



4 ADMINISTRATION POLICIES

4.1 FINANCE

4.1.1 Investment Policy

Purpose

To provide a framework for the investment of surplus funds held by the Shire, ensuring compliance with legislative requirements and the prudent management of public money.

Legislative Context

This policy is governed by:

- *Local Government Act 1995* – Section 6.14
- *Local Government (Financial Management) Regulations 1996* – Regulation 19C
- *Trustees Act 1962* – Part III (Prudent Person Rule)

Policy Measures

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 cases of other local government failures in this area should reinforce the need to maintain solid investment strategies.

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.

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3. Reserve Account

- Medium risk investments;
- 12 months 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 invest in bonds with a term maturity no more than 3 years.

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.

Approved Organisations for Investment

Surplus funds may be invested in the following institutions:

1. The Council's account holding bank;
2. An authorised deposit-taking institution as defined in the *Banking Act 1959* (Commonwealth) section 5; or
3. The Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation Act 1986*.

All investments must be in Australian Currency.

Administration

This policy will be administered by the Finance and Business Services department. All proposed investments will be reviewed by the Director of Business Services and will require any two Senior Officers or a Senior Officer and the Coordinator of Administration and Finance for final approval.

ADOPTED 25 JULY 2002

REVIEWED 7 AUGUST 2008

REVIEWED 8 DECEMBER 2011

REVIEWED 11 DECEMBER 2014

REVIEWED 3 JUNE 2020

REVIEWED AND MODIFIED 5 AUGUST 2025

NEXT DUE FOR REVIEW AUGUST 2029

The Administration of this Policy is by Business Directorate.