

# 2022/23 Financial Investment - Council Policy

<b>Effective Date</b>	<i>1 July 2022</i>
<b>Policy Owner</b>	<i>Finance</i>
<b>Link to Corporate Plan</b>	<i>Sustainable Organisation</i>
<b>Review Date</b>	<i>June 2023</i>
<b>Related Legislation</b>	<i>Section 191 of the Local Government Regulation 2012</i>
<b>Related Documents</b>	<i>Financial Management Strategy - Council Policy Statutory Bodies Financial Arrangements Act 1982</i>

<b>Policy Version</b>	<b>Approval Date</b>	<b>Adopted/Approved</b>
<i>1</i>	<i>22/06/2022</i>	<i>Special Meeting of Council - Adopt 2022/23 Budget</i>

*This policy may not be current as Council regularly reviews and updates its policies. The latest controlled version can be found in the policies section of Council's intranet or Website. **A hard copy of this electronic document is uncontrolled.***



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## 1. PURPOSE

The purpose is to define the types of investments that can be undertaken and, in making an investment, the primary and secondary objectives of the investment.

## 2. ORIGINAL SCOPE

Section 191 of the Local Government Regulation 2012 requires a local government to prepare and adopt an investment policy and that the investment policy must outline:

- the local government's investment objectives and overall risk philosophy, and
- procedures for achieving the goals related to investment stated in the policy.

Local government investments must be made in accordance with the Statutory Bodies Financial Arrangements Act 1982. Under Section 43 all investments must be undertaken in Australian dollars and within Australia. Under section 44, a local government may invest in all or any of the following 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), prescribed under a regulation for this paragraph, and
- an investment arrangement with a rating prescribed under a regulation for this paragraph.

However, the investment must be:—

- at call, or
- for a fixed time of not more than 1 year.

## 3. POLICY

Within this legislative framework, Council's investment policy is:

- 3.1 All surplus funds will, in the first instance, be invested to preserve capital (highest priority) and, secondly to achieve a return commensurate to risk (secondary priority).
- 3.2 All investments are to be made in Australian dollars and in Australia.
- 3.3 All investments are to be at call or for a maximum period of one year.
- 3.4 All investments must have a minimum long-term credit rating of A or better (Standard & Poor's, Fitch, or Moody's Australian Ratings) with a neutral or positive outlook.
- 3.5 Whenever an investment is proposed, a minimum of two (2) quotes will be obtained from authorised institutions achieving a credit rating in accordance with Council's risk philosophy. Investments may be made with the QTC Cash Fund without having to quote.
- 3.6 If any of the financial institutions in which Council invests are downgraded below A or have an A rating and are placed on Negative Rating Watch, the investment is considered to fall outside of these investment policy guidelines, and they will be divested as soon as is practicable.



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## 4. PROCESSES

Prior to any investment being undertaken, a future cash flow analysis will be completed to determine the amount of surplus funds available for investment and the term for which the funds are available to be invested.

For audit purposes, certificates must be obtained from the bank/fund managers confirming the amounts of investment held on Council's behalf at 30 June each year.

