

Governance 5: Investments

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. Planning

Priority 4: Kalamunda Leads

Objective 4.1 - To provide leadership through transparent governance.

Strategy 4.1.1 - Provide good governance.

3. Policy Statement

The City manages its investments in a financially sustainable manner to ensure that it receives favourable rates of return whilst preserving the City's initial capital investment.

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.

4. Detail

The City's 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) in order to reduce the overall carbon footprint, 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.
- e) Investment carried out for speculative purposes is prohibited, including
 - i. Derivative based instruments
 - ii. Principal only investments or securities providing potential nil or negative cash-flow

- iii. Standalone securities issued that have underlying futures, options, forward contracts and swaps of any kind
- iv. Cryptocurrency
- v. That Council's investment in any one institution is limited to a maximum of:
 - A. 30% of the total investment portfolio where the amount in any one institution exceeds.
 - B. If the amount of \$200,000 or less is placed in any one institution, the 30% spread may not apply
- vi. Funds invested are required to be in Australian currency

In investing its surplus funds, the City ensures that:

- f) 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. Commonwealth Bank
 - vi. IMB Ltd
 - vii. St George Bank Ltd
 - viii. Bendigo Bank
 - ix. ING Bank Australia Limited
 - x. Suncorp Bank
 - xi. Bank of Queensland
 - xii. CitiBank

The Banks as listed in clause 3a) may be amended by Council from time to time.

5. Community Consultation

This Policy is not required to be subject to community consultation.

6. Governance

The Investment Portfolio schedule shall be presented monthly to Councillors as part of the Monthly Financial Statements Report.

7. Measures of Success

The success of the Policy will be measured by:

- a) the amount of interest earnings.
- b) the percentage of investment in non-fossil fuel lending institutions.

8. Definitions

Nil.

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 Local Government (Financial Management) Regulations 1996 Australian Accounting Standards <i>Part III Investments – The Trustees Act 1962</i> <i>Banking Act 1959</i>		
Notes and Conditions	N/A		
Authority	Council		
Adopted	12 October 2021	Next Review Date	12 October 2023