

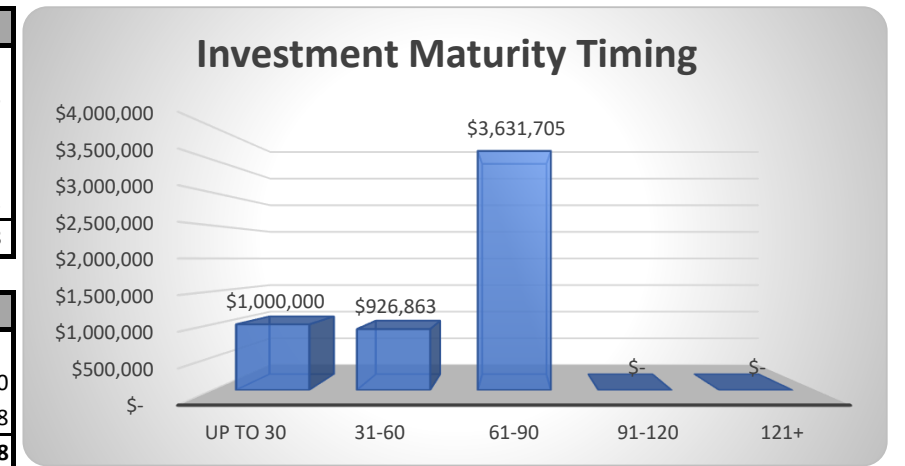
**SHIRE OF DENMARK
INVESTMENT REGISTER
For the period ending 31 July 2022**

INVESTMENT REGISTER									
INVESTMENT NO.	TYPE	ACC NO.	DATE INVESTED	MATURITY DATE	FUND	AMOUNT INVESTED	INTEREST RATE	DAYS INVESTED	INSTITUTION
39M	TD	38218207.147	30-Jun-22	01-Aug-22	MUNICIPAL	\$ 750,000	1.44%	32	CBA
1R	OCD	434085W	31-Jul-22	31-Aug-22	RESERVE	\$ 176,863	1.30%	31	WATC
11R	TD	74-949-5332	30-Jun-22	28-Sep-22	RESERVE	\$ 1,808,189	2.30%	90	NAB
26R	TD	38218207.148	30-Jun-22	28-Sep-22	RESERVE	\$ 534,229	2.29%	90	CBA
24R	TD	3723721	30-Jun-22	28-Sep-22	RESERVE	\$ 1,289,287	2.30%	90	BENDIGO
25R	TD	38218207.145	20-Jul-22	19-Dec-22	RESERVE	\$ 1,000,000	3.40%	152	CBA
TOTAL FUNDS INVESTED						\$ 5,558,568			

PORTFOLIO ANALYSIS						INTEREST EARNED			
Institution	Amount	No.	%	S&P STR @ Feb 2021 Mth End	Policy - S&P STR Institution Investment Max %	Month Actual	Month Actual	YTD Actual	YTD Budget
NAB	\$ 1,808,189	1	32.53%	A-1+	50%	Interest on Denmark East	183	183	508
CBA	\$ 2,284,229	3	41.09%	A-1+	50%	Interest on Investments	180	180	380
WA Treasury Corporation	\$ 176,863	1	3.18%	A+1+	50%				
Bendigo Bank	\$ 1,289,287	1	23.19%	A-2	25%				
Total Funds Invested	\$ 5,558,568	6	100.00%			Total Interest Earned	363	363	888

INVESTMENT FUNDS MOVEMENT	
	Amount
Opening Balance for Month	5,558,205
Add: Funds Invested	-
Less: Funds Redeemed	-
Add: Interest Earned on Investments for Month	363
Closing Balance for the Month	5,558,568

BREAKDOWN OF INVESTED FUNDS	
	Amount
Municipal	750,000
Reserves	4,808,568
Total Funds Invested	5,558,568



SHIRE OF DENMARK
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the period ending 31 July 2022

SUMMARY: CASH AND INVESTMENTS

	Interest Rate	Unrestricted \$	Restricted \$	Trust \$	Total Amount \$	Institution	Maturity Date
(a) Cash Deposits							
Municipal Bank Account	Variable	295,217			295,217	NAB	At Call
Trust Bank Account	0.00%			850	850	NAB	At Call
Other Cash On Hand	Nil	8,560	44,914		53,474	N/A	On Hand
Other Cash - Bond	Nil	1,712			1,712	N/A	On Hand
Sub Total Cash Deposits		305,489	44,914	850	351,253		
(b) Term Deposits							
39M	1.44%	750,000			750,000	CBA	01-Aug-22
1R	1.30%		176,863		176,863	WATC	31-Aug-22
11R	2.30%		1,808,189		1,808,189	NAB	28-Sep-22
26R	2.29%		534,229		534,229	CBA	28-Sep-22
24R	2.30%		1,289,287		1,289,287	BENDIGO	28-Sep-22
25R	3.40%		1,000,000		1,000,000	CBA	19-Dec-22
Sub Total Term Deposits		750,000	4,808,568	0	5,558,568		
Total Cash & Investments		1,055,489	4,853,482	850	5,909,822		

NAB National Australia Bank

CBA Commonwealth Bank of Australia

WATC Western Australian Treasury Corporation

BENDIGO Bendigo Bank

Comments/Notes - Investments

P040229 **INVESTMENT POLICY**

Objective

The objective of this Policy is to provide the criteria for making authorised investments of funds which are surplus to the Shire of Denmark's immediate requirements and to ensure the security of the Shire's funds.

Policy Statement

The principal objective of Council with respect to the investment of surplus funds is the preservation of capital.

While a conservative approach is to be adopted, the maximisation of returns within the confines of this Policy is also encouraged

This Policy applies to all investments associated with the operation of the Shire and includes reserves, other restricted funds and general revenue funds in excess of immediate cash-flow requirements.

The following factors are to guide investment decisions:

- a) Compliance - investment decisions are made with adherence to appropriate legislative requirements.
- b) Preservation of capital - investments are to be performed in a manner that seeks to ensure security and safeguarding the investment portfolio. This includes managing credit and interest rate risk within identified threshold and parameters.
- c) Liquidity - the investment portfolio will ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated sale of an investment.
- d) Return on Investment - investments are expected to achieve predetermined market average rate of return taking into account the Council's risk tolerance.

Investment Guidelines

Authorised Institutions

Investments are limited to authorised institutions, in accordance with Local Government (Financial Management) Regulations Section 19c, being

- Authorised deposit-taking institution (ADI) as defined in the Banking Act 1959 (Commonwealth) section 5, or
- The Western Australian Treasury Corporation established by the Western Australian Treasury Corporation 1986.

Authorised Investments

The only types of authorised investments under section 6.14(1) of the Local Government Act 1995 and Regulation 19 of the Local Government (Financial Management) Regulations are as follows

- Deposits with authorised institution and the term is to be no more than 12 months,
- Bonds that are guaranteed by the Commonwealth Government, or a State or Territory government with a maturity of up to 3 years, and
- Australian currency only.

Prohibited Investments

This investment 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 flow, and
- Stand-alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind.

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

Rating Agency

The credit framework credit ratings will adopt the Standard Poor (S&P) ratings agency system criteria. The institution credit ratings are to be reviewed on a regular basis to ensure the credit quality of the investment portfolio is maintained.

Authority to Invest

The authority to invest is to be delegated to the Chief Executive Officer to make investment decisions and sign investment lodgements and withdrawals. Pursuant to the provisions of Section 5.44 of the Local Government Act 1995. The CEO may in turn delegate the day-to-day management of the Shire's investments.

Prudent Person Standard

Investments will be managed with the care, diligence, and skill that a prudent person will exercise.

Non-Fossil Fuel Investment

Subject to the policy objectives and risk management guidelines as outlined in this document, the Shire will ensure its financial investments consider the reduction of fossil fuels, by investing with non-fossil fuel lending banks. The Shire will refer to the research of third-party bank monitoring services to determine eligible non fossil fuel lending banks.

Risk Management Guidelines

All investments are to comply with the following three key criteria.

- (a) Portfolio Credit Framework - to control the credit quality on the entire portfolio, the following credit framework limits the percentage of the portfolio exposed to any particular credit rating category.

S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum %	Managed Funds Maximum%
AAA	A-1+	100%	100%
AA	A-1	60%	80%
A	A-2	40%	80%

- (b) Counterparty Credit Framework - exposure to an individual counterparty/institution will be restricted by their credit rating so that single entity exposure is limited, as detailed in the table below.

S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum %	Managed Funds Maximum%
AAA	A-1+	50%	50%
AA	A-1	35%	45%
A	A-2	25%	40%

(c) Term to Maturity Framework - the investment portfolio is to be invested within the following maturity constraints.

Overall Portfolio Return to Maturity		
Portfolio % <1 year	Min 40%	Max 100%
Portfolio % >1 year	Min 0%	Max 60%
Portfolio % >3 year	Min 0%	Max 50%
Portfolio % >3 year < 5 year	Min 0%	Max 25%

Investments fixed for greater than 12 months are to be reviewed on a regular basis and invested for no longer than 5 years.

If any of the Council's investments are downgraded such that they no longer fall within the investment policy, they will be divested as soon as practicable.

Investment Advisor

If an investment advisor is appointed, they must be an independent person approved by Council and licensed by the Australian Securities and Investment Commission. Any appointed investment advisor must abide by all guidelines in the Investment Policy.

Benchmarking

The performance of the investment portfolio shall be measured against the Reserve Bank of Australia (RBA) Cash Rate.

Legislative Requirements

All investments are to comply with the following:

- Local Government Act 1995 – Section 6.14;
- The Trustees Act 1962 – Part III Investments;
- Local Government (Financial Management) Regulation 1996 – Regulation 19, Regulation 28, Regulation 34, and Regulation 49
- Australian Accounting Standards

Reporting and Review

As a minimum, a report will be provided to the Council on a monthly basis detailing the performance of the investment portfolio, Counterparty percentage exposure of total portfolio and investment maturity dates. The report will also detail investment income earned versus budget year to date and confirm compliance of the Council's investments within legislative and policy limits.

This Investment Policy will be reviewed at least once a year or as required in the event of legislative changes.

Documentary evidence must be held for each investment and details thereof maintained in an Investment Register.

Certificates must be obtained from the financial institutions confirming the amounts of investments held on the Council's behalf as at 30 June each year and reconciled to the Investment Register.

ADDED by Res: 210309 / 24 March 2009
 AMENDED by Res: 110217 / 21 February 2017
 AMENDED by Res: 120721 / 20 July 2021

Amended Policy



Investment Policy

Policy Objective

This Policy aims to provide the criteria for making authorised investments of funds that are surplus to the Shire of Denmark's immediate requirements and to ensure the security of the Shire's funds.

Policy Statement

The principal objective of Council with respect to the investment of surplus funds is the preservation of capital.

While a conservative approach is to be adopted, the maximisation of returns within the confines of this Policy is also encouraged

This Policy applies to all investments associated with the operation of the Shire and includes reserves, other restricted funds and general revenue funds in excess of immediate cash-flow requirements.

The following factors are to guide investment decisions:

- a) Compliance - investment decisions are made with adherence to appropriate legislative requirements.
- b) Preservation of capital - investments are to be performed in a manner that seeks to ensure security and safeguard the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.
- c) Liquidity - the investment portfolio will ensure sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated sale of an investment.
- d) Return on Investment - investments are expected to achieve a predetermined market average rate of return, taking into account the Council's risk tolerance.

Investment Guidelines

AUTHORISED INSTITUTIONS

Investments are limited to authorised institutions per Local Government (Financial Management) Regulations Section 19C. An authorised institution means

- an authorised deposit-taking institution (ADI) as defined in the Banking Act 1959 (Commonwealth) section 5, or
- the Western Australian Treasury Corporation (established by the Western Australian Corporation Act 1986).

AUTHORISED INVESTMENTS

In accordance with Local Government (Financial Management) Regulations Section 19C the Shire can only invest in the following institutions:

- Authorised deposit-taking institution as regulated by the Australian Prudential Regulation Authority (APRA) in accordance with the Banking Act 1959 (Commonwealth); or
- Western Australian Treasury Corporation established by the Western Australian Treasury Corporation Act 1986.

PROHIBITED INVESTMENTS

This investment 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 flow
- stand-alone securities issued with underlying futures, options, forwards contracts and swaps of any kind.

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

RATING AGENCY

The credit framework will adopt the Standard Poor (S&P) credit rating criteria, and institution credit ratings are to be reviewed regularly to ensure the credit quality of the investment portfolio is maintained.

AUTHORITY TO INVEST

The authority to invest is to be delegated to the Chief Executive Officer to make investment decisions and sign investment lodgements and withdrawals (Local Government Act 1995 Section 5.44). The CEO may delegate the day-to-day management of the Shire’s investments.

PRUDENT PERSON STANDARD

Investments will be managed with the care, diligence, and skill that a prudent person will exercise.

NON-FOSSIL FUEL INVESTMENT

Subject to the policy objectives and risk management guidelines as outlined in this document, the Shire will ensure its financial investments consider the reduction of fossil fuels by investing with non-fossil fuel lending banks. The Shire will refer to the research of third-party bank monitoring services to determine eligible non fossil fuel lending banks.

RISK MANAGEMENT GUIDELINES

All investments are to comply with the following three key criteria.

- (a) Portfolio Credit Framework - to control the credit quality on the entire portfolio, the following credit framework limits the percentage of the portfolio exposed to any particular credit rating category.

S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum %	Managed Funds Maximum%
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S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum %	Managed Funds Maximum%
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Portfolio % <1 year	Min 40%	Max 100%
Portfolio % ≥1 year and ≤ 3 years	Min 0%	Max 60%

Investments fixed for greater than 12 months are to be reviewed on a regular basis and invested for no longer than three (5) years.

If any of the Council's investments are downgraded such that they no longer fall within the investment policy, they will be divested as soon as practicable.

INVESTMENT ADVISOR

If an investment advisor is appointed, they must be an independent person approved by Council and licensed by the Australian Securities and Investment Commission. Any appointed investment advisor must abide by all guidelines in the Investment Policy.

BENCHMARKING

The performance of the investment portfolio shall be measured against the Reserve Bank of Australia (RBA) Cash Rate.

LEGISLATIVE REQUIREMENTS

All investments are to comply with the following:

- Local Government Act 1995 – Section 6.14;
- The Trustees Act 1962 – Part III Investments;
- Local Government (Financial Management) Regulation 1996 – Regulations (19, 19C 28, 34, and 49)
- Australian Accounting Standards

REPORTING AND REVIEW

A monthly report will be provided to the Council detailing the performance of the investment portfolio, counterparty percentage exposure of the total portfolio and investment maturity dates. The report will also detail investment income earned versus budget year-to-date and confirm compliance with legislative and Policy limits.

The Investment Policy will be reviewed annually or as required in the event of legislative changes.

Documentary evidence must be held for each investment, and details thereof maintained in an Investment Register.

Certificates must be obtained from the financial institutions confirming the amounts of investments held on the Council's behalf as at 30 June each year and reconciled to the Investment Register.

Document Control Box			
Document Responsibilities:			
Owner:	Director Corporate & Community Services	Owner Business Unit:	Corporate & Community
Reviewer:	Director Corporate & Community Services	Decision Maker:	Council
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Legislation:	Local Government Act 1995 Local Government (Financial Management) Regulations 1996 Australian Accounting Standards The Trustees Act 1962		
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Synergy Ref:	NPP22966		Review Frequency: As required
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1.	24 March 2009	ADOPTED by Council	210309
2.	21 February 2017	AMENDED by Council	110217
3.	20 July 2021	AMENDED by Council	120721
4.	20 September 2022	AMENDED by Council	XXX