

Investment Policy



November 2022

This policy was adopted by Council to set governing principles in place that align with the Strategic Community Plan 2040: Focus Area Performance: Outcome PF.1 Responsible planning and ownership of outcomes and Focus Area Environment: Outcome EN.3 Collective climate action.

Objectives

The Shire will invest surplus cash in a manner which:

- Ensures sufficient liquidity to meet all reasonably anticipated cash flow requirements
- Enable maximum returns on investment
- Achieve a high level of investment security through use of diversification and recognised credit ratings
- Supports Council's position on climate action by giving preference to investing with financial institutions who don't directly or indirectly support fossil fuel companies.

The Shire will endeavour to invest with financial institutions who uphold its environmental, social and local economic values and priorities.

Application

This policy applies to the management of all surplus funds invested by the Shire.

Definitions

Investment means money held in the Shire's municipal fund that is not, for the time being, required by the Shire for any immediate purpose, and as such may be invested as trust funds under the *Trustees Act 1962* Part III, as outlined in section 6.14 of the *Local Government Act 1995*.

Policy

Authorised Investments

Investments are limited to those permitted under the *Local Government Act 1995* and associated Regulations as follows:

- Deposits with an authorised institution, defined under legislation as being:
 - An 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*
- Bonds that are guaranteed by the Commonwealth Government, or a State or Territory government.

INVESTMENT POLICY

All investments shall be made in Australian currency only.

Liquidity

Investments shall be made in a manner to ensure sufficient liquidity to meet all reasonably anticipated cash flow requirements without incurring significant costs due to unanticipated sale of an investment.

In line with legislative requirements, investments shall not be made for a term exceeding three years.

Performance

Investments are to be managed in a manner that enabled maximum returns on the investment within the credit risk and diversification limits set out in this policy.

A minimum of three quotations shall be obtained from authorised deposit taking institutions when an initial investment is proposed. To ease administration, three quotations are not required if the initial investment is re-invested (rolled over) with the same authorised deposit taking institution.

Credit/Diversification Risk

Investments are not to exceed the following percentages of funds invested with any one financial institution within each credit rating category, at the time of investment.

Credit Rating	Maximum % in credit rating category	Maximum % in one authorised
Short term A1+ or Long Term AAA	100	50
Short term A1 or Long Term AA+ to AA-	100	50
Short term A2 or Long Term A+ to A-	60	25
Government Guaranteed Bonds	100	100

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

Ethical investment

The Shire has a commitment to sustainability and climate action, including a target of operating at net zero carbon by 2030. To this end, preference will be given to placing investments with authorised financial institutions who do not support fossil fuels, either directly or indirectly, whilst still allowing compliance with the liquidity and risk management provision of this Policy and ensuring a rate of return with is comparable with other similar investments.

The Shire also recognises that a number of banks support or indirectly support companies who do not align with Council's other environmental, social and local economic priorities. Wherever possible, consideration will be given to investing with financial institutions whose values align with Council's strategic priorities.

Relevant Legislation

Local Government Act 1995 – section 6.14

Local Government (Financial Management) Regulations 1996

The Trustees Amendment Act 1962 – Part III

Document and version control table

Responsible Directorate	Corporate and Community Services		
Contact officer	Manager Corporate Performance		
Adopted/approved by	Council		
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Date of next review	2026		

Version	Date	Decision Ref	Brief description
1.0	22 August 2012	OM1208/25	Initial issue
1.1	October 2014	OM2014/232	Review
2.0	12 July 2017	OM2017/177	Review
3.0	9 November 2022	OM2022/199	Review