
Investments policy (reviewed)

Responsible officer: Group Manager Corporate and Commercial (Guy Bezrouchko)

Recommendation

That Council note this report and re-adopt the existing Investments policy without amendment

Background

The Investments policy is subject to an annual review and was last reviewed in April 2021. Council's policy incorporates the best practice principles established by the NSW Office of Local Government, namely the Investment Policy Guidelines (May 2010), issued under section 23A of the *Local Government Act 1993* (Director-General's guidelines). The policy also includes specific local guidelines on diversification and application of credit rating risk that Council applies to its process and procedures for investment management.

• Threshold and exposure

The existing policy establishes that the maximum percentage of the portfolio that may be invested with rated Authorised Deposit-Taking Institutions (ADIs) and unrated ADIs is set as follows:

Credit Rating (Standard & Poor's Long-Term)**	Maximum Limit	Single Entity Exposure Limit	Max Tenor
AAA	100%	100%	3 years
AA+ to AA-	100%	100%	3 years
A+ to A	100%	30%	3 years
A-	40%	20%	3 years
BBB+	30%*	10%	3 years
BBB		5%	1 year
BBB- & below – local ADIs	5%	5%	1 year
BBB- & below - other		\$250k	1 year

*Sub-limit of 10% applies to ADIs rated BBB+ & BBB.

** Where a counterparty has two or more ratings, it is the Standard & Poor's equivalent of the lower of those ratings that shall apply for the purposes of the Investments policy.

Council's current counterparty risk is considered appropriate and manageable in relation to Council's Investment policy. This view has been formed on the basis that Australian ADIs are soundly managed within the Australian Prudential Regulation Authority frameworks.

Governance

Section 625 of the *Local Government Act 1993* provides that a council may invest money that is not, for the time being, required by it for any other purpose. Money may be invested only in a form of investment notified by order of the Minister published in the Gazette. The proposed policy is consistent with the '*Local Government Act 1993 – Investment Order*' issued 12 January 2011.

Finance

Rous County Council adopted a more conservative investment strategy in 2021 to access TCorp's favourable borrowing rates for Future Water Strategy projects. The current policy approach remains appropriate and adheres to the TCorp guidelines.

Consultation

The current policy has been reviewed by the Finance Manager in combination with consideration of constituent councils' investment policies and investment guidelines issued by TCorp.

Conclusion

The current policy complies with all regulatory requirements and Council's investment objectives. No changes are proposed to the 2022 policy.

Attachment:

1. Investments policy