

### 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.

### Scope

For the purpose of this policy, investments are defined as arrangements that are undertaken or acquired to produce 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.

### Policy statement

#### 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.

#### 2. Authority for investment

The investment of Council's funds are to be in accordance with the relevant power under the:

- *Statutory Bodies Financial Arrangements Act 1982 (SBFAA)*
- *Statutory Bodies Financial Arrangements Regulation 2019 (SBFAR)*
- *Local Government Act 2009*
- *Local Government Regulation 2012*

#### 3. Ethics and Conflicts of Interest

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. This includes having in place appropriate reporting requirements that ensure the investments are reviewed regularly.

This policy requires that any conflicts of interest related to the investment portfolio be recorded and disclosed to the Chief Executive Officer.

#### 4. Investment objectives

The 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 ensures the security of the funds.

In order of priority, the objectives of undertaking investment activities will be:

##### 4.1 Preservation of Capital

Preservation of capital is the primary objective of the investment portfolio. Investment will be made in a manner that prioritises the security of the principal. This includes managing credit and

interest rate risk within defined risk management parameters and avoiding any transactions that could prejudice confidence in Council or its associated entities.

The officer responsible for investing must minimise the credit risk of Council's investment by complying with the investment requirements and parameters in section 5 and 6 of this policy.

#### 4.2 Maintenance of Liquidity

Pursuant to section 31 of the SBFAA, Council maintains a deposit and withdrawal account with the NAB Bank 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 making an early withdrawal request on any of Council's investments.

#### 4.3 Return on investments

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.

#### 4.4 Support of Local Banking Institutions

While ensuring appropriate security, liquidity and return on investment, Council may where possible support a locally based banking institution. 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.

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. Investment Requirements

#### 5.1 Authorised Investments

Section 44(1) of the *Statutory Bodies Financial Arrangement Act 1982* provides Council as a Category 1 investor with the power to invest in authorised investments which include:

- a. Interest bearing deposits with a financial institution
- b. Investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a state or a financial institution
- c. Other investment arrangement secured by investment arrangements accepted guaranteed or issued by or for the Commonwealth or a State per a financial institution
- d. Investment arrangements, managed or offered by Queensland Investment Corporation (QIC) or Queensland Treasury Corporation (QTC), prescribed under a regulation of the *Act*
- e. An investment arrangement with a rating prescribed under a regulation of this paragraph
- f. Other investment arrangements prescribed under a section 44(1) of the SBFAA.

#### 5.2 Limitations of Investment

Section 43 of the SBFAA limits Council investments to be denominated in Australian Dollars and undertaken within Australia.

### 5.3 Quotations and Fair Value

At least three (3) written 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.

### 5.4 Prohibited Investments

Investments carried out for speculative purposes are prohibited. This includes the following types of investments:

- Securitised debt instruments
- Principal only investments or securities that provide potentially nil or negative cash flow.
- Stand-alone securities issued that have underlying futures, options, forward contracts and swaps of any kind.

## 6. Portfolio investment parameters and credit requirements

6.1 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 – community banks	10%	10%
QTC Pooled Cash Management Fund	100%	100%

The Manager Finance may approve limits for unrated securities after being satisfied that adequate analysis has been performed to demonstrate above average credit quality.

It is noted that for the purposes of this investment portfolio, the percentage limits apply effective from the date of investment as a percentage of the market value of the portfolio.

In the event that the maximum percentage is exceeded based on the average annual funds, the Manager Finance will submit a report to Council.

### 6.2 Maturity

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

### 6.3 Liquidity Requirement

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

### 6.4 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.

## **7. Breaches**

- 7.1 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 section 307A of the Regulation.

## **8. Delegation of authority**

- 8.1 Authority for implementation of this Policy is delegated by Council to the Chief Executive Officer in accordance with section 257(1) of the Act.
- 8.2 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 section 259 (1) of the Act.

## **9. Availability of Investment Policy**

- 9.1 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 section 199 of the Regulation.
- 9.2 Council will provide the ability for the public to purchase a copy of this Investment Policy as per section 199 of the Regulation.

## **10. Reporting and performance measures**

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

## Context

### Definitions

To assist in interpretation, the following definitions apply:

Act	<i>Statutory Bodies Financial Arrangements Act 1982</i>
Council	Tablelands Regional Council
Officers	Local government employee: (a) The CEO; or (b) A person holding an appointment under section 196 of the <i>Local Government Act 2009</i>
Financial Institution	An authorised deposit-taking institution within the meaning of Section 5 of the Banking Act 1959 (Commonwealth).
Prescribed investment arrangement	Investments listed at Schedule 6 of the Statutory Bodies Financial Arrangement Regulations 2019.
QTC	Queensland Treasury Corporation
Regulation	Statutory Bodies Financial Arrangements Regulation 2019
Surplus cash balance	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).

### Alignment to Risk Register

This policy mitigates the following corporate risks:

- COR2 – Fraud
- COR4 – Poor operational management
- COR5 - Governance
- COR8 – Legislative non-compliance
- COR9 – Lack of capacity, skills or capabilities to meet emerging needs and impacts service delivery
- COR10 – Poor relationships with other Councils, State and/or Federal Governments
- COR15 – Infrastructure planning and delivery fail to meet community and service standards
- COR19 – Breach of council systems or information
- COR20 – Poor decision making

### Relevant Legislation

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

### Related Documents

- Code of Conduct
- Revenue Policy
- Investment Policy Guidelines for Local Governments 2023

### Corporate Plan Links

This policy aligns with the following Corporate Plan 2025-30 strategic themes:

- Governance and Financial Sustainability
- Our Economy
- Assets and Infrastructure Management

### Human Rights Commitment

Tablelands Regional Council has considered the human rights protected under the *Human Rights Act 2019* (Qld) when adopting and/or amending this policy. When applying this policy, TRC will act and make decisions in a way that is compatible with human rights.

## Responsibility

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

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

Adopted By	Council	Responsible Officer	Manager Finance
Adopted Date	26 June 2025	Review Date	30 June 2026
Version	10	This policy repeals any previous versions.	