



**Policy 12/2012**

# **Finance and Investment Policy**

Approved by the Board:  
Review date:

6 June 2012  
May 2013



## **1. Objective:**

The objective of this policy is to set out the criteria for classifying the income and expenses of SWA in order that key areas are self-funding and there is minimal subsidization across these key areas so as to maximize the opportunities to grow the cash reserves of the Association.

## **2. Cash Reserves**

SWA is seeking to increase its reserves over the next 3 years to no less than to 25% of total core cash operational expenses (as defined) and over the next 5 years to 50%, thereby satisfying the objective of safeguarding the financial interests of the Association and its members.

The Board of SWA is authorized to invest the cash reserves in the following classes of investment:

- 1) Australian Government Bonds and/or Bank Investment Bonds

Risk Profile: This class of investments attracts minimal risk.

- 2) Cash on Deposit with any Bank or Bank Bills.

Risk Profile: This class of investments attracts minimal risk.

Prior to making any investment decision the directors will confirm the transaction complies with the Investment Strategy at a regular Board meeting.

### **Core Operational Expenses**

The core operational expenses of SWA include all annual expenses incurred by SWA in the normal course of business during the financial year, including:

1. Employee / Board Expenses
2. Administration Expenses
3. Membership Fees and Charges

Core operational expenses specifically exclude non-cash expenses and expenses of a non-recurring or one off nature.

### **Non-Core Operational Expenses**

These expenses are those that are discretionary on the basis there may not be matching income, or they are not essential for SWA to remain a legal entity. E.g. competitions, development or facility management.

### **Classification of Expenses**

At the end of each year the Finance Sub-Committee will review the classification of expenditure to ensure it is suitably classified as core or non-core operational expenses.



### **External Revenue Streams**

Whilst SWA is able to attract external revenue streams, these funds will be placed directly into cash reserves and not included as normal income. This protects the budgeting process from abnormal movements beyond SWA's control.

### **Liquidity**

Due consideration will be given, prior to any investment decision, as to the liquidity requirements of the SWA to ensure the SWA will be able to pay its debts as and when they fall due.

### **3. Performance:**

The Board will review the Investment Strategy as a component of this policy on an annual basis, or more frequently as appropriate.

**Adopted: May 2012**

**Date for Review: May 2013**