



Council Policy

Investment of Surplus Funds

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Maintained By: Chief Executive Officer
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1. Objective

The policy on Investment of Surplus Funds is intended to reflect the intention of Council to minimize the possibility of incurring capital loss on any investment whilst providing a reasonable rate of return.

The objectives of the Policy on Investment of Surplus funds are:

- To provide maximum capital security of funds.
- To provide the best available rate of interest from an approved source.
- To ensure sufficient liquidity to meet Council's cash flow requirements.

2. Scope

The policy applies to any investment of surplus funds other than bank deposits for operational purposes.

3. Definitions

Nil

4. Policy Statement

Investments shall be restricted to term deposits or commercial bills offered by the following banks or government institutions:

Commonwealth Bank of Australia
Bendigo Bank
BankWest
Australia and New Zealand bank
National Australia Bank
Westpac banking Corporation
WA Treasury Corporation

Speculative financial instruments are specifically prohibited, together with the use of the portfolio for speculation. Leveraging of the portfolio (borrowing to invest) is prohibited.

Investments shall be spread to ensure that no single institution holds more than 30% of the City's invested funds.

The term of individual investments shall be consistent with City cash flow requirements and shall not exceed 12 months.

The status and performance of the investment portfolio is to be reported monthly to Council.

5. Legislative and Strategic Context

Legislation covering investment of surplus funds includes:

- Local Government Act 1995 Section 6.14.
- The Trustees Act 1962 – Part III Investments as amended by the Trustees Amendment Act.
- Local Government (Financial Management) Regulations 1996 – Regulation 19, Regulation 28 and Regulation 49.
- Australian Accounting Standards.

6. Delegation of Authority

Authority for implementation of the Investment Policy is delegated by Council to the CEO in accordance with the Local Government Act 1995.

7. Prudent Person Standard

The investment will be managed with the care, diligence and skill that a prudent person would exercise.

8. Ethics and Conflicts of Interest

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the CEO.

9. Review Position and Date

Chief Executive Officer to review on or before 28/02/2011.

10. Associated Documents

Nil

CEO Authorisation:  _____

Date: 20/05/08