

## Governance 5: Investments

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### 1. Purpose

The purpose of this policy is to invest the City's surplus funds in a manner that maximises returns whilst balancing social and environmental benefits, with due consideration of risks, whilst protecting the initial capital investment and future cash flows.

### 2. Principles

The City investments are subject to the following principles:

- (a) preservation of capital is the principal objective of the investment portfolio;
- (b) the investment portfolio will ensure that 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 recall of an investment;
- (c) preference is given to investment in non-fossil fuel lending institutions;
- (d) investments will be managed with care, diligence, and skill that a prudent person will exercise.

### 3. Policy Statement

- 3.1 The Chief Executive Officer or their delegate under the powers delegated is to invest surplus funds in accordance with Council Policy and Management Procedure, and Section 6.14(1) of the *Local Government Act 1995* and the associated Regulations.
- 3.2 It is incumbent upon the Chief Executive Officer or their delegate to ensure:
  - (a) That funds surplus to immediate requirements may be placed in any of the following authorised deposit taking institutions (ADI's), being licensed banks as defined under the *Banking Act 1995*, for a period not exceeding 12 months:
    - (i) Western Australian Treasury Corporation
    - (ii) Australian and New Zealand Banking Group
    - (iii) National Australian Bank
    - (iv) Westpac
    - (v) Bank West
    - (vi) Commonwealth Bank
    - (vii) IMB Ltd
    - (viii) St George Bank Ltd
    - (ix) Bendigo Bank
    - (x) ING Bank Australia Limited

- (xi) Suncorp Bank
- (xii) Bank of Queensland
- (xiii) Rabobank

3.3 The Banks as listed in clause 3.2 may be amended by Council from time to time.

#### **4. Investment Preference**

In order to reduce overall carbon footprint and the wasteful use of natural resources, the City will give preference to those institutions that do not invest in or finance non-sustainable energy sources where:

- (a) the investment is compliant with the City's investment policy;
- (b) the investment rate of interest is comparable to the City relative to other investments that may be on offer to the City at the time of investment.

#### **5. Prohibitions**

The investment policy prohibits any investment carried out for speculative purposes including:

- (a) derivative based instruments;
- (b) principal only investments or securities that provide potentially nil or negative cash flow; and
- (c) stand-alone securities issued that have underlying futures, options, forward contracts and swaps of any kind.

#### **6. Investment Limitations**

That Council's investment in any one institution as per 3.2 above is limited to a maximum of:

- (a) 25% of the total investment portfolio where the amount in any one institution exceeds;
- (b) \$200,000. If the amount of \$200,000 or less is placed in any one institution, the 25% spread may not apply.

#### **7. Annual Review**

The combined level of Commonwealth and State Government Guarantee on funds invested should be reviewed annually.

#### **8. Council Review**

- 8.1 The Short Term Investment Portfolio schedule shall be presented monthly to Councillors as part of the Monthly Financial Statements Report.
- 8.2 Funds invested are required to be in Australian currency.

Status	Council and Statutory Requirement		
Related Local Law	N/A		
Related Council Policies	N/A		
Relevant Delegation	LGA 8 Investment of Surplus Funds		
Related Internal Procedures	(CM-FIN02 – Investments) – Updated Procedure Pending		
Related Budget Schedule	N/A		
Legislation	Section 6.14 of the <i>Local Government Act 1995</i> Regulation s 19, Regulation 19C, Regulation 28 and Regulation 49 of the <i>Local Government (Financial Management) Regulations 1996</i> Australian Accounting Standards Part III Investments – <i>The Trustees Act 1962</i> <i>Banking Act 1959</i>		
Notes and Conditions	N/A		
Authority	Council		
Adopted	27 August 2019	Next Review Date	27 August 2021