

INVESTMENT POLICY

Legislation / local law requirements	<i>Local Government Act 1995 – Section 6.14</i> <i>Trustees Act 1962 - Part III</i> <i>Local Government (Financial Management) Regulations 1996 – R19</i> Australian Accounting Standards
Relevant delegations	Council Delegation 2.2.28 – Power to invest and manage investments
Related policies, procedures and supporting documentation	Investment Guidelines and Procedures - D21/58375

PRELIMINARY

INTRODUCTION

The City of Vincent will invest surplus funds in accordance with the Local Government Act and Council Delegations.

PURPOSE

This policy sets guiding principles and financial controls to balance risk and return when managing the investment of City funds. Investment decisions will also reflect the City of Vincent community’s social and environmental expectations.

OBJECTIVE

The purpose of this policy is to

- Ensure the City takes a conservative approach to the investment of funds but will add value through prudent investment.
- maximise investment returns.
- achieve a high level of security of the overall portfolio by using recognised rating criteria.
- maintain an adequate level of diversification.
- give preference to investments with institutions that are assessed to have a higher social and environmental responsibility rating.
- have ready access to funds for day-to-day requirements, without penalty.

SCOPE

Refers to the investment and management of all funds held by the City, including operating accounts, investment accounts and funds managed under a Trust.

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POLICY PROVISIONS

POLICY

The City of Vincent will apply the following principles to all investments made in accordance with section 6.14 of the *Local Government Act 1995*:

1. Prudent Person Standard

The investment will be managed with the care, diligence, and skill that a prudent person would exercise. The City of Vincent will manage the investment portfolios to safeguard the portfolios and not for speculative purposes.

2. Ethics and Conflicts of Interest

Officers shall refrain from personal activities that would conflict with the proper execution and management of the City of Vincent investment portfolio. Officers will disclose any conflict of interest to the Chief Executive Officer.

3. Authorised Investments

Authorised investments shall be limited to:

- Fixed and floating rate interest bearing deposits with a term to maturity of 12 months or less, with authorised institutions.
- State and Commonwealth Government Bonds with a term to maturity of 3 years or less
- Specific securities approved by Council.

4. Prohibited Investments

This policy prohibits the use of leveraging (borrowing to invest) of an investment.

5. Risk Profile

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

- The purpose of the investment, and its needs together with the circumstances.
- The nature of and the risk associated with the different investments.
- The need to maintain the real value of capital and income.
- The risk of capital loss or income loss.
- The likely income return and the timing of that return.
- The liquidity and the marketability of the proposed investment during, and at the determination of the term of, the proposed investment.
- The aggregate value of the investment.
- The costs (including commissions, fees, charges and duties payable) of making the proposed investment.
- The non-fossil fuel status of the proposed investment.

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6. Divestment Profile of Institutions

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 alternatives offered by other institutions.

7. Variation to Policy

The Chief Executive Officer or their delegated representative is authorised to approve variations to this policy if the investment is to the City of Vincent's advantage and/or due to revised legislation.

All variations to this policy, actioned under this clause, are to be report to Council within 14 days.

OFFICE USE ONLY	
Responsible Officer	Executive Manager Financial Services
Initial Council Adoption	24 February 1997
Previous Title	Not applicable
Reviewed / Amended	27 March 2001, 27 June 2006, 12 August 2008, 28 July 2009, 14 January 2014, 23 August 2016, 12 December 2017, 8 February 2022
Next Review Date	February 2026