


GOVERNANCE POLICIES  CITY OF MARION Investment	Policy Number:	GP-19
	Version Number:	3

POLICY STATEMENT:

1 Introduction

1.1 Objectives

The purpose of this policy is to ensure that:

- Council maximises the return on surplus funds
- Council funds are preserved
- Council funds are invested in accordance with its legislative and common law responsibilities

1.2 Legislative Power

Section 139 of the Local Government Act.

1.3 Prudent Person of Business

All investments are to be made exercising care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons.

1.4 Legislative Requirements

All investments are to be made in accordance with the provisions of the Local Government Act 1999, with particular attention to Sections 139 and 140.

2 Investments

2.1 Approved Investments

Without approval from Council, investments are limited to

- Deposits with the Local Government Finance Authority
- Bank accepted / endorsed bank bills
- Bank negotiable Certificate of Deposits
- Bank interest bearing deposits
- State / Commonwealth Government Bonds

Subject to the following exposure limits

2.2 Investment Limits

Investments shall not be made with institutions or products with a rating below that listed below, and nor should the amount invested exceed the following percentages of total short-term investments.

Type	S&P Short Term Rating 7 Day	S&P Long Term Rating >12 mth	Maximum Holding
LGFA deposits	n/a	AA	100%
Other products and institutions	A-1+	AAA to AA-	< \$1m

2.3 Calculation of Maximum Holding (refer Table 2.2)

The Maximum Holding is the amount of the investment, plus any other investments of the same type, as a percentage of the current total of council investments.

3 Maximising Return

3.1 Money to be invested

The bank account balance of Council is to be kept at a level no greater than is required to meet Councils immediate working capital requirements, with any surplus funds being applied to either reduce debt or invest.

3.2 Quotations on Investments

No fewer than three quotations are to be obtained from authorised institutions on investments \$500,000 or more where the period of investment exceeds 30 days. During periods of stable interest rates, new investments may be made based upon the results of previous quotes.

4 Long Term Investments

Investments fixed for a period greater than 12 months are to be approved by Council.

5 Reporting

5.1 Valuation and measurement

All reports are to account for investments in accordance with the provisions of Accounting Standard AASB132 Financial Instruments: Disclosure and Presentation.

Annual averages are to be calculated by using the weighted average of end of month balances.

5.2 Annual Review

Each year a report will be prepared which summarises the performance of the investment portfolio as whole.

DEFINITIONS:

PRINCIPLES:

REFERENCES:

Corporate Plan:

Excellence in Governance - 2.2 Advance the alignment of financial and physical resources to Council and community priorities.

Procedure References :

Nil

Other Related References :

Nil

Previous Versions :

Nil