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INVESTMENT OF COUNCIL FUNDS GUIDELINES

RATIONALE/BACKGROUND

This guideline provides for how Council may invest money.

Investment of council money is allowed for under s75 of the *Local Government Act 1993*

Generally investing money provides a higher rate of return than what is received in operational bank accounts.

GUIDELINES

Based on Standards and Poors rating levels Council funds may be invested in term deposits as follows:

TOTAL PORTFOLIO LIMITS		
Long Term Credit Rating (S&P, Moody's, Fitch or equivalent)	Short Term Credit Rating (S&P or equivalent)	Maximum Holding
AAA-AA Category	A1+	100%
A Category	A1-A2	80%
BBB Category	A2-A3	410% (<=\$2mil)

Overall Portfolio Return to Maturity		
Portfolio % <1 Year	Minimum 40%	Maximum 100%
Portfolio % >1 Year	Minimum 0%	Maximum 60%
Portfolio % >3 Year	Minimum 0%	Maximum 30%
Portfolio % >5 Year	Minimum 0%	Maximum 20%

Any products with more risk than a term deposit are to be approved by the Council.

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 (ie 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.

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Responsibility: General Manager	Approved By: Council	Review Date: 16 03 2027



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STANDARDS AND POOR 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
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AA+	Very Strong Capacity to Pay
AA	
AA -	

A+	Strong Capacity to Pay
A	
A-	

BBB+	Adequate Capacity to pay
BBB	
BBB-	

BB+	Uncertainties or Adverse Conditions could lead to Inadequate Capacity to pay
BB	
BB-	

B+	Adverse Conditions Likely to Impair Capacity to Pay
B	
B-	

CCC	Vulnerable to Default
C	High Risk of Default
D	Default

REFERENCES AND RELATED DOCUMENTS

Investment of Council Funds Policy CP005

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