



Investment Policy (Statutory)

1. PURPOSE

The purpose of this Policy is to outline Council's Investment strategies. The Policy aims:

- To invest Council Funds not immediately required for financial commitments.
- To maximise earning from authorised investments of such surplus funds after assessing counterparty, market and liquidity risks.

2. SCOPE & AUTHORITY

The intent of this document is to outline Balonne Shire Council's investment policy and guidelines regarding the investment of surplus funds, with the objective to maximise earnings within approved risk guidelines and to ensure the security of funds.

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 being reviewed and overseen regularly.

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

The policy is required under Local Government Act 2009 Section 104. *Local Government Regulation 2012 Section 191 requires:*

- (1) A local government must prepare and adopt an investment policy.
- (2) The investment policy must outline—
 - (a) the local government's investment objectives and overall risk philosophy; and
 - (b) procedures for achieving the goals related to investment stated in the policy.

Investment of Council funds is to be in accordance with Council's powers to invest under the *Statutory Bodies Financial Arrangements Act 1982*, as amended and the *Statutory Bodies Financial Arrangements Regulation 2007(SBFA)*.

3. POLICY STATEMENT

3.1 TERM OF INVESTMENT

Council's investment portfolio should be realisable, without penalty, in a reasonable time frame. The term to maturity of Council investments should not exceed one year.

3.2 AUTHORISED INVESTMENTS (selected from permitted investments under SBFA)

- Interest Bearing Deposits with a licensed bank.
- Deposits with Queensland Treasury Corporation.
- Deposits with a building society or credit union specifically approved by Council for investment purposes.

3.3 APPROVED BUILDING SOCIETIES AND CREDIT UNIONS

Nil

3.4 QUOTATIONS ON INVESTMENTS



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When investing with banks, approved building societies or credit unions, not less than three quotes shall be obtained. Quotes shall be sourced from organisations with shopfront premises within the Shire. The best quote on the day will be successful after having regard to administrative and banking costs and fair value adjustments for credit rating of the institution and term of investment.

3.5 CALCULATING FAIR VALUE

When placing investments, consideration shall be given to the effective interest rate offered, the credit rating of the institution and term of investment.

Rates will be compared using Queensland Treasury Corporation Fair Value Model.

3.6 PRIORITY OF FUNDS PLACEMENT

Investments will be placed to maximise interest income within acceptable risk standards. Consideration will be given to term to maturity and the amount Council would be compelled to hold to meet liabilities as and when they fall due, thus maximising funds available for investment.

3.7 REPORTING

A monthly report shall be provided to Council, detailing the investment portfolio in terms of performance and counterparty exposure. The report will also detail investment income earned versus budget year to date.

4. RESPONSIBILITIES

4.1 All Councillors and Council employees

- It is mandatory for all Councillors and Council employees to act consistently with this policy and when seeking to invest Council funds in the course of council business.

4.2 Managers and Directors

- Shall respect, promote and act compatibly with the principles described in this policy and relevant legislative requirements.

4.2 Director Finance and Corporate Services

- Shall be the custodian of this policy
- Shall implement control measures and training that provide assurance that Council acts in accordance with the policy

4.3 Chief Executive Officer

- 4.4 Shall ensure, through the Director, Finance & Corporate Services that the Council is complying with this Policy and relevant legislative provisions. Authority for the implementation of the investment policy is delegated by Council to the Chief Executive Officer. The Chief Executive Officer may delegate this authority to the Director of Finance and Corporate Services in accordance with the *Local Government Act 2009*, Section 257-Delegation of local government powers and Section 259 - Delegation of Chief Executive Officer powers.

5. RISK

This policy seeks to address the risk of non compliance and poor investment strategies that will impact Council's financial sustainability. The policy aims to ensure investment decisions are in accordance with legislative requirements and maximise the return to Council.

6. IMPACTS

Corporate Plan: Governance Goal – Program area 5.7 – Financial management for long term sustainability.



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Human Rights Compatibility Statement: This Policy has been assessed as compatible with the Human Rights protected under the Human Rights Act 2019.

Engagement: This policy has been developed in consultation with the Senior Leadership Group and Council.

RELATED LAWS

- Local Government Act 2009
- Local Government Regulations 2012
- Statutory Bodies Financial Arrangements Act 1982, as amended
- Statutory Bodies Financial Arrangements Regulation 2007(SBFA)

7. RELATED DOCUMENTS

- Budget 2022-23

8. REVISION HISTORY

Revokes: Investment Policy 28/06/2021

Suggested to review by: Annual review