

1. Policy intent

This Investment Policy outlines Tablelands Regional Council's guidelines regarding the investment of surplus funds, with the objective of maximising earnings within approved risk guidelines and to ensure security of Council funds.

2. Scope

For the purpose of this policy, investments are defined as arrangements that are undertaken or acquired for producing income and apply only to the cash investments of Tablelands Regional Council. This policy applies to the investment of all surplus funds held by Tablelands Regional Council.

3. Background/supporting information

This Policy is made in accordance with:

- 3.1 *Local Government Act 2009*
- 3.2 Local Government Regulation 2012
- 3.3 *Statutory Bodies Financial Arrangements Act 1982*
- 3.4 Statutory Bodies Financial Arrangement Regulation 2019
- 3.5 *Public Sector Ethics Act 1994.*

4. Definitions

4.1 Surplus cash balance

For the purpose of this policy, surplus cash balances are Council's cash holdings available for investment at any one time after consideration of the amount and timing of Council's cash flow needs. Surplus balances do not include Council's trust account balances which are invested with National Australia Bank (NAB) and Queensland Treasury Corporation (QTC).

4.2 Authorised investments

Authorised investments are as permitted under the *Statutory Bodies Financial Arrangement Act 1982 (SBFAA)*, and in accordance with the Category 1 Investment Powers applicable to the Tablelands Regional Council and the Statutory Bodies Financial Arrangement Regulation 2019 (SBFAR).

4.3 Prescribed investment arrangement

Investments listed at Schedule 6 of the Statutory Bodies Financial Arrangement Regulations 2019.

5. Policy

5.1 Investment risk philosophy

Council maintains a conservative and risk averse investment philosophy for its surplus cash investments. As the custodian of public monies, Council chooses to secure its capital base but take the opportunity to produce revenue from assets as far as possible within established risk averse constraints.

5.2 Authority for investment

The investment of Council's investable funds are to be in accordance with the relevant power of investment under the SBFAA and SBFAR and their subsequent amendments and regulations.

5.3 Investment objectives

Council's primary objectives in order of investment activities are to:

- preserve capital
- maintain an appropriate level of liquidity
- maximise returns while investing in accordance with s 47(1) of the SBFAA.

5.3.1 Preservation of capital is the principle objective of the investment portfolio. Investments are to be made in a manner that seeks to ensure security of the principle.

5.3.2 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 making an early withdrawal request on any of Council's investments.

5.3.3 Return on investments

- a. The portfolio is expected to achieve a market average rate of return and take into account Council's risk tolerance, current interest rates and budget considerations. Any additional return target set by Council will also consider the risk limitations, prudent investment principles and cash flow characteristics identified within this Investment Policy.
- b. Tablelands Regional Council's overall objective is to invest its funds at the most advantageous rate of interest available to it at the time, for that investment type, and in a way that it considers most appropriate given the circumstances. This can include investing in Community Banks even if the rate is not the highest, but within reason as a portion of the bank's profits go back into the community to support local projects, groups and organisations. If Community Banks have more than one branch within the region, Council may give consideration to spread funds to all branches to ensure benefits are gained across the entire community.

5.4 Delegation of authority

5.4.1 Authority for implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with the *Local Government Act 2009, Section 257 (1)(b)* - Delegation of Local Government powers and *Section 259 Delegation of chief executive officer powers*.

- 5.4.2 Authority for the day-to-day management of Council's Investment Portfolio is to be delegated by the Chief Executive Officer to the Manager Finance and subject to regular reviews with the General Manager Community and Corporate Services and the Chief Executive Officer.

5.5 Prudent person standard

- 5.5.1 Officers responsible for investing local government funds must act with the same duty of care, skill, prudence and diligence that a prudent person would exercise when investing and managing their own funds.
- 5.5.2 Conflicts of interest must be recorded and disclosed to the Chief Executive Officer.

5.6 Range of investments

- 5.6.1 Tablelands Regional Council has been granted authority to exercise Category 1 investment power under the *Statutory Bodies Financial Arrangement Act 1982*.
- 5.6.2 A Category 1 investor is permitted to invest at call or for a fixed period of no more than one year in the following ways:
- Interest bearing 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 arrangement secured by investment arrangements accepted guaranteed or issued by or for the Commonwealth or a State per a financial institution
 - Investment arrangements, managed or offered by Queensland Investment Corporation (QIC) or QTC, prescribed under a regulation of the *SBFA Act 1982*
 - An investment arrangement with a rating prescribed under a regulation of the *SBFA Act 1982*
 - Other investment arrangements prescribed under a regulation of the *SBFA Act 1982*.
- 5.6.3 All investment must be denominated in Australian Dollars and undertaken within Australia.

5.7 Investment guidelines

- 5.7.1 The following table shows the credit ratings and counterparty limits for Tablelands Regional Council:

Short Term Rating (Standard & Poor's) or equivalent	Individual Counterparty Limit	Maximum % of Total Investments
A1+	30%	80%
A1	15%	50%
A2 - Financial Institutions Only	10%	30%
A3 - Financial Institutions Only	5%	10%
Unrated	Nil	Nil
QTC Pooled Cash Management Fund	100%	100%

- 5.7.2 The Manager Finance may approve limits for unrated securities after being satisfied that adequate analysis has been performed to demonstrate above average credit quality.
- 5.7.3 It is noted that for the purposes of this investment portfolio, the percentage limits apply effective from the date of purchase as a percentage of the market value of the portfolio.
- 5.7.4 In the event that the maximum percentage is exceeded based on the average annual funds, the Manager Finance will submit a report to Council.

5.8 Investment in financial institutions within local communities

Investments in related financial institutions within local communities by Tablelands Regional Council shall not exceed 10% of the total percentage of the market value of the portfolio.

5.9 Quotations and fair value

At least (3) verbal quotations must be obtained and noted from authorised institutions when investing surplus cash, however this requirement does not apply to investing within the prescribed investment arrangements. The quotes received should be considered relative to the assessed risk of the financial institution.

5.10 Maturity

The maturity structure of the portfolio will reflect a maximum term to maturity of one year.

5.11 Liquidity requirement

Given the nature of the funds invested, at least 20 per cent of the portfolio can be called at no cost or will mature within 0-7 days.

5.12 Credit ratings

If any of the financial institutions' credit rating is downgraded or the credit rating is placed on a negative watch, Council will revise downwards its credit limits or divest the investment as soon as practicable.

5.13 Prohibited investments

- 5.13.1 This Policy prohibits any investment carried out for speculative purposes.
- 5.13.2 Council will approve dealings with all recognised local financial institutions that are listed on the Australian Prudential Regulation Authority website.

5.14 Limitation of investment power

As per s 43 of the SBFAA Council is limited in investments that are:

- a. in Australian Dollars; and
- b. undertaken in Australia.

5.15 Breaches

Any breach of this Policy is to be reported to the Manager Finance and rectified within seven (7) days of the breach occurring. Breaches that result in a material or reportable loss as defined in the Regulation must be reported and actioned as per s 307A of the Regulation.

5.16 Delegation of authority

- 5.16.1 Authority for implementation of this Policy is delegated by Council to the Chief Executive Officer in accordance with s 257(1) of the Act.
- 5.16.2 Authority for the day to day management of Council's Investment Portfolio is delegated by the Chief Executive Officer to the General Manager Community & Corporate Services and/or the Manager Finance, as per s 259 (1) of the Act.

5.17 Availability of Investment Policy

- 5.17.1 This Investment Policy will be available for public access and inspection at any of Council's public offices and on Council's website as required of s. 199 of the Regulation.
- 5.17.2 Council will provide the ability for the public to purchase a copy of this Investment Policy as per s. 199 of the Regulation.

5.18 Reporting and performance measures

- 5.18.1 Reporting will be undertaken on a monthly basis reviewing all investments related exposures, specifically detailing information on the investment portfolio in terms of interest rate and year to date running yield.
- 5.18.2 Regular (each business day) cash management analysis will be prepared by officers from the Finance Department.

6. Responsibility

Council is responsible for the adoption, amendment and repeal of the Policy and the Chief Executive Officer is responsible for the development and amendment of any associated procedures and guidelines relevant to the Policy.

7. Review

It is the responsibility of the Manager Finance to monitor the adequacy of this policy and recommend appropriate changes. This policy may be reviewed at any time but must be formally reviewed annually as a minimum requirement.

This policy is to remain in force until otherwise amended/repealed by resolution of Council.

This Policy repeals the former Tablelands Regional Council Policy titled Investment Policy adopted 30 June 2022.