

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

Policy objective:

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

Policy scope:

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.

Policy definitions:

Standard and Poor (S&P) Ratings – These 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.

Policy statement:

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.
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.
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 Town's investment portfolio. This policy requires Officers to disclose any conflict of interest to the Chief Executive Officer.

Approved Investments

4. 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).
5. Interest bearing deposits with the Western Australian Treasury Corporation (WATC) for a term not exceeding three years.
6. Bonds guaranteed by the Commonwealth Government or State or Territory for a term not exceeding three years.
7. All investments are to be in Australian currency.

Prohibited Investments

8. Investment of derivative based instruments.
9. Stand-alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind.

Risk Management Guidelines

10. 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
<u>Government Guaranteed Deposits</u>	<u>Government Guaranteed Deposits</u>	<u>100%</u>	<u>100%</u>
AAA	A-1+	100%	60%
AA	A-1	100%	35%
A	A-2	60%	25%
<u>BBB</u>	<u>A-2 / A-3</u>	<u>40%</u>	<u>15%</u>

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

Environmentally and Socially Responsible Investment

12. 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, providing that doing so will secure a rate of return that is at least equal to alternative offered by other institutions and meeting 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/>).

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 and
 Australian Accounting Standards.

Responsible officers

Chief Financial Officer
 Manager Finance
Manager Strategic Accounting
Financial Services ControllerCoordinator Finance
Accountant



Policy manager	Chief Financial Officer
Approval authority	Council
Next evaluation date	September 2025

Revision history

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