

# Investment Policy

Policy Type	Council Policy	Version:	1.0
Responsible Officer	Manager Finance	Date Approved:	17 July 2024
Review Officer:	Director Corporate and Community Services	Review Due:	30 June 2025
Author:	Manager Finance	Commencement:	17 July 2024

## 1. PURPOSE

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To provide Council with an investment policy within the statutory framework of all associated legislation.

## 2. POLICY STATEMENT

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To outline Mareeba Shire Council's guidelines regarding the investment of surplus funds, with the objective of maximising earnings within approved risk guidelines, to ensure security of Council funds.

## 3. PRINCIPLES

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### 3.1 AUTHORITY

Mareeba Shire Council has been granted authority to exercise Category 1 investment power under Part 6 of the *Statutory Bodies Financial Arrangements Act 1982* and Schedule 2 Section 5 of the *Statutory Bodies Financial Arrangements Regulation 2007*.

All investments are to be made in accordance with:

*Statutory Bodies Financial Arrangements Act 1982*  
*Statutory Bodies Financial Arrangements Regulation 2007*

### 3.2 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* (Qld), *Section 257 (1)(b)* - Delegation of Local Government powers.

Authority for the day-to-day management of Council's Investment Portfolio is to be delegated by the Chief Executive Officer to the Manager Finance and subject to regular reviews with the Director Corporate and Community Services and Chief Executive Officer.

### 3.3 INVESTMENT OBJECTIVES

Mareeba Shire Council's overall objective is to invest its funds at the most advantageous rate of interest available to it at the time, for that investment type, and in a way that it considers most appropriate given the circumstances. This can include investing in Community Banks even if the rate is not the highest, but within reason, because part of the Banks' profits go back into the community to support local projects, groups and organisations. If Community Banks have more than one branch within the Council Region, Council should give consideration to spread funds to all Branches to ensure benefits are gained across the whole community.

In priority, the order of investment activities shall be preservation of capital, liquidity, and return.

### 3.4 AUTHORISED INVESTMENTS

This policy entitles the following investments;

- Interest bearing deposits
- QTC Capital Guaranteed Cash Fund, debt offset facility, fixed rate deposit (up to 12 months and QTC Working Capital Facility)

### 3.5 INVESTMENT GUIDELINES

The following table shows the credit ratings and counterparty limits for Mareeba Shire 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	Nil	Nil
QTC Pooled Cash Management Fund	100%	100%

A Financial Institution is defined as an authorised deposit-taking institution within the meaning of the *Banking Act 1959 (Cwlth)*, Section 5.

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 purchase as a percentage of the market value of the portfolio.

#### 3.5.1 Investment in Financial Institutions within Local Communities

Investments in related financial institutions within local communities by the Mareeba Shire Council shall not exceed 10% of the total percentage of the market value of the portfolio.

#### 3.5.2 Maturity

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

#### 3.5.3 Liquidity Requirement

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

#### 3.5.4 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.

#### **4. SCOPE**

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This policy applies to the investment of all available funds held by Mareeba Shire Council.

#### **5. DEFINITIONS**

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For the purpose of this policy, investments are defined as arrangements that are undertaken or acquired for producing income and apply only to the cash investments of Mareeba Shire Council.

#### **6. RELATED DOCUMENTS AND REFERENCES**

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*Statutory Bodies Financial Arrangements Act 1982*

*Statutory Bodies Financial Arrangements Regulation 2007*

#### **7. REVIEW**

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It is the responsibility of the Director Corporate and Community Services to monitor the adequacy of this policy and recommend appropriate changes. The policy will be revoked and reviewed upon appointment of a new Finance Manager and/or formally reviewed every year as required by Council.