

HEAD OF POWER

- *Local Government Act 2009*, section 104(5)(c)(i)
- *Local Government Regulation 2012*, section 191
- *Statutory Bodies Financial Arrangements Act 1982*, section 42 to 52
- *Statutory Bodies Financial Arrangements Regulation 2019*, section 6 to 10, Schedule 3

INTENT

The purpose of this policy is to ensure Council complies with its legislative obligations and to outline Council's investment objectives, risk philosophy and procedures for investment of Council's surplus funds.

SCOPE

This policy applies to the Chief Executive Officer, Chief Financial Officer and Financial Services employees.

DEFINITIONS

Employee means a local government employee as defined in the *Local Government Act 2009*.

POLICY STATEMENT

1. Council will invest all surplus funds for a term of no more than 12 months, in accordance with Category 1 investment power, as allocated under the *Statutory Bodies Financial Arrangements Regulation 2019*.
2. Council's investment portfolio will maintain sufficient liquidity to meet anticipated cash flow requirements.
3. Strong emphasis will be placed on capital preservation.
4. Council will seek to maximise earnings, with the view to exceed set performance benchmarks, taking into account risk tolerance.
5. Investments will be placed in accordance with Council's risk philosophy as listed in Table 1 over page (percentage limits are effective at the date of purchase). Where there is a discrepancy between rating agencies, the lower rating will be used.

Table 1: Investment Range and Risk Profile

| Long Term Rating (Standard and Poors) | Long Term Rating (Moody's) | Short Term Rating (Standard and Poors) | Investment Quality | Minimum % / Amount of Total Investments | Maximum % of Total Investments | Maximum % Invested with any one Financial Institution |
|---------------------------------------|----------------------------|--|--------------------|---|--------------------------------|---|
| QTC | QTC | A-1+ | Capital Guaranteed | 5% of Operating Income | 100% | 100% |
| AAA | Aaa | A-1+ | Prime | 50% (including QTC) | 90% | 40% |
| AA+ | Aa1 | A-1+ | High Grade | | | |
| AA | Aa2 | | | | | |
| AA- | Aa3 | | | | | |
| A+ | A1 | A-1 | Upper Medium Grade | 0% | 50% | 50% |
| A | A2 | | | | | |
| A- | A3 | | | | | |
| BBB+ | Baa1 | A-2 | Lower Medium Grade | 0% | 25% | 50% |
| BBB | Baa2 | | | | | |
| BBB- | Baa3 | A-3 | | | | |

6. In accordance with the *Statutory Bodies Financial Arrangements Act 1982*, where Council holds an investment that is downgraded below the minimum acceptable rating level, Council will either liquidate/withdraw the deposit no later than 28 days after the change becomes known or obtain the Treasurer's approval for continuing the investment arrangement.
7. With the exception of the Queensland Treasury Corporation, when an investment is proposed, no less than three quotations will be obtained from financial institutions that have been approved by the Chief Executive Officer or Chief Financial Officer.

DOCUMENTS CONTROLS

Council will review this policy annually or in response to changes in law or best practice.

POLICY OWNER

Chief Financial Officer, Organisational Services.