

Document Type	Operational Policy
Adopted by	Chief Executive
Date Adopted	18 March 2025
Date Effective	1 July 2025
Responsible Department	Finance
Responsible Officer	Chief Financial Officer
To be reviewed	With the next Long-term Plan review or 1 June 2028, whichever is sooner

1. Purpose

- 1.1. This policy details how Gore District Council (the Council) investments are to be managed.
- 1.2. The Council manages funds for the following purposes:
 - day-to-day working capital management;
 - part of an investment strategy;
 - debt mitigation;
 - to meet debt repayments; and
 - to fund short term and long-term commitments identified in the Council's annual plan, long-term financial strategy or the Long-term Plan (LTP).
- 1.3. This policy links to the Council's following strategic documents and policies:
 - Liability Management Policy;
 - Financial Strategy;
 - Annual Plan;
 - Long-Term Plan.
- 1.4. This policy adheres to the requirements in section 105 of the Local Government Act 2002 which requires each local authority to have an investment policy that includes:
 - the mix of investments;
 - the acquisition of new investments;
 - an outline of the procedures by which investments are to be managed and reported to the Council; and
 - an outline of how risks associated with investments are to be assessed and managed.

2. Objectives

- 2.1. The objectives of this policy are consistent with corporate best practice and will take into account the requirements of the Council's annual and strategic plans and its long-term financial strategy or LTP.
- 2.2. The key objectives of this policy are to:
- ensure the protection of ratepayers' capital takes precedence over income generation;
 - ensure that the Council has funds available to meet its liabilities as they fall due;
 - safeguard the Council's financial market investments by establishing and regularly reviewing investment parameters and ensuring that all investment activities are carried out within these parameters;
 - produce accurate and timely information that can be relied on by senior management and the Council for control and exposure monitoring purposes in relation to the investment activities of the Council; and
 - maintain operational controls and procedures to protect the Council against financial loss, opportunity cost and other inefficiencies.

3. Investments Defined

- 3.1. The Council's investments may include:
- cash;
 - company shares;
 - property;
 - financial assets held in or on behalf of Trusts or reserve funds;
 - investment portfolios as part of an investment strategy, or for debt repayment or debt mitigation purposes; and/or
 - shareholdings in Council Controlled Organisations.
- 3.2. Loans to community organisations have social considerations and are not considered investments for the purposes of this policy.

4. Investment Mix

- 4.1. The Council holds fixed interest investments sufficient to match the funds of selected Trusts and reserves accounts. Fixed interest investments may also be set up for working capital management.
- 4.2. The Council may also hold money market and fixed interest investments in investment portfolios as part of an investment strategy or for debt repayment or debt mitigation purposes. The investment parameters for the money market and fixed interest activities are contained in Appendix One.
- 4.3. Property and shares may be held as primary functions of the Council contributing to the achievement of the Council's Annual and Strategic Plans. The Council may hold property and shares in perpetuity or externally managed investment portfolios as part of an investment strategy.
- 4.4. The mix of investments may vary from time to time to meet the Council's functional and expenditure and investment management requirements.

5. Investment Revenue

- 5.1. Interest on funds invested on behalf of Trusts and selected reserves is credited to the relevant Trust or reserve. Interest on other funds is taken into the consolidated revenue of the Council.
- 5.2. Where deposits have been set up to offset actual debt, interest earned on the deposit is applied to the interest incurred on that debt.
- 5.3. Other investment revenues must be used to meet the objectives of the function from which the revenue was derived, unless otherwise authorised by the Council.

6. Asset Sale Proceeds

- 6.1. Funds released on the maturity of an investment or as the proceeds of an asset sale may be used as follows:
 - debt reduction;
 - reinvested;
 - as per the terms of the relevant Trust deeds;
 - to the function from which they were derived; or
 - any other purpose approved by the Council.

7. Investment Risk

- 7.1. The specific risks associated with each investment will be identified and assessed against the benefits available. Investment risk shall be managed in accordance with the overall objectives of this policy.

8. Local Government Funding Agency

- 8.1. Despite anything earlier in this policy, the Council may invest in shares and other financial instruments of the Local Government Funding Agency (LGFA) and may borrow to fund that investment. The Council's objective in making any such investment will be to:
 - obtain a return on the investment; and
 - ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.
- 8.2. Because of this dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.
- 8.3. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

9. Policy implementation and review

- 9.1. It is the responsibility of the Chief Executive to deliver the objectives of this policy.
- 9.2. This policy is to be reviewed as a part of the Financial Strategy for the next Long-term Plan review, or 1 June 2028, whichever is sooner.
- 9.3. This policy comes into effect on 1 July 2025.
- 9.4. This policy was adopted by the Gore District Council at its meeting held on 18 March 2025



Debbie Lascelles
Chief Executive
27 March 2025

Document History and Version Control Table

Version	Action	Approval Date	Approval Authority	Due for Review
1.0	Creation of original document	January 2021	Chief Executive	2023
2.0	Review of document	February 2025	Chief Executive	2028

Appendix One: Authorised Investment Criteria – Money Market and Fixed Investment Portfolio

Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – S&P Global Rating (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government	100%	<ul style="list-style-type: none"> Government Stock Treasury Bills 	Not Applicable	Unlimited
Rated Local Authorities	70%	<ul style="list-style-type: none"> Commercial Paper Bonds/MTNs/FRNs 	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	\$3.0 million \$2.0 million \$3.0 million \$5.0 million
Local Authorities where rates are used as security	60%	<ul style="list-style-type: none"> Commercial Paper Bonds/MTNs/FRNs 	Not Applicable	\$2.0 million \$2.0 million
New Zealand Registered Banks	100%	<ul style="list-style-type: none"> Call/Term Deposits/Bank Bills/Commercial Paper Bonds/MTNs/FRNs 	Short term S&P rating of A1 or better Long term S&P rating of A- or better ¹ Long term S&P rating of A+ or better	\$10.0 million \$3.0 million \$5.0 million
State Owned Enterprises	70%	<ul style="list-style-type: none"> Commercial Paper Bonds/MTNs/FRNs 	Short term S&P rating of A1 or better Long term S&P rating of BBB+ or better Long term S&P rating of A+ or better	\$3.0 million \$1.0 million \$3.0 million
Corporates ²	60%	<ul style="list-style-type: none"> Commercial Paper Bonds/MTNs/FRNs 	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	\$2.0 million \$1.0 million \$2.0 million \$3.0 million
Financials ³	30%	<ul style="list-style-type: none"> Commercial Paper Bonds/MTNs/FRNs 	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	\$2.0 million \$1.0 million \$2.0 million \$3.0 million
Building Societies ⁴	20%	<ul style="list-style-type: none"> Call and Term Deposits 	To be individually approved by the Council	\$3.0 million

¹ & ⁴ Term deposits may be placed with SBS Bank by resolution of the Council

² & ³ The combined holding of Corporates and Financials shall not exceed 70% of the portfolio