



F4 Investments

Policy Objective

This policy provides guidelines on how the Shire's excess funds are to be invested whilst complying with legislation and requiring its authorised officers to exercise the care, diligence and skill that a prudent person would exercise in investing the Shire's funds.

Policy

While exercising the power to invest, consideration needs to be given to preservation of capital, liquidity, and the return on investment.

Notwithstanding the provisions of this Policy, the general financial management obligations imposed under the *Local Government Act 1995* and the Local Government (Financial Management) Regulations 1996 should at all times be complied with.

F4.1 Prudent Person Rule

- a) Investments will be managed with the care, diligence and skill that a prudent person would exercise. Investments are to be managed to safeguard the portfolios in accordance with the spirit of this Investment Policy, and not for speculative purposes.
- b) In exercising powers of investment, there are important matters for consideration:
 - i) The purpose of the investment and the needs and circumstances;
 - ii) The desirability of diversifying investments and the nature of and risk associated with existing investments;
 - iii) The need to maintain the real value of capital and income;
 - iv) The risk of capital or income loss or depreciation;
 - v) The potential for capital appreciation;
 - vi) The likely income return and timing of the income return;
 - vii) The length of the term of the proposed investment;
 - viii) The liquidity and marketability of the proposed investment;
 - ix) The aggregate value of the investment;
 - x) The effect of the proposed investment in relation to the tax liability (if any);
 - xi) The likelihood of inflation affecting the value of the proposed investment; and
 - xii) The costs of making the proposed investment; the results of a review of existing investments.

F4.2 Investment Objectives

- a) To add value through prudent investment of funds; and
- b) To have ready access to funds for day-to-day requirements, without penalty.

F4.3 Authority to Invest

- a) The Shire of Ravensthorpe's surplus funds are to be invested in term deposits or negotiable certificates of deposit with an Australian Prudential Regulation Authority (APRA) authorised deposit-taking institution (ADIs).
- b) Investments from the municipal, loan, reserve and trust accounts are to be kept separate and distinct.
- c) Funds may be invested for a term of up to twelve (12) months based on predicted cash flow requirements.
- d) In accordance with Financial Management Regulation 19C the Shire of Ravensthorpe will not undertake any of the following investment activities:
 - i) Lodge deposits with an institution except an authorised institution;
 - ii) deposit funds for a fixed term of more than 3 years;
 - iii) invest in bonds that are not guaranteed by the Commonwealth Government, or a State or Territory government;
 - iv) invest in bonds with a term to maturity of more than 3 years;



- v) Invest in a foreign currency.

F4.4 Delegation of Authority to Invest

- a) The Chief Executive Officer is authorised to invest, withdraw or re-invest sums up to \$1,000,000, in accordance with this Policy.
- b) The Chief Executive Officer will authorise the Executive Manager Corporate Services to invest, withdraw or re-invest sums up to \$500,000, in accordance with this Policy.

F4.5 Ravensthorpe Hopetoun Future Fund

The delegation of authority limit to the CEO stated within this policy does not apply to the investment decisions made on behalf of the Ravensthorpe Hopetoun Future Fund (RHFF). The RHFF is not considered Shire funds. The Shire acts as the Trustee for the RHFF and invests these funds as directed by the RHFF Board in accordance with section 6.14 of the *Local Government Act 1995* and the Local Government (Financial) Regulation 19C for funds' investments.

F4.6 Review and Reporting

- a) A cash flow report is to be monitored by the Executive Manager Corporate Services at least weekly to ensure cash funds are available to meet commitments.
- b) Investments will be managed actively as they mature with reviews by the Executive Manager Corporate Services on a monthly basis.
- c) For audit purposes, certificates must be obtained from the bank confirming the amounts of investment held on the Shire's behalf at 30 June each year.

DOCUMENT CONTROL BOX		
Custodian: Chief Executive Officer		Decision Maker: Council
Compliance Requirements:		
Legislation:		
Industry:	Local Government Operational Guidelines Number 5 January 2004 Council Forums	
Organisational:		
Document Management:		
Risk Rating: Low	Review Frequency: Annually	Next Due:
Version #	Decision Reference:	Description:
a	OCM 21/07/2020 Item 13.2	Comprehensive Policy Register Review
b	OCM 19/07/2022 Item 12.1.	Comprehensive Policy Register Review
c	OCM 17/12/2024 Item 12.1.2	Policy Reconfirmed – No Amendments