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WENTWORTH



Investment Policy

Policy No: AF004

Adopted by Council: 18 December 2024

INTERPRETER SERVICES



MAHALAGA | FILIPINO

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IMPORTANT | FRANÇAIS

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ΣΗΜΑΝΤΙΚΟ | ΕΛΛΗΝΙΚΟ

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IMPORTANTE | ITALIANO

Se hai bisogno di assistenza per leggere e comprendere questo documento, il personale del servizio clienti del Wentworth Shire Council sarà lieto di assisterti nell'organizzazione di un servizio interpretativo gratuito. Per organizzare un interprete, contattare il Comune allo 03 5027 5027 o visitare uno degli uffici del Comune elencati di seguito.



PENTING | MELAYU

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重要 | 普通话 (简体中文)

如果您在阅读和理解本文件时需要帮助, 温特沃思郡议会的客户服务人员很乐意协助安排免费口译服务。如需安排口译员, 请致电 03 5027 5027 联系议会, 或前往下列议会办公室。



મહત્વપૂર્ણ | અંગ્રેજી

જેવર તુહાનું દિસ દસઝાવેજી તું પઝગન અઝે સમઝતે વૈચિ સઘાઈઝા દી લેઝ રી, તં વૈનટવરથ સઘાઈર કાઉસિલિ દે ગાઠક મેટા સટાઢ ઈક મુઢઝ વૈઆધિઆ મેટા દે પુરથંપ વૈચિ સઘાઈઝા કરન લઈ ખુઝ ઠન। દુઝામીદે દા ઈઝિઝામ કરન લઈ, કઠિપા કરવે 03 5027 5027 'ઝે કાઉસિલિ નાલ મંપરક કરે, જાં ઠેઠાં સુચીથંપ કમિ કાઉસિલિ દઢઝર 'ઝે જાઈ।



สำคัญ | แบบไทย

หากคุณต้องการความช่วยเหลือในการอ่านและทำความเข้าใจเอกสารนี้ เจ้าหน้าที่บริการลูกค้าของ Wentworth Shire Council ยินดีให้ความช่วยเหลือในการจัดการบริการล่ามฟรี หากต้องการจัดเตรียมล่าม โปรดติดต่อสภาที่ 03 5027 5027 หรือไปที่สำนักงานสภาตามรายการด้านล่าง



ÖNEMLİ | TÜRKÇE

Bu belgeyi okuma ve anlama konusunda yardıma ihtiyacınız varsa, Wentworth Shire Belediyesi'nin müşteri hizmetleri personeli, ücretsiz tercümanlık hizmetinin ayarlanmasında yardımcı olmaktan mutluluk duyacaktır. Bir tercüman ayarlamak için lütfen 03 5027 5027 numaralı telefondan Belediye ile iletişime geçin veya aşağıda listelenen bir Belediye Ofisini ziyaret edin.



QUAN TRỌNG | TIẾNG VIỆT

Nếu bạn cần trợ giúp để đọc và hiểu tài liệu này, nhân viên dịch vụ khách hàng của Hội đồng Wentworth Shire sẵn lòng hỗ trợ sắp xếp dịch vụ thông dịch miễn phí. Để sắp xếp một thông dịch viên, vui lòng liên hệ với Hội đồng theo số 03 5027 5027 hoặc đến Văn phòng Hội đồng được liệt kê bên dưới.

IMPORTANT | ENGLISH

If you require assistance reading and understanding this document, customer service staff of Wentworth Shire Council are happy to assist in the arrangement of a free interpretive service.

To arrange an interpreter, please contact Council on 03 5027 5027, or visit a Council Office listed below.

COUNCIL
OFFICES



Midway Community Centre
3 Midway Drive, Buronga NSW 2739



Wentworth Visitor Centre (Main Administration Office)
61 Darling Street, Wentworth NSW 2648

POLICY NUMBER & TITLE:	AF004 INVESTMENT POLICY
DOCUMENT ID:	DOC/24/25704
VERSION:	1.0
ADOPTED MEETING DATE:	18 December 2024
REVIEW DUE:	Four yearly or following change of legislation or incident
VERSION AMENDMENTS:	Nil

RESPONSIBLE DEPARTMENT:	Corporate Services
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INVESTMENT POLICY

POLICY OBJECTIVE

This Council Policy deals with the investment of Council funds. Wentworth Shire Council's investment policy relates to the investment of surplus funds and funds held in reserve for future expenditure. These funds are to be invested through the defined guidelines of the investment strategy and this policy which gives guidance to staff on the consideration of risk, return and liquidity requirements of Council.

1. POLICY STATEMENT

The aim of this policy is to establish an investment framework that ensures due process is followed when investing Council funds. The following are the objectives of this policy:

- To protect and preserve capital from investment, credit and liquidity risk;
- To maximise investment returns in a safe and sustainable way;
- To ensure Council's investments comply with the relevant legislative requirements issued by governing bodies and to comply with reporting and auditing requirements;
- To establish a procedural framework for managing and investing Council funds; and
- To ensure all investment decisions are in line with Council's adopted investment strategy which will be updated and reviewed annually.

Council's investment objective is to preserve capital whilst meeting liquidity requirements and meeting Council set benchmarks for expected investment returns. Funds held in reserve are maintained specifically with the purpose of future expenditure as consistent with Council's long-term financial plan.

2. POLICY COVERAGE

This policy applies to all Council Officers who have authority delegated to invest surplus funds on Council's behalf.

3. STRATEGIC PLAN LINK

Objective: Wentworth is a caring, supportive and inclusive community that is informed and engaged in its future.

Strategy: Provide strong and effective representation, leadership, planning, decision-making and service delivery.

4. DEFINITIONS AND ABBREVIATIONS

Term/Word	Definition
AFMA	Australian Financial Markets Association.
Approved Investments	Investments allowed by the most current Ministerial Investment Order as issued under section 625 of the <i>Local Government Act 1993</i> (NSW).
BBSW	Bank-Bill Reference Rate.
Ethics and conflicts of interest	Personal activities that would conflict with the proper execution and management of Council's investment portfolio.
General Manager	General Manager of the Wentworth Shire Council.
Independent Advisor	An independent person who is approved by Council and licensed by the Australian Securities and Investment Commission to provide investment advice.
Moody's	Moody's rating agency.
Prohibited Investments	Investments that are prohibited by the most current Ministerial Investment Order as issued under section 625 of the <i>Local Government Act 1993</i> (NSW).
Prudent Person Standard	The investment will be managed with the care, diligence, and skill that a prudent person would exercise.
S & P rating	Standard & Poor's Australia/NZ rating agency.
TCorp & TCorpIM	New South Treasury Corporation and New South Wales Treasury Corporation Managed Investments.

5. POLICY CONTENT

Delegation of Authority

Authority for the implementation of this policy is delegated by Council to the General Manager in accordance with the *Local Government Act 1993* (NSW). The General Manager has in turn delegated investment authority to the following positions:

- Director Corporate Services
- Financial Accountant
- Team Leader Finance

The Officer's delegated authority to manage Council's investments shall be recorded and the officers are required to acknowledge they have received a copy of this policy and understand their obligations in this role. As trustees of public monies, the relevant delegates are to manage Council's investment portfolio to safeguard the portfolio in accordance with the spirit of this policy, and not for speculative purposes.

Due to the importance of investments, all actions performed by delegates in relation to the investment of Council funds will require a double authentication procedure. New investments and term deposit renewals must be advised of by file note signed by two or more relevant delegates.

Authorised Investments

Authorised investments shall be limited to those allowed in the most current Ministerial Investment Order. Currently those investments include:

- Commonwealth or state issued or guaranteed securities;
- Debentures or securities issued by a council;
- Interest bearing deposits, debentures or bonds issued by Authorised Deposit Taking Institutions (ADI's);
- Bills of exchange with a maturity of less than 200 days; and
- A deposit with the New South Wales Treasury Corporation (T-Corp).

Prohibited Investments

In accordance with the Ministerial Investment Order, this policy prohibits any investment carried out for speculative purposes including:

- Derivative based instruments;
- Principal only investments or securities that provide potentially nil or negative cash flows; and
- Stand-alone securities that have an underlying futures, options, forwards contract and swaps of any kind.

This policy also prohibits the use of leveraging (borrowing to invest) of an investment.

Risk Management Guidelines

Investments obtained are to be considered in light of the following key criteria:

- Preservation of Capital – the requirement for preventing losses in an investment portfolio's total value (considering the time value of money);
- Diversification – setting limits to amounts invested with a particular financial institution or government authority to reduce credit risk;
- Credit risk – the risk that a Council investment fails to pay interest and/or repay the principal of an investment;
- Market risk – the risk that the fair value or future cash flows of an investment will fluctuate due to changes in market prices;
- Liquidity risk – the risk an investor is unable to redeem the investment at a fair price within a timely period; and
- Maturity risk – the risk relating to the length of term to maturity of the investment. The larger the term, the greater the length of exposure and risk to market volatilities.

All allowable limits including the diversification and liquidity limits will be detailed in Council's adopted investment strategy. Council's adopted performance benchmarks will also be detailed in the investment strategy.

Reporting

Documentary evidence must be held for each investment and details thereof maintained in an investment register. The documentary evidence must provide Council legal title to the investment. Certificates must be obtained from the financial institutions confirming the amounts of the investments held on Council's behalf as at 30 June each year and reconciled to the investment register.

Council's authorised investment delegates are required to ensure all investments are appropriately recorded in Council's financial records and reconciled at least on a monthly basis. A monthly report will be provided to Council. The report will detail the investment portfolio in terms of performance, percentage exposure of total portfolio, maturity date, credit rating and changes in market value.

Investment Advice

Council can at any time appoint an investment advisor. Council's investment advisor must be approved by Council and licenced by the Australian Securities and Investment Commission. The advisor must be an independent person who has no actual or potential conflict of interest in relation to investment products being recommended and is free to choose the most appropriate product within the terms and conditions of this policy.

Ethical and Socially Responsible Investing

Where possible Council will look to adopt an investment, which seeks to improve social, environmental and ethical impacts. In addition to a normal risk and return assessment, Council investments will be evaluated further on their ethical and social impact. A number of independent organisations have been established to evaluate and rate companies according to these criteria. It is Council's intention to support ethical and socially responsible companies but only where all other investment criteria have been met and performance is not disadvantageous to Council.

6. RELATED DOCUMENTS AND LEGISLATION

Legislation

- *Local Government Act 1993* (NSW)
- *Local Government (General) Regulation 2021*
- *Independent Commission Against Corruption Act 1998* (NSW)
- *Public Interest Disclosure Act 2022* (NSW)

Council Policies

- GOV001 – Gifts and Benefits Policy
- GOV005 – Procurement Policy
- GOV004 – Public Interest Disclosure Policy
- GOV005 – Procurement Policy
- GOV009 – Delegation Policy
- GOV020 – Code of Conduct Policy
- GOV022 – Legislative Compliance Policy
- GOV023 – Conflict of Interest Policy

Council Documents

- Legislative Compliance Framework
- Governance Framework
- Fraud Control Plan
- Gifts and Benefits Register
- Conflict of Interest Register

7. ATTACHMENTS

Investment Strategy.

8. DOCUMENT APPROVAL

This Council Policy is the latest version of the official policy of the Wentworth Shire Council, as adopted by Council on 18/12/2024. All previous versions of this policy are null and void. This policy may be amended or revoked by Council at any time.

Signed:



General Manager Wentworth Shire Council

Click or tap to enter a date.

Date

10 JUNE 2025

Title: AF004 INVESTMENT POLICY	V1.0	Version date: 18/12/2024
DOC ID: DOC/24/25704	Do not use this policy in printed form without first checking it is the current version	

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WENTWORTH



Investment Strategy

INVESTMENT STRATEGY

STRATEGY OBJECTIVE

The investment strategy sets out Council's investment objectives and targets for the short to medium term. The aim of the strategy is to guide the management of Council's investment portfolio to ensure Wentworth Shire Council benefits from maximising investment performance. The key objectives of this strategy are:

- To ensure Council maintains a balanced and diversified portfolio
- To ensure required liquidity standards are met to allow availability of cash flow for continued operations
- Maximise investment performance to consistently achieve benchmark or above returns
- To limit and manage risk in investment products and activities.

This investment strategy should be applied by all relevant delegates of Wentworth Shire Council in fulfilling their duties of actively managing investments. This strategy operates in tandem with the adopted Council investment policy. Wentworth Shire Council's investment policy is reviewed and determined considering the following:

- Current global and domestic investment environments
- Current legislative requirements
- Current composition of Council's investment portfolio and its future cash flow needs
- Councils annual budget and long-term financial plan.

The Investment Strategy will be reviewed at minimum every 12 months or more frequently if required.

PERFORMANCE

Investment performance will be measured monthly against Council's adopted budget estimates and chosen benchmarks in relation to both current and 12-month rolling returns.

Council currently presents an overview of performance within the monthly investment report which compares Council investment performance with three comparative benchmarks. Council's performance objective is to meet or exceed these three indicators of performance. The three indicators of performance are as follows:

- RBA Cash Rate – A rate set by the Reserve Bank of Australia which represents the interest rate banks pay on the money they borrow. Otherwise known as the overnight money market interest rate.
- 3 Month Bank Bill Swap Rate – Bank Bill Swap Rates (BBSW) are credit-based interest rate benchmarks which measure the cost for highly rated banks in Australia to issue short-term bank paper for each monthly tenor between one month and six months in this case 3 months.
- AusBond Bank Bill Rate - Bloomberg AusBond Bank Bill Index is engineered to measure the Australian money market by representing a passively managed short-term money market portfolio. This index is comprised of 13 synthetic instruments defined by rates interpolated from the RBA 24 -hour cash rate, 1M BBSW, and 3M BBSW.

MANDATORY INVESTMENT CRITERIA

SCOPE

Investments must abide by Council's investment policy and the *New South Wales Ministerial Investment order 2011*. All currency must at all times be held and transacted in Australian Dollars. All investments must be held under the ownership of Wentworth Shire Council.

LIQUIDITY

The majority of Wentworth Shire Council's cash and investments are held as internally and externally restricted cash reserves to satisfy the Council's legislative responsibility and set aside funds for future specific Council requirements.

The portfolio liquidity requirements specify the maximum and minimum percentages of total funds invested that will be held within the various maturity bands. The thresholds are aimed at ensuring minimum liquidity requirements are met and that at all times sufficient cash is accessible to ensure continued operations.

Working capital requirements are currently higher than would be considered normal due to the large capital projects Council is currently undertaking. This has resulted in a higher-than-normal minimum short-term investment balance to ensure capital requirements can be met as expenses fall due.

Terms (time to maturity)	Minimum Parameter %	Maximum Parameter %
At-Call – 1 Month (Liquid)	10%	25%
1 – 12 Months (Short Term)	25%	75%
12 Months – 3 Years (Medium Term)	20%	40%
3 Years + (Long Term)	0%	20%

Council's liquidity will be monitored on an ongoing basis to ensure cash requirements are met and liquidity requirements remain in line with the table above. Time horizons reflect expected holding periods as adopted in this strategy.

CREDIT RATING & DIVERSIFICATION

Council mandates current investments shall be made in line with credit rating diversification requirements. Diversification limits are structured to limit potential credit losses. Prudent strategy is to diversify the allocation of funds across different financial institutions and government authorities, based on credit ratings. A credit rating is the opinion of a credit rating agency of the creditworthiness of the financial institution.

Council utilises S&P Global Ratings Long Term Credit Rating as its main method to assess credit risk of potential investments.

Long-Term Credit Rating	Portfolio Limit %	Counterparty Limit %
AAA Rating	100%	30%
AA Rating	100%	25%
A Rating	75%	20%
BBB Rating	40%	10%
BB to Not Rated	5%	5%

In the event investments are downgraded or Councils' investments fall out of line with strategy limits investments will be divested as soon as practical.

REPORTING & REVIEW

Pursuant to the *Local Government (General) Regulation 2021 (clause 212)*, Wentworth Shire Council will provide a monthly report to Council on investments. The monthly report to Council will include:

- The total value of the portfolio
- A complete schedule of all investments within the total portfolio
- Full disclosure of all investments by type, current credit rating and face value
- Net investment income for the month (actual against budget)
- The weighted average investment returns for the current month and the last 12 months rolling period (actual against benchmark)
- Informative commentary on portfolio compliance and performance, current economic investment environment, and any change to current strategy
- Certification that investments accord with the Act, regulations and Council's investment policy and strategy.
- Analysis of the portfolio's liquidity (maturity) profile
- Analysis of the portfolio's risk profile (credit ratings)
- Analysis of the portfolio's product diversification (investment types)

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Contact

 **Main Service Centre**
61 Darling Street, Wentworth

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PO Box 81, Wentworth NSW 2648

 **(03) 5027 5027**

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Have Your Say:
wentworth.nsw.gov.au/have-your-say