

# Investment Policy

## Policy Details

<b>Policy Category</b>	Council Policy
<b>Date Adopted</b>	20 <sup>th</sup> June 2024
<b>Resolution Number</b>	0624/006
<b>Approval Authority</b>	Council
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<b>Policy Version Number</b>	7.0.0
<b>Policy Owner</b>	Director of Corporate Services
<b>Contact Officer</b>	Manager Finance and Administration

## Supporting documentation

<b>Legislation</b>	<ul style="list-style-type: none"> <li>• <i>Local Government Act 2009</i></li> <li>• <i>Local government Regulation 2012</i></li> <li>• <i>Statutory Bodies Financial Arrangements Act 1982</i></li> <li>• <i>Statutory Bodies Financial Arrangement Regulation 2019</i></li> </ul>
<b>Policies</b>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>
<b>Delegations</b>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>
<b>Forms</b>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>
<b>Supporting Documents</b>	<ul style="list-style-type: none"> <li>• Corporate Plan 2021 - 2025</li> </ul>

## Version History:

Version	Adopted	Comment	eDRMS #
7.0.0	20/6/2024	Council Resolution 0624/006	
6.0.0	22/6/2023	Council Resolution BM0623/006	
5.0.0	16/6/2022	Council Resolution BM0622/004	
4.0.0	30/6/2021	Council Resolution No. 0621/004	
3.0.0	15/07/2020	Council Resolution SM0720/005	POL_E_C SF_013

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## Intent

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The purpose of this policy is to provide direction and guidelines regarding the investment of cash holdings with an objective to maximize earnings whilst minimizing risk to ensure the security of Council's funds.

## Scope

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Carpentaria Shire Council's overall objective is to invest its funds at the most advantageous rate of interest available to it all time for the investment type and a way that it considers most appropriate given the circumstances.

## Repeal

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This policy repeals all previous versions of policies relating to Council Investment.

## Principles

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This policy applies to the investment of all surplus funds held by Carpentaria Shire Council. For the purposes of this policy, investments are defined as arrangements that are required or undertaken for the purpose of producing income and/or capital gains.

To establish a framework for:

- Ensuring that adequate procedures are in place to safeguard public monies;
- To maximize earnings via capitalizing on potential rate of returns, subject to acceptable levels of risk as determined by the SBFAA.
- To have ready access to funds for day-to-day operations without penalty; and
- Ensure adequate records are kept
- To maintain adequate levels of diversification.

Carpentaria Shire Council is risk averse and therefore adopts a passive investment approach where the overall objective is to ensure a return on capital commensurate with the risk taken. In priority, the order of investment activities shall be preservation of capital, liquidity and return.

Council may invest surplus funds in a capital guaranteed cash fund or any approved cash management product which it deems will provide the greatest benefit. Surplus funds are the cash balance that is in excess of operating cash requirements.

Operating cash not required for immediate use can also be invested in At Call Deposits to maximise returns in the short term. Operating cash is the cash required to fund operating activities for the immediate short term (less than one month). It take into account cash inflows (e.g. debtor and other receipts) and outflows (e.g. creditor payments, wages etc.) for that time.

## Policy

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### Ethics and Conflicts of Interest

#### ***Prudent Person Standard***

The standard of prudence is to be used by investment officers when managing the overall portfolio. 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 Carpentaria Shire Council. They will consider the safety of capital and income objectives when making an investment decision.

#### ***Ethics and Conflicts of Interest***

Investment officers and employees shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This includes activities that would impair the investment officer's or employee's ability to make impartial decisions as outlined in Council's Code of Conduct Administration Instruction. This policy requires that employees and investment officials disclose to the Manager Finance and Administration any conflict of interest or any investment positions that could be related to the investment portfolio.

#### Delegation of Authority

Authority for implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with sections 257 and 259 of the *Local Government Act 2009*.

Authority for the day to day management of Council's Investment Portfolio is delegated by the Chief Executive Officer to the Manager Finance and Administration.

#### New Investment Products

No new investment products will be allowed until a full risk assessment has been undertaken and signed off by the Chief Executive Officer and reported to Council.

#### Investment Parameters

##### ***Investible Funds***

For the purposes of this policy, investible funds are Council's cash holdings available for investment at any time.

##### ***Authorised Investments***

1. Queensland Treasury Corporation – Cash Fund
2. Interest Bearing Deposits with Westpac Local Branch

##### ***Portfolio Investment Parameters***

The structure and features of Council's investments are to be consistent within the time horizon, risk parameters, liquidity requirements and operational needs of Council.

##### ***Quotations on Investments***

Quotations shall be obtained from authorised institutions when an investment is proposed.

## Liquidity

This refers to Council's ability to access funds in the short-term to meet its day to day liquidity requirements. Council will seek to maximise interest by maintaining its day to day liquidity needs for the next week, the next month, and annual cash forecasts, and manage liquidity by maintaining an appropriate cash balance in the transactional banking account.

Surplus funds should be invested in the QTC cash fund at least weekly, and more regularly where large sums are deposited.

## Roles and Responsibilities

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### Internal Controls

The Director of Corporate Services and Manager of Finance and Administration are responsible for ensuring this policy is understood and adhered to by the employees.

The Director Corporate Services shall establish internal controls and processes that will ensure investment objectives are met and that the investment portfolios are protected from loss, theft or inappropriate use.

The investment officers are responsible for maintaining the day-to-day investments.

### Reporting

A monthly report will be prepared by the Manager of Finance and Administration and provided to Council detailing the investment portfolio in terms performance or investment income earned.

## Breaches

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Any breach of this Investment Policy is to be reported to the Chief Executive Officer and rectified within seven (7) days of the breach occurring.

## Definitions

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TERM	DEFINITION
<b>At Call Deposit</b>	An investment that can be redeemed and the moneys invested can be retrieved by the investor from the financial institution within 30 days without penalty.
<b>Financial Institution</b>	An authorised deposit-taking institution within the meaning of the <i>Banking Act 1959 (Cwlth)</i> .
<b>Investment Officer</b>	Council officers who are responsible for the activity directly related to the transfers of cash between Council's investment accounts e.g. Finance Officers

Adopted 20 June 2024 by Council Resolution 0624/006.

**Mark Crawley**  
**Chief Executive Officer**