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**POLICY NO: 1.2.4**

**INVESTMENT POLICY  
OBJECTIVES**

To:

- take a conservative approach to investments, but with a focus to add value through prudent investment of funds;
- have investment funds achieve an overall return of the UBS Bank Bill Index;
- 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 higher social and environmental responsibility rating; and
- have ready access to funds for day to day requirements, without penalty.

**POLICY STATEMENT**

**1. AUTHORITY FOR INVESTMENT**

All investments are to be made in accordance with:

- *Local Government Act 1995* – Section 6.14.
- *The Trustees Amendment Act 1997* – point 6, re: Part 111 Investments.
- *Local Government (Financial Management) Regulations 1996* – Regulations 19, 19C, 28 and 49.
- Australian Accounting Standards

**2. DELEGATION OF AUTHORITY**

Chief Executive Officer or his delegated representative has authority to invest surplus funds.

**3. PRUDENT PERSON STANDARD**

The investment will be managed with the care, diligence and skill that a prudent person would exercise. Officers are to manage the investment portfolios to safeguard the portfolios in accordance with the spirit of this Investment Policy, and not for speculative purposes.

**4. 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.

**5. AUTHORISED INVESTMENTS**

Authorised Investment 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; and
- Specific securities approved by Council.

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## 6. PROHIBITED INVESTMENTS

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

## 7. 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 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.

## 8. 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.

Where an investment is made with an institution that has been assessed to have no record of funding fossil fuels, a lower rating of demonstrated social and environmental responsibility due to providing a higher rate of return, the additional return generated will be invested back into carbon abatement initiatives within the City of Vincent.

## 9. VARIATION TO POLICY

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

All changes to this policy are to be reported to Council within 14 days.

<b>Date Adopted:</b>	<b>24 February 1997</b>
<b>Date Amended:</b>	<b>27 March 2001, 27 June 2006, 12 August 2008, 28 July 2009, 14 January 2014, 23 August 2016.</b>
<b>Date Reviewed:</b>	<b><del>23 August 2016</del></b>
<b>Date of Next Review:</b>	<b>23 August 2019</b>