



## POLICY: CORP-F-001

### Investment Policy

---

#### Purpose

Any of the City's Funds which are surplus to immediate requirements are to be invested in accordance with the risk diversification schedule outlined in this policy.

Further to these specifications it is necessary that the prudent person of the Trustee Act be satisfied at all times.

#### Definitions

Nil

#### Statement

##### 1.1 Investment Objectives

The investments objective is to manage the Council's investment portfolio in order to maximise return within agreed risk parameters. In achieving this, the following must be maintained:

1.1.1 High level of security by using recognised assessment criteria;

1.1.2 Adequate level of diversification to spread risk;

1.1.3 Ready access to funds for day to day requirements without penalty;

1.1.4 Adherence to the requirements of Section 6.14 of the *Local Government Act 1995*, Section 19C of the *Local Government (Financial Management) Regulations 1996 (as amended)* and Section 18 (1) of the *Trustee Act 1962 (as amended)* (the "Prudent Person" rule).

##### 1.2 Risk Profile

When exercising the power of investment the following are to be given consideration:

Responsible Officer:	Manager Finance	Version:	5.00
Adopted:	26 May 2008	Last Revised:	25/08/2014
Distribution:	City of Kalgoorlie-Boulder Website, Policy Register		
Last printed:	1 September 2014	Page:	1 of 3
<i>Uncontrolled document when printed</i>			

- 1.2.1 The purposes of the investment and the needs and circumstances;
- 1.2.2 The need to maintain the real value of the capital and income;
- 1.2.3 The likely income return and the timing of income return;
- 1.2.4 Easy to manage/time and cost efficient;
- 1.2.5 The liquidity risk of the proposed investment during;
- 1.2.6 The costs (including commissions, fees, charges, and duties payable) of making the proposed investment; and
- 1.2.7 The results of a review of existing investments;
- 1.2.8 Credit risk and market risk.

### 1.3 Delegated Authority to Invest

The authority is to be delegated to the Chief Executive Officer to make investment decisions and sign investment lodgements and withdrawals. Pursuant to the provisions of Section 5.45 of the *Local Government Act 1995*. This authority may be delegated to the Director Corporate Services and/or Manager Finance.

### 1.4 Authorised Investments

Authorised investments would include but not necessarily be limited to:

- 1.4.1 Bank accepted/endorsed bank bills;
- 1.4.2 Bank negotiable Certificates of Deposit;
- 1.4.3 Bank interest bearing deposits;
- 1.4.4 Bank backed floating rate notes;
- 1.4.5 State/Commonwealth Government Bonds; and
- 1.4.6 City of Kalgoorlie-Boulder major land transactions.

### 1.5 Council's Direct Investments

#### 1.5.1 *Quotations on Investments*

Not less than two (2) quotations shall be obtained from authorised institutions whenever an investment is proposed. The best quote on the day will be successful after allowing for administrative and banking costs, as well as having regard to the limits set above liquidity requirements and Council's requirement to hold the first \$4 million with Bankwest.

### 1.5.2 *Term to Maturity*

The term to maturity for an investment may range from “at call” to twelve months without Council approval.

### 1.5.3 *Liquidity*

- (a) At least 20% of the total investment portfolio must be liquefiable within 10 days.
- (b) Cash flow must be monitored daily to ensure cash funds are available to meet commitments.
- (c) Maturity analysis report to be monitored at least monthly.

## 1.6 General Policy Guidelines – Diversification Credit Risk

The amount invested with any one financial institution or the Western Australian Treasury Corporation should not exceed the following percentages of average annual funds invested.

<b>Counterparty Details</b>	<b>Maximum Exposure as a % of total Investment Portfolio</b>
All the banks within the meaning of the Banking Act 1959.  <i>(NB: at least 50% of total investments must remain with a Bank)</i>  Bankwest (the first \$4 million)	Up to 100%    \$4 million
Treasury Funds with an average duration of less than 1 year.	Up to 50%

## Relevant Documents