead to Inadequate Capacity to Pay
BB-  
B+  Adverse Conditions Likely to Impair Capacity to Pay
B-  
CCC  Vulnerable to Default
C  High Risk of Default
D  Default

3.0 Policy

3.1 The Council will invest funds to maximise return on investments, whilst maintaining an acceptable level of risk.

4.0 Legislation

Section 75 of the Local Government Act 1993 applies to this policy as follows:

75. Investments
A council may invest any money –
(a) in any manner in which a trustee is authorised by law to invest trust funds; and
(b) in any investment the Treasurer approves.

5.0 Responsibility

5.1 The General Manager is responsible for the application of this policy.

5.2 The policy is to be reviewed as a need arises and, as a minimum, it is to be formally reviewed by Council after each municipal election.

6.0 Minute Reference

Minute No. 12.2

7.0 Council Meeting Date

15 November 2010