

Investment Policy

Responsible Manager	Executive Director, Financial Services
Head of power	<i>Local Government Act 2009 Local Government Regulation 2012 Statutory Bodies Financial Arrangements Act 1982 Statutory Bodies Financial Arrangements Regulation 2019</i>
Authorised by	Council
Authorised on	28 June 2022
Implemented from	1 July 2022
Last reviewed	June 2022
Review history	2012, 2013, 2015, 2016, 2017, 2018, 2019, 2020, 2021
To be reviewed on	June 2023
Corporate Plan	People, Sustainability and Prosperity

1. Purpose

To provide Torres Strait Island Regional Council with guidelines for the investment of Council's surplus cash in compliance with the Local Government Act 2009 (LGA), section 191 of the *Local Government Regulation 2012* (LGR), the *Statutory Bodies Financial Arrangements Act 1982* (SBFA) and the *Statutory Bodies Financial Arrangements Regulation 2019* (SBFR). This policy supports Council's investment objectives and risk philosophy and the process for undertaking investment activities.

2. Application

This policy applies to the investment of Council's Surplus Cash Balances.

3. Definitions

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 Cash Balances do not include Council's trust account balances.

4. Legislation/Policies

The following sets out the Investment Policy as required by section 104(5)(c) of the LGA and section 191 of the LGR.

Council has authority to exercise Category 1 investment power (see Part 6 of the SBFA and Section 6 and Schedule 3 of the SBFR).

All investments are to be made in accordance with:

- *Statutory Bodies Financial Arrangements Act 1982*
- *Statutory Bodies Financial Arrangements Regulation 2007*
- *Local Government Act 2009*
- *Local Government Regulation 2012*

5. Ethics and Conflicts of Interest

(a) 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 skills 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 policy. Investment officers are to avoid any transaction that might harm confidence in Council. They will consider the safety of capital and income objectives when making an investment decision.

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

(c) Delegation of Authority

Authority for implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with section 257 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 Executive Director Financial Services in accordance with section 259 of the *Local Government Act 2009* and is subject to regular reviews with the Chief Executive Officer.

6. Investment Objectives

As the custodian of public monies, Council chooses to secure its capital base but takes the opportunity to produce revenue from cash assets as far as possible within established risk adverse constraints. At a minimum, any financial investment should offset the devaluing effects of inflation.

Investment Risk Philosophy

In order of priority, the objective of undertaking investment activities shall be preservation of capital, maintenance of liquidity and return on investment. Council maintains a conservative and risk adverse investment philosophy for investment of its Surplus Cash Balances.

Preservation of capital

Preservation of capital shall be the primary objective of the investment portfolio. This can be achieved by managing credit and interest rate risk with given risk management parameters and avoiding any transaction that would prejudice confidence in Council or its associated entities.

Credit Risk

Council will evaluate and assess credit risk prior to investment. Credit risk is the risk of loss due to the failure of an investment issuer or guarantor. The investment officer will minimise credit risk in the investment portfolio by pre-qualifying all transactions including the brokers/securities dealers with which they do business, diversify the portfolio and limit transactions to secure investments

Interest Rate Risk

Minimising the risk of a change in the market value can be managed by maintaining Council's investment portfolio in line with cash flow requirements and limiting investments to short term investments.

Maintenance of Liquidity

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 being required to sell an investment. Surplus funds can only be invested in authorised investments for a maximum period of twelve months.

7. Investment Procedures

Authorised Investments

Authorised investments are as permitted in accordance with Category 1 Investment Powers applicable to Council under the SBFR.

New Investments

New investments are to be with either Queensland Investment Corporation or Queensland Treasury Corporation.

The available investment arrangements are as listed below:

- Queensland Investment Corporation Cash Fund
- Queensland Treasury Corporation Capital Guaranteed Cash Fund
- Queensland Treasury Corporation Fixed Rate Deposit (up to 12 months)
- Queensland Treasury Corporation Working Capital Facility

A new investment product requires a full risk assessment. It is permissible for working capital (non-surplus cash) to remain in the Council's nominated operating accounts.

Manager Responsible for Review:

Executive Director, Financial Services



Adopted: 28 June 2022
Due for revision: 30 June 2023

James William
Chief Executive Officer