



Investment of Operating Cash

Status	Council
Responsible Division	Corporate & Strategy
Objective	To set the criteria for making authorised investments of operating cash after assessing credit risk and diversification limits in order to maximise earnings and ensure the security of Council funds.

Context

Funds held by the City of Nedlands that are not required immediately may be invested in accordance with the Local Government Act 1995. In order to minimise the risks associated with investing funds, this policy specifies the minimum acceptable credit ratings for funds as well as the maximum amount of funds that may be invested in the one financial institution.

Statement

1. Any funds surplus to Council's immediate requirements are to be invested in accordance with the following:
 - Local Government Act 1995 Section 6.14
 - Trustees Act 1962 Part III Investments
 - Local Government (Financial Management) Regulations 1996.
2. Investments are limited to the following, in the four major banks:
 - Interest bearing deposits
 - Bank accepted/endorsed bank bills
 - Managed funds.
3. The purchase of speculative financial investments is prohibited.
4. The amount invested with any one institution shall not exceed 40% of average annual funds invested.
5. Officers are to manage the investment portfolio with the care, diligence and skill that a prudent person would exercise.
6. Investments in Term Deposits shall not be fixed for longer than 36 months.
7. Should the credit rating of any institution or fund be downgraded then any investment will be divested on maturity or within 30 days, whichever is sooner.



8. The investment portfolio is not to be used for leveraging.
 9. A report will be provided to Council each month detailing the performance of all investments.
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Related Documentation

Investment of City's Funds Procedure

Related Local Law / Legislation

Section 6.14 of the *Local Government Act 1995*

Related Delegation

Authority for implementation of the Investment Policy is delegated by Council to the CEO in accordance with the *Local Government Act 1995*. The CEO may in turn delegate the day-to-day management of the Investments to the Director Corporate & Strategy, the Manager Finance and other designated senior staff subject to regular reviews.

Review History

17 December 2019 (Item 13.7)
28 October 2014 (Item 13.5 Investment of Council Funds Policy)
10 December 2013 (Report CPS40.13)
26 October 2010 (Report CM26.10)