



Cloncurry Shire Council

**POLICY
NO.**

COR 1007

INVESTMENT POLICY

1. Background and Context

The purpose of establishing an investment policy is to outline Cloncurry Shire Council's investment policy and guidelines regarding the investment of cash holdings with an objective of maximising earnings whilst minimising risk to ensure the security of Council funds.

This policy applies to the investment of all cash holdings of Cloncurry Shire Council. For the purpose of this policy, investments are defined as arrangements that are acquired or undertaken for the purpose of producing income and/ or capital gains.

Investments of all surplus funds held by Council are to be made in accordance with:

- *Local Government Act 2009*, Chapter 4, Part 3, section 101;
- *Local Government Regulation 2012*, Chapter 3;
- *Statutory Bodies Financial Arrangement (SBFA) Act 1982*, Part 2B, section 10;
- *Statutory Bodies Financial Arrangement (SBFA) Regulation Act 2007*.

2. Objectives

To establish a framework to:

- Invest Council funds not immediately required for financial commitments.
- Maximise earnings via capitalising on potential rate of returns, subject to acceptable levels of risk as determined by the SBFA.
- Ensure that appropriate records are kept.
- Ensure that adequate procedures are in place to safeguard public monies.
- Maintain sufficient levels of diversification.

Cloncurry 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 takes into account cash inflows (e.g. debtor and other receipts) and outflows (e.g. creditor payments, wages etc.) for that time.

3. Roles and Responsibilities

The Chief Executive Officer and Director Corporate Services are responsible for ensuring this policy is understood and adhered to by the employees of Cloncurry Shire Council.

4. Definitions

At call Deposit	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.
Counterparty	a legal and financial term that refers to the other individual or institution to an agreement or contract.
Financial institution	an authorised deposit-taking institution within the meaning of the Banking Act 1959 (Cwlth).
Investment officer	Council officers who are responsible for activity directly related to the transfers of cash between council's investment accounts e.g. Finance officers.

5. Policy

Ethics and Conflicts of Interest

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 Cloncurry Shire Council. They will consider the safety of capital and income objectives when making an investment decision.

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. This policy requires that employees and investment officials disclose to the Deputy Chief Executive Officer any conflict of interest or any investment positions that could be related to the investment portfolio.

5.1. Delegation of Authority

Authority for implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with 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 Director Corporate Services and subject to regular review by the Chief Executive Officer.

5.2. Reporting

A monthly report will be provided to Council detailing the investment portfolio in terms of performance and counterparty exposure.

The report should also detail investment income earned versus budget year to date.

For audit purposes, certificates must be obtained from the financial institutions confirming the amounts of investment held on Council's behalf at the reporting date each year.

5.3. New Investment Products

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

5.4. Investment Parameters

5.4.1. Investable Funds

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

The investable funds should match the cash flow needs of Council deemed by the Director Corporate Services after preparing Council's annual budget. Once it is determined that the cash flow forecast can be met, if required, funds may be invested for the required term.

5.4.2. Authorised Investments

- Queensland Treasury Corporation
- Interest bearing deposits with a licensed bank

5.4.3. 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 guidelines of Council.

5.4.4. Quotations on Investments

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

5.5. 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 minimise the costs of failing to adequately manage its day to day liquidity needs through maintaining daily for next week, weekly for the next month, monthly and annual cash forecasts, establishing and maintaining an appropriate cash balance in the transactional banking account, establishing and maintaining a procedure for evaluating investment options for surplus funds and a list of approved investments for short term cash surpluses.

6. Accountability and Reporting

Under section 191 (1) of the Local Government Regulation 2012, a Local Government must prepare and adopt an investment policy.

References and Related Documents:

Local Government Act 2009

Local Government Regulation 2012

Statutory Bodies Financial Arrangements Act 1982

Financial Management (Sustainability) Guideline 2013

Adopted by Council Resolution

POLICY VERSION AND REVISION INFORMATION

Version No.	Date Adopted	Review Date
5.2	22.06.2021	06/2022

Policy Authorised by: Philip Keirle



Title: Chief Executive Officer