

2. INVESTMENT GENERAL POLICY

Intent

To outline Douglas 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.

Section 191 of the Local Government Regulation 2012 states that a local government must prepare and adopt an investment policy which outlines:

- (a) The local government's investments objectives and overall risk philosophy; and
- (b) Procedures for achieving the goals related to investment stated in the policy.

Scope

This policy applies to the investment of all cash holdings of Douglas Shire Council. For the purpose of this policy, investments are defined as arrangements that are undertaken for the purpose of producing income.

Provisions

Authority for Investment

All investments are to be made in accordance with the requirements of the Statutory Bodies Financial Arrangements Act 1982 and the Statutory Bodies Financial Arrangements Regulation 2007.

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

Ethics and conflicts of interest

Investment officers 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 ability to make impartial decisions as outlined in Council's Code of Conduct. This policy requires that investment officers disclose any conflict of interest 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 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 Chief Financial Officer.

Investment Parameters

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 Chief Financial Officer after preparing Council's annual budget and cash flow forecasts.

Authorised investments

Council is allocated Category 1 Investment Powers under the *SBFA Regulation 2007*. All investments must be denominated in Australian Dollars and undertaken in Australia. All investments undertaken by Council should be in accordance with the authorised investments definitions and restrictions as specified throughout this policy.

Portfolio investment parameters

The structure and features of Council's investments are to be consistent within the risk parameters, liquidity requirements and operational guidelines of Council as set out below.

Quotations on Investments

At least two quotations shall be obtained from different authorised institutions when an investment is proposed (excluding at call funds).

In assessing the fair value of quotes obtained, the risk of the entity providing the return must be considered.

Term to Maturity

The term to maturity of any of Council's direct investments may range from at call to 1 year and will be dependent upon Council's future cash flow requirements, credit risk guidelines and the prevailing outlook regarding interest rates.

Liquidity

Council will manage its day to day liquidity needs through maintaining an appropriate cash balance in its transactional banking account and at call investment account.

Diversification/Credit risk

The amount invested with any one financial institution should be in accordance with the guidelines in Table 1.

TABLE 1 Diversification / Credit Risk Guidelines

N.B. The following percentages are based on average annual funds invested.

Banking Institution	Minimum % of Total Investments	Maximum % of Total Investments	Maximum Term (for fixed term investments only)
QTC Cash Fund	0%	100%	1 year
Commonwealth Bank	0%	100%	1 year
Westpac	0%	100%	1 year
National Bank	0%	100%	1 year
ANZ	0%	100%	1 year
Other Australian banks with a physical presence in the Council area	0%	40%	180 days

Related Legislation

Local Government Act 2009

Local Government Regulation 2012: Chapter 5 Financial Planning and Accountability, Part 4 Financial Policies, Section 191

Statutory Bodies Financial Arrangements Act 1982

Statutory Bodies Financial Arrangements Regulation 2007

Policy Review

This policy is to be reviewed whenever legislation changes, or annually if no changes have been required to be enacted, at the direction of the Chief Executive Officer.

Policy Details

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Link to Corporate Plan	Robust Governance and Efficient Service Delivery
Revoked/Superseded	

This policy is to remain in force until otherwise determined by Council.