



Policy No. 2020- 59

Investment of Surplus Council Funds Policy

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1. INTRODUCTION

This policy has been prepared to provide guidelines for the investment of surplus Council funds.

2. DEFINITIONS

Surplus Council Funds - are funds that are not required to be expended in the course of normal operations.

Authorised deposit taking institution – a body corporate in relation to which an authority under subsection 9 (3) of the Banking Act (No. 6 of 1959 as amended) is in force.

Investment arrangement – an arrangement that relates to acquiring, consolidating, dealing with, or disposing of certificates of deposit, bonds or notes issued or proposed to be issued.

3. OBJECTIVES

The objective of this policy is to ensure that the best possible rate of return is achieved from the investment of surplus Council funds whilst, at the same time, ensuring the security of those funds.

3. SCOPE

This policy applies to all investments of surplus Council funds.

4. POLICY

4.1 The level of Council funds available for investment is to be reviewed at least weekly. During the review process likely cash inflows and outflows for the immediate future will be assessed to establish either the availability of surplus funds or the need to redeem existing investments.

4.2 Funds may be deposited with any Commonwealth, State or Authorised Deposit Taking Institution. To control the overall credit quality of the deposits, the following maximum holding limits will apply

S&P Long Term Credit Rating*	Maximum % holding
AAA to AA- **	100%
A+ to A-	50%

* or equivalent

** Tasmanian Public Finance Corporation (TasCorp)

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4.3 Where surplus funds are available the following procedures will apply:

Not less than two (2) quotations shall be obtained from authorised deposit-taking institutions whenever an investment arrangement is proposed. The best quote of the day will be successful after allowing for credit rating, timing of investment return, administrative and banking costs.

An 'Investment of Surplus Funds Form' is to be completed which will include the following information:

- Amount of cash to be invested;
- The duration of the investment;
- Details of products including security (ie S & P rating, State or Commonwealth) and interest rates offered by the institutions approached;
- Name of the institution and product selected;
- Endorsement of the selection by any two of the following Council officers: the Accountant, the Deputy General Manager and the General Manager.

5. LEGISLATION

- Section 75 of the Local Government Act 1993;
- Australian Government Financial Claims Scheme;
- Banking Act 1959.

6. RESPONSIBILITY

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

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