4.6 Investment

Policy Owner	**Corporate Services**
Person Responsible	**Deputy Chief Executive Officer**
Date of Adoption	**25 June 2014 – Resolution 050614**
Date of Last Review	**25 September 2025 – Resolution 060925**
Date Next Due for Review	**(3 years / or earlier if required)**

OBJECTIVE:
To invest the Shire's surplus funds with consideration of risk and at the most favourable rate of interest available to it at the time, for that investment type, whilst ensuring that liquidity requirements are being met.

The objectives of the policy are threefold in terms of preservation of capital, liquidity and the return on investment.

- The preservation of capital is the primary objective of the Shire's investment to ensure the safety and security of the investment made in relation to the credit risk of the borrowers and interest rate on offer.
- The investment of the Shire's funds will ensure there is sufficient liquidity to meet the operational cash flow requirements, as and when they fall due without incurring unnecessary additional costs due to the sale of an investment.
- The investment made is expected to achieve a predetermined return on investment taking into account the market condition and the Shire's risk tolerance.

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) Regulations 1996* - Regulations 19 and 19C
- Australian Accounting Standards

SCOPE
This policy applies to all officers involved in the investment of Council funds.

POLICY

Delegation of Authority

Authority for implementation of the Investment Policy is delegated by Council to the CEO in accordance with the *Local Government Act 1995*. The CEO may in turn delegate the day-to-day management of Council's investment to senior finance staff subject to regular reviews.

Prudent Person Standard

Investments are to be managed with the care, diligence and skill that a "prudent person" (as derived by legislation, *Trustees Act 1962*, and case law) would exercise. Officers are to manage investments to safeguard the portfolio in accordance with the spirit of this investment Policy, and not for speculative purposes.

Ethics and Conflicts of Interest

Officers shall refrain from personal activities that could conflict with the proper execution and management of Council's investments. Where an officer has a conflict of interest, it should be disclosed to the CEO, and the CEO is to disclose to the Council as soon as possible.

Approved Investments

All investment must be denominated in Australian dollars, and where a delegation from Council exists, the CEO and/or delegated officers may invest funds within authorised investment parameters of this policy and legislative requirements. Investment of the Shire funds is limited to:

- Cash / Bank Deposits invested with an authorised deposit-taking institution as defined in the *Banking Act 1959* (Commonwealth) section 5; or
- The Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation Act 1986*.

Prohibited Investments

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 flow; and
- Standalone 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.

Risk Management Guidelines

Investments obtained are to comply with the portfolio limits based on the S&P credit ratings.

Overall Portfolio Limits

To control quality on the entire portfolio, the following framework limits the percentage of the portfolio exposed to a 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	100%	100%
A	A-2	60%	80%

Reporting and Review

A monthly report must be provided to Council detailing the investment portfolio in terms of performance, percentage exposure of total portfolio, maturity date and changes in market value (if applicable). The report will also detail investment income earned against budget.

Documentary evidence must be held for each investment and details thereof maintained in an investment register. For audit purposes, certificates will be obtained from financial institutions confirming the amounts of investments held on Council's behalf as at 30 June each year and reconciled to the Investment Register.

This policy should be reviewed if there is a marked change in the economic landscape affecting financial markets and interests and / or if there are state or federal legislative changes affecting the movement and investment of Council funds.

REVIEW

Reviews of this policy are to be undertaken every three years or earlier if required.

RESPONSIBILITY FOR IMPLEMENTATION

The Deputy Chief Executive Officer is responsible for implementing this policy.