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| **Policy number** | **Policy 302** |
| **Policy title** | Investment |
| **Strategic outcomes supported** | CL1 – Effectively managing resources and performance<br>CL3 - Accountability and good governance |

# 1. Policy objective:

1.1. To provide guiding principles and financial controls for managing investment of the Town's surplus funds.

# 2. Policy scope:

2.1. This policy applies to all employees who actively manage the Town's cash and investments or have the responsibility for employees who actively manage the Town's cash and investments.

# 3. Policy definitions:

**Standard and Poor (S&P) Ratings** are an opinion of the general creditworthiness of an obligor with respect to particular debt security or other financial obligation based on relevant risk factors.

# 4. Policy statement:

## 4.1. Guiding principles

4.1.1. The Town of Victoria Park is committed to ensuring the Town's finances are managed appropriately, sustainably and transparently for the benefit of the community.

4.1.2. Council supports the investment of the Town's surplus funds, which seek to maximise the return to the Town whilst having due consideration for the risk and security of each investment; and ensuring the Town's liquidity requirements are met.

4.1.3. The Town requires all investment activities be managed with care, diligence and skill that a prudent person would exercise. Officers shall refrain from personal activities that would conflict with the proper execution and management of the City's investment portfolio. This policy requires Officers to disclose any conflict of interest to the Chief Executive Officer.

## 4.2. Approved investments

4.2.1. Interest bearing term deposits with authorised deposit-taking institutions (ADI) as defined in the Banking Act 1959 (Commonwealth) section 5 for a term not exceeding three years (including Flexi and At Call Deposits).

4.2.2. Interest bearing deposits with the Western Australian Treasury Corporation (WATC) for a term not exceeding three years.

4.2.3. Bonds guaranteed by the Commonwealth Government or State or Territory for a term not exceeding three years.

4.2.4. All investments are to be in Australian currency.

### 4.3. Prohibited investments

4.3.1. I Investment of derivative based instruments.

4.3.2. Stand-alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind.

### 4.4. Risk management guidelines

4.4.1. To control the credit quality of the ADI invested portfolio, the following credit framework limits the percentage of the portfolio exposed to any credit rating category and exposure to an individual ADI counterparty.

| S&P Long term Rating | S&P Short Term Rating | Maximum % in Credit Rating Category | Maximum % in One Authorised Institution |
|---|---|---|---|
| Government Guaranteed Deposits | Government Guaranteed Deposits | 100% | 100% |
| AAA | A-1+ | 100% | 60% |
| AA | A-1 | 100% | 35% |
| A | A-2 | 60% | 25% |
| BBB | A-2 / A-3 | 40% | 15% |

4.4.2. If any ADI's are downgraded to an extent they no longer comply they will be divested as soon as practical.

### 4.5. Environmentally and Socially Responsible Investment

4.5.1. The Town of Victoria Park acknowledges climate change and attempts to reduce its investments that fund the fossil fuel industry and contribute to greenhouse gas emissions. When exercising the power of investment, preference is to be given to investments with institutions that have been assessed to have no current record of funding fossil fuels, provided that the investment offers a rate of return no less favourable than those available from other institutions and meets the other objectives of this policy. The Town will use resources such as Market Forces in determining fossil free investments (https://www.marketforces.org.au/info/compare-bank-table/).

## 5. Related documents

Local Government Act 1995 - Section 6.14
Local Government (Financial Management) Regulations 1996
The Trustees Act 1962 – Part III
Banking Act 1995 (Commonwealth) – Section 5
Australian Accounting Standards

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| **Responsible officers** | Chief Financial Officer<br>Manager Finance<br>Manager Strategic Accounting<br>Coordinator Finance<br>Accountant |
| **Policy manager** | Chief Financial Officer |
| **Approval authority** | Council |

| Next evaluation date | *This will be set by Governance* |
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## Revision history

| Version | Action | Date | Authority | Resolution number | Report number |
|---|---|---|---|---|---|
| Adopted | 28/11/1995 | Council | - | - | |
| Amended | 23/3/1999 | Council | - | - | |
| Amended | 24/02/2009 | Council | - | - | |
| Reviewed | 09/07/2013 | Council | - | - | |
| Amended | 09/06/2015 | Council | - | - | |
| Reviewed | 11/08/2015 | Council | - | - | |
| Amended | 08/05/2018 | Council | - | - | |
| Reviewed and amended | 20/08/2019 | Council | 148/2019 | - | |
| Amended | 08/05/2018 | Council | - | Item 14.3 | |
| Reviewed and amended | 20/08/2019 | Council | 148/2019 | Item 10.1 | |
| Reviewed | 18/02/2020 | Council | 325/2020 | Item 15.6 | |
| Reviewed and amended | 20/04/2021 | Council | 78/2021 | Item 15.4 | |
| Reviewed | 15/03/2022 | Council | 46/2022 | Item 15.3 | |
| Administratively amended | 24/08/2023 | Delegation | | | |
| Reviewed and amended | 21/05/2024 | Council | 84/2024 | Item 11.3 | |
| Reviewed and amended | 15/10/2024 | Council | 258/2024 | Item 11.3 | |
| Reviewed and amended | 18/11/2025 | Council | 233/2025 | Item 11.2 | |