



Shire of **Ngaanyatjarraku**
ON A JOURNEY

Council Policy

Policy 2.12 – Investment

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Council Policy 2.12 – Investment

Policy Objective

To invest the Shire 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.

Policy Statement

Preservation of capital is to be the principal objective with consideration given to liquidity, cash flow requirements and return on investment.

Preservation of capital is the principal objective of the investment portfolio. 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 thresholds and parameters.

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.

The investment is expected to achieve a predetermined market average rate of return that takes into account the Shire's risk tolerance. Any additional target set by the Shire will also consider the risk limitation and prudent investment principles.

Scope and Limitations

All investments are to comply with the following:

- *Local Government Act 1995* - Section 6.14
- *The Trustees Amendment Act 1962* – Part III Investments;
- *Local Government (Financial Management) Regulations 1996*; and
- Australian Accounting Standards.

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 be perceived to conflict with the proper execution and management of Shire's investment portfolio. This policy requires officers to disclose any conflict of interest to the CEO and the CEO to the Council.

Approved Investments

Where delegations from Council exist, the CEO and/or delegated officers may invest funds within authorised investment parameters of this policy and legislative requirements.

1. Cash / Bank Deposits may be 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*;
2. Restrictions on investments will require the Shire not to:
 - a) deposit with an institution except an authorised institution;
 - b) deposit for a fixed term of more than 12 months;
 - c) invest in bonds that are not guaranteed by the Commonwealth Government, or a State or Territory government;
 - d) invest in bonds with a term to maturity of more than 3 years;
 - e) invest in a foreign currency.

Risk Profile

The Shire will maintain a conservative investment approach aligned to its risk appetite and tolerance statement within the Shire's adopted Risk Management policy, and investment risks will therefore be kept to an acceptable minimum. This is intended to ensure short term funds are readily available when required through Council and delegated officers maintaining their fiduciary obligations required by legislation.

Internal Control

The Chief Executive Officer is to implement internal controls in accordance with *Local Government (Financial Management) Regulations 1996*.

Policy History

Amendments to this Policy

Amendments to this policy require a simple majority decision of Council.

History

Policy adopted: unknown

Policy reviewed: 24 June 2020

Policy amended: 24 June 2020

Policy reviewed: 28 June 2023

Previous Policy

Policy 2.7

