

4. ADMINISTRATION POLICIES

4.1 FINANCE

4.1.1 Investments

Background and Issues

It is important for Council to invest wisely by striking a balance between a return on investment and risk. Too much investment risk is unacceptable and recent cases of other local government failure in this area should reinforce the need to maintain solid investment strategies.

Objectives

- Assessing the risk, income return and length of the investment(s);
- Maintaining an appropriate cash flow for the continued good management of the Council;
- Maintaining records of investment particulars in line with the Accounting Directions; and
- Recognising the advantage of diversifying investments.

Area of Application

Any financial investment considered by the Shire of Manjimup.

Policy Measures

In applying the objectives, and due to restrictive funding resources and the limited margin for error or loss, it is considered that certain parameters be set for all Council bank accounts. Subsequent to a minimum annual review of all investment(s), the following parameters are to apply:

1. **Municipal Account**

- secure and/or low risk investments;
- less than 12 months in duration; and
- may be in the form of bills, bank deposits, cash management trusts, cheque accounts, and State or Commonwealth debenture stock.

2. **Trust Fund**

- secure and/or low risk investments;
- less than 12 months in duration; and
- may be in the form of bills, bank deposits, cash management trusts, cheque accounts, and State or Commonwealth debenture stock.

3. **Reserve Account**

- medium risk investments;
- 12 months to less than 5 years in duration;
- may be in the form of bills, bank deposits, cash management trusts, cheque accounts, State or Commonwealth debenture stock, mortgage trusts, property security or property trusts, low risk income funds, and bonds with a duration of less than 5 years.

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When investments of greater duration than 12 months are desired, Council officers are to obtain independent financial advice from a Certified Financial Planner with regard to specific investment selection.

REVIEWED AND ADOPTED 25 JULY 2002
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<p>The Administration of this Policy is by the Statutory Services directorate.</p>
