

INVESTMENT POLICY

INTENT

This Policy outlines Council's surplus cash investment strategy and provides guidelines for the prudent investment of surplus funds with the aim of maximising investment returns within the approved risk profile.

SCOPE

This policy applies to all Investments made by Council.

Investments of all surplus funds held by Council are to be made in accordance with:

- *Local Government Act 2009*, Chapter 4, Part 3, Section 101
- *Local Government Regulation 2012*, Chapter 5
- *Statutory Bodies Financial Arrangement (SBFA) Act 1982*, Part 2B, Section 10
- *Statutory Bodies Financial Arrangement (SBFA) Regulation Act 2007*

For the purpose of the appointment of an external fund manager pursuant to Section 59 of the SBFA Act, to operate in a manner consistent with this policy will constitute compliance.

DEFINITIONS

TERM	DEFINITION
<i>Investment Officer/s</i>	Shall mean employees engaged in activities related to the physical investment of funds (e.g. investment placement and redemption, reconciliations, checking).
<i>Officer</i>	Defined as any employee up to and including all management levels.
<i>Investments</i>	Arrangements that are undertaken or acquired for producing income and apply to the cash investments of Council.

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POLICY STATEMENT

1.0 ETHICS AND CONFLICTS OF INTEREST

1.1. Prudent Person Standard

Prudence is to be used by investment officers when managing the investment portfolio. Investments will be managed with the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons. This includes having in place appropriate reporting requirements that ensure the investments are reviewed regularly.

Investment officers are to manage the investment portfolio in accordance with the spirit of the Policy, and not for speculation. Investment officers are to avoid any transaction that might harm confidence in Council. They will consider the security of capital and income objectives when making an investment decision.

1.2. Ethics and Conflict of Interest

Investment officers shall refrain from personal activities that conflict with the proper execution and management of Council's investment portfolio. This includes activities that impair the investment officer's ability to make impartial decisions.

The Policy requires that investment officers disclose to the Chief Executive Officer (CEO) any conflict of interest or any holding of investment positions that could be related to the investment portfolio.

1.3. Delegation of Authority

Authority for the implementation of the Policy is delegated by Council to the CEO in accordance with section 257 and 259 of the *Local Government Act 2009*.

Authority for the day-to-day management of Council's investment portfolio is delegated by the CEO to the Finance Manager.

2. INVESTMENT OBJECTIVES

Council's overall objective is to invest its surplus funds at the most advantageous rate of interest available at the time, and in a way that it considers most appropriate given the circumstances.

In order of priority, the objectives of undertaking investment activities shall be preservation of capital, maintenance of liquidity, and return on investments.

2.1. Preservation of Capital

Preservation of capital shall be the principal objective of the investment portfolio, and investments are to be undertaken in a manner that seeks to ensure security of principal of the overall portfolio. This includes managing credit risk and interest rate risk within given risk management parameters and avoiding any transactions that would prejudice confidence in Council.

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Credit Risk

Council will evaluate and assess credit risk prior to undertaking an investment. Credit risk is the risk of loss due to the failure of an investment issuer or insurer.

Interest Rate Risk

The investment officers shall seek to minimise the risk of a change in the market value of the investment portfolio due to a change in interest rates, by considering the cash flow requirements of Council and structuring the portfolio accordingly.

2.2. Maintenance of Liquidity

Pursuant to section 31 of the SBFA Act, Council maintains a deposit and withdrawal account with Westpac Banking Corporation for its day-to-day operating transaction requirements.

In addition to the balances held in its bank account, the investment portfolio will maintain sufficient liquidity to meet all reasonably anticipated operating cash flow requirements of Council as and when they fall due, without incurring significant transaction costs due to any need to sell an investment.

3. INTERNAL CONTROLS

The Finance Manager shall establish internal controls and processes that will ensure investment objectives are met, and that the investment portfolio is protected from loss, theft or misuse.

The internal controls will address the following:

- Collusion;
- Separation of transaction authority from accounting and record keeping;
- Safekeeping of records;
- Clear delegation of authority to investment officers;
- Confirmation requirements for settlement;
- Compliance and oversight of investment parameters;
- Reporting of breaches of this Policy.

The establishment of internal controls shall include an annual review of this Policy.

3.1. New Investment Products

No new investments will be allowed until a risk assessment has been undertaken by management. These assessments will be signed off by the Chief Executive Officer and reported to Council.

4. INVESTMENT PARAMETERS

4.1. Investible Funds

For the purposes of the Policy, investable funds are the surplus funds available for investment at any one time, including Council's bank account balance. However,

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the Policy does not apply to monies held in trust for third parties where those funds are subject to specific conditions.

The investable funds should match the cash flow needs of Council, as determined by the Finance Manager after preparing Council’s budget. In this regard, it is appropriate for the Finance Manager to be conservative so that where possible, investments should not be broken to meet cash flow obligations.

4.2. Authorised Investments

As authorised by the *Local Government Act 2009*, Council is allocated Category 1 investment power. This is the power to invest in all or any of the following:

- Deposits with a financial institution;
- Investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- Other investment arrangements secured by investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- Investment arrangements, managed or offered by Queensland Investment Corporation (QIC) or Queensland Treasury Corporation (QTC), namely QIC Cash Fund, QTC Capital Guaranteed Cash Fund, QTC Debt Offset Facility, QTC Fixed Rate Deposit (up to 12 months), QTC Working Capital Facility;
- An investment arrangement with a Standard and Poor's (Australia) Pty Ltd rating of A-1+, A-1, AAAm or AAm (Short Term) or equivalent.

A financial institution for the purposes of the Act is any Authorised Deposit Taking Institution.

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KEY RESPONSIBILITIES

RESPONSIBLE OFFICER	RESPONSIBILITY
Council	Approval of the "Investment Policy" each year as part of the budget setting process.
Chief Executive Officer	Approving new investments outside of the current approved list (of Council, not outside those approved for a Category 1 investment power).
Director Organisational Business Services	Oversight of the investment function within Council to ensure that it meets the requirements of the organisation and complies with the Investment Policy.
Finance Manager	Day to day management of Council's investment portfolio in line with the requirements of this policy. The establishment of internal controls to ensure that adequate control exists as outlined in the policy above.
Financial Accountant	Developing monthly reporting and reconciliations of Council's investments.

REFERENCES, LEGISLATION AND GUIDELINES

Local Government Act 2009

Local Government Regulation 2012

Statutory Bodies Financial Arrangements Act 1982

Statutory Bodies Financial Arrangements Regulation 2007

Department of Infrastructure, Local Government & Planning Financial Management (Sustainability) Guideline 2013

RELATED DOCUMENTS

Revenue Statement

Revenue Policy

IMPLEMENTATION/COMMUNICATION

This policy applies for the period 1 July 2020 to 30 June 2021. The policy will be displayed on Council's website and will be incorporated in the budget setting process for the 2020/2021 financial year.

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APPROVED BY

Adoption annually by Council.

REVIEW

SPONSOR:	Director Organisational Business Services
OFFICER RESPONSIBLE FOR REVIEW:	Finance Manager
ADOPTION DATE:	9 June 2020
REVIEW DATE:	April 2021

THIS POLICY IS TO REMAIN IN FORCE UNTIL OTHERWISE DETERMINED BY COUNCIL

AMENDMENT HISTORY

VERSION	AMENDMENT DETAILS	AMENDMENT DATE	APPROVAL
2.0	Minor amendments and new template.	20/05/2019	
3.0	Minor amendments	20/05/2020	

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