



## Policy F2 – Investment of Funds

Shire of Murray

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### 1. Policy Intention

To invest the Shire of Murray surplus funds, with consideration of risk and the most favourable rate of interest available to it at the time for that investment type, while ensuring that Council's liquidity requirements are met.

### 2. Policy

**2.1** While exercising the power to invest, consideration is to be given to preservation of capital, liquidity, and the return of investment.

- Preservation of capital is the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security and safeguarding the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.
- The investment portfolio will ensure 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 sale of an investment.
- The investment is expected to achieve a predetermined market average rate of return that takes into account Council's risk tolerance. Any additional return target set by Council will also consider the risk limitation and prudent investment principles.

### 2.2 Prudent Person

In accordance with the *Trustees' Act 1962* all surplus funds will be invested in accordance with the prudent person rule.

The main features of the prudent person rule include:

- Exercising the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons; and
- A duty to invest funds in investments that are not speculative or hazardous.

### 2.3 Approved Investments

As per the *Local Government (Financial Management) Regulations 1996*, Regulation 19C, any investment placed shall be subject to the following restrictions:

- A deposit can only be placed with an authorised institution as defined in the *Banking Act 1959* (Commonwealth) section 5 or with the Western Australian Treasury Corporation;
- A deposit cannot be placed for a fixed term of more than 3 years;
- Any bonds must be guaranteed by a Commonwealth, State or Territory government and may not be placed with a term to maturity of more than 3 years; and
- Council may not invest in foreign currency.

## 2.4 Reporting and Review

A report on current investments under this Policy is to be included in the monthly financial report presented to Council each month.

Documented evidence must be held for each investment and details thereof maintained in an Investment Register for the period required under the *Records Act 2000*.

Certificates must be obtained from the financial institutions confirming the amounts of investments held on the Council's behalf as at 30 June each year and reconciled to the Investment Register.

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Policy Detail		
<b>Responsible Directorate</b>	Corporate Services	
<b>Responsible Department</b>	Finance	
<b>Responsible Officer</b>	Manager Finance	
<b>Next Policy Review / Schedule</b>	2026 (3-yearly)	
<b>Council Adoption</b>	<b>Date / Resolution</b>	1 December 1998 (SCM98/0345)
<b>Amendment Record</b>	<b>Date / Resolution</b>	28 February 2002 (OCM02/053)
		29 April 2010 (OCM10/066)
		30 June 2011 (OCM11/099)
		26 July 2012 (OCM12/149)
		25 June 2015 (OCM15/155)
		22 February 2018 (OCM18/008)
		23 June 2022 (OCM22/070)

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