



EMP-FIN-004 | Management of Investments

Strategic Context

Strategic Link	Policy Objective
☑ United ☑ Safe & Healthy ☑ Beautiful & Respected ☑ Prosperous & Equitable	The objective of this policy is to establish a clear governance framework for the prudent management of the Shire's investments, ensuring capital preservation, adequate liquidity, legislative compliance, and the responsible stewardship of public funds.

Introduction

1. The Shire of Halls Creek is committed to prudent financial management and the responsible stewardship of public funds. Effective investment management is essential to safeguarding the Shire's financial assets, maintaining liquidity, and supporting the delivery of services and infrastructure to the community.
2. The management of investments must be undertaken in accordance with legislative requirements, sound financial principles, and accepted risk management practices. Council, as the governing body, is responsible for establishing the strategic framework within which surplus funds are invested, ensuring that investment activities prioritise capital preservation, liquidity, and appropriate return.
3. This policy provides the governance structure for the management of the Shire's investments, clarifying roles and responsibilities and ensuring compliance with the *Local Government Act 1995* and associated regulations. It supports transparency, accountability, and financial sustainability while enabling the Chief Executive Officer to administer investment activities within approved parameters.

Purpose

4. The purpose of this policy is to establish a clear governance framework for the management of the Shire of Halls Creek's investments in accordance with legislative requirements and sound financial management principles.
5. This policy ensures that surplus funds are invested responsibly, with primary consideration given to capital preservation and liquidity, while seeking an appropriate return within acceptable risk parameters. It provides strategic direction to guide investment decisions and sets the Policy parameters within which the Chief Executive Officer may administer investment activities.
6. The Policy supports Council's commitment to financial sustainability, transparency, and accountability, ensuring that investment practices align with the Shire's Long-Term Financial Plan, cash flow requirements, and broader risk management framework.
7. Through this policy, Council maintains appropriate oversight of investment activities while enabling efficient operational administration in accordance with approved delegations and statutory obligations.

Policy Scope

8. This policy applies to all investments made by or on behalf of the Shire of Halls Creek using surplus funds, reserve funds, or other monies held by the Shire.
9. The Policy governs the strategic parameters for investment activities undertaken in accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*, including compliance with any Ministerial Orders relating to authorised investments.
10. This policy applies to Elected Members in their governance role and to the Chief Executive Officer in the operational administration of investment activities under delegated authority.
11. The Policy covers:
 - a) The investment of surplus operating funds;
 - b) The investment of reserve funds;
 - c) The selection of authorised financial institutions and investment products;
 - d) Risk management and diversification principles;
 - e) Reporting and oversight requirements.
12. This policy does not apply to the management of operational cash transactions, borrowings, or financial derivatives unless otherwise permitted under legislation and Council resolution.
13. Where inconsistencies arise between this policy and applicable legislation or Ministerial Orders, the legislation and Ministerial Orders prevail.

Policy Statement

14. The Shire of Halls Creek is committed to the prudent and responsible management of public funds. Council recognises that investment activities must prioritise the preservation of capital and the maintenance of adequate liquidity to meet operational and strategic commitments.
15. Investments must be undertaken in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996*, and any applicable Ministerial Orders, ensuring that funds are invested only in authorised institutions and approved investment products.
16. Council affirms that the primary objectives of investment management are:
 - a) The security of invested funds;
 - b) The availability of funds to meet cash flow requirements; and
 - c) The achievement of an appropriate rate of return within acceptable risk parameters.
17. Council establishes the governance framework and strategic parameters for investment activities, while the Chief Executive Officer is responsible for administering investments in accordance with approved delegations, legislative requirements, and this policy.
18. Investment decisions must align with the Shire's Long-Term Financial Plan, cash flow forecasts, and broader risk management framework, ensuring transparency, accountability, and financial sustainability.



Principles Underpinning the Policy

Principle Name	Principle Definition
Capital Preservation	The primary objective of all investment activities is the protection of capital. Investments must prioritise security over return.
Liquidity	Investments must ensure sufficient liquidity to meet the Shire's operational, contractual, and strategic cash flow requirements at all times.
Legislative Compliance	All investment activities must comply with the <i>Local Government Act 1995</i> , the <i>Local Government (Financial Management) Regulations 1996</i> , and any applicable Ministerial Orders governing authorised investments.
Prudent Risk Management	Investment decisions must be based on sound risk assessment, with consideration given to credit risk, interest rate risk, and market conditions.
Diversification	Where practicable, investments should be diversified across authorised institutions and maturities to reduce exposure to concentration risk.
Transparency and Reporting	Investment performance and holdings must be reported to Council in accordance with legislative requirements to ensure transparency and accountability.
Strategic Alignment	Investment activities must align with the Shire's Long-Term Financial Plan, cash flow forecasts, reserve strategies, and broader financial sustainability objectives.
Governance Role and Clarity	Council establishes the Policy framework and oversight parameters, while the Chief Executive Officer administers investment activities under delegated authority and within approved limits.

Definitions

Term	Meaning
Authorised Deposit-Taking Institution (ADI)	A financial institution authorised under the <i>Banking Act 1959 (Cth)</i> to accept deposits from the public, including banks, building societies, and credit unions.
Chief Executive Officer (CEO)	The person appointed by Council under section 5.36 of the <i>Local Government Act 1995</i> , responsible for the day-to-day administration and financial management of the Shire.
Council	The Council of the Shire of Halls Creek.
Credit Rating	An assessment of the creditworthiness of a financial institution or investment product, issued by a recognised rating agency.
Diversification	The practice of spreading investments across multiple authorised institutions or products to reduce exposure to concentration risk.

Elected Member	A Councillor or the Shire President elected or appointed to the Council of the Shire of Halls Creek.
Investment	The placement of surplus funds with an authorised institution or approved financial product in accordance with legislative requirements and Ministerial Orders.
Liquidity	The ability to access funds when required to meet operational or financial obligations.
Ministerial Order	An order issued by the Minister for Local Government under the <i>Local Government Act 1995</i> prescribing authorised investments for local governments.
Surplus Funds	Funds that are not immediately required for operational expenditure and are available for short-term or medium-term investment.

Policy Details

19. Direct Fund Investment and General Policy Guidelines

- 19.1 No less than two quotations shall be obtained from authorised institutions when making an investment and Shire authorised officers shall determine the best quote on the day, taking into consideration administrative and banking costs.
- 19.2 A check will be made of the APRA Website at <https://www.apra.gov.au/registers/list-registered-authorized-deposit-taking-institutions> to confirm that the institution is still on the list of authorised Deposit-Taking institutions.
- 19.3 In determining the term to maturity regard shall be had to the cashflow needs of the Shire and the intended purpose of the funds to be invested, prevailing interest rates and trends, the yield curve at the time of the investment, and such other matters that would be appropriate in exercising the level of care, diligence and skill required by subsection 18 (1) of the Trustees Act 1962.
- 19.4 If any fund/security held is downgraded in rating such that they no longer fall within this policy, the funds must be divested within 30 days or as soon as is practicable and possible.

20. Recording of Investments

- 20.1 All investments shall be recorded in an appropriate format, which includes such information as:
- Amount of money being invested.
 - Source of money being invested (e.g., municipal or reserve).
 - Financial Institution.
 - Account number of investment account.
 - Interest Rate.
 - Maturity date.
- 20.2 When investments have matured, interest earned, and new balance of investment funds will be recorded.

21. Reporting of Investments

21.1 An investments report shall be presented to Council at each ordinary meeting of Council detailing the investment portfolio. The report is to include:

- a) Sources of funds invested (i.e., municipal or reserve).
- b) Name of institution the investment is held with and the product name of that investment (where applicable).
- c) Account number/ID of investment account with institution.
- d) Date of investment and date of maturity, including term date in days.
- e) Principal amount of investment and expected interest earnings on maturity.
- f) Interest earned to date on all investments.
- g) Interest budget to date and for year; and
- h) any other information that is of material value or relevance to Council in relation to financial investments.

Accountability

- 22. Council is accountable for establishing the strategic framework and governance parameters for the management of the Shire of Halls Creek's investments. In fulfilling its stewardship responsibilities, Council must ensure that investment activities are conducted in accordance with legislative requirements, sound financial principles, and the Shire's long-term financial sustainability objectives.
- 23. Elected Members are responsible for exercising oversight through consideration of regular investment reports and ensuring that investment activities align with this policy, the Long-Term Financial Plan, and the Shire's broader risk management framework. Elected Members must confine their role to policy setting and governance oversight and must not direct or influence operational investment decisions outside the established framework of delegation.
- 24. The Chief Executive Officer is responsible for the operational administration of the Shire's investment portfolio under delegated authority. This includes ensuring that investments are made only in authorised institutions and products, that capital preservation and liquidity objectives are maintained, and that appropriate risk management and diversification strategies are applied. The Chief Executive Officer must also ensure that investment activities are accurately recorded, monitored, and reported to Council in accordance with legislative requirements.
- 25. Relevant officers responsible for financial management are accountable for implementing appropriate internal controls, maintaining accurate financial records, and ensuring compliance with this policy and applicable legislation.
- 26. This shared accountability framework ensures that the Shire's investment activities are managed prudently, transparently, and in the best interests of the community.



Related Documentation / Legislation

Legislation	Shire of Halls Creek Documentation
a. <i>Local Government Act 1995 (WA)</i>	a. Annual Budget
b. <i>Local Government (Financial Management) Regulations 1996 (WA)</i>	b. Long-Term Financial Plan
c. <i>Local Government (Administration) Regulations 1996 (WA)</i>	c. Strategic Community Plan
d. <i>Local Government (Audit) Regulations 1996 (WA)</i>	d. Corporate Business Plan
e. <i>Banking Act 1959 (Cth)</i> (in relation to Authorised Deposit-Taking Institutions)	e. Reserve Policy
	f. Risk Management Policy
	g. Delegations Register (Council to CEO)
	h. Financial Management Procedures Manual
	i. Audit and Risk Committee Charter
	j. Monthly Financial Reports

Policy Review

27. This policy will be reviewed every four (4) years from the date of endorsement, or earlier in the event of legislative change, audit findings or a resolution of Council.

Document Control

Relevant Delegations	Nil		
Risk Evaluation	Moderate		
Council Adoption	28 August 2026	Resolution	2026/090
Previous Title	F3 Financial Investments		
Reviewed	12 December 2013 (Resolution no. 2013/107) 17 April 2014 (Resolution no. 2014/014) 15 June 2017 (Resolution no. 2017/058)		
Next Review Due	August 2030		