

Policy



STATUTORY

INVESTMENT

Head of Power

Section 191 of the *Local Government Regulation 2012* states a Local Government must prepare an investment policy each financial year. Council must also consider the *Statutory Bodies Financial Arrangements (SBFA) Act 1982* and *Statutory Bodies Financial Arrangements Regulation 2007*.

Key Supporting Council Document

Lockyer Valley Regional Council Corporate Plan (2022-2027)

Lockyer Leadership and Council

Undertake robust and accountable financial, resource and infrastructure planning and management to ensure affordable and sustainable outcomes for our community.

Definitions

N/A

Policy Objective

To provide Council's finance officers with an investment framework within which to place Council investments to achieve competitive returns whilst adequately managing risk exposure and ensuring cash funds are available to meet Council's short-term cash requirements.

Policy Statement

This policy is applicable to the investment of Lockyer Valley Regional Council's cash balances as they occur throughout the year. It specifically does not apply to the long-term loan arrangement with Queensland Urban Utilities.

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

Without specific approval from Council or the treasurer, investments are limited to those prescribed by Part 6 of the *Statutory Bodies Financial Arrangements Act 1982* for local governments with Category 1 investment power.

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

This policy prohibits any investments carried out for speculative purposes.

Council's bank balances and short-term cash flows will be reviewed daily.

Investments will be placed to minimise the cash held in low/no interest operating bank accounts whilst ensuring sufficient cash is available to meet Council's financial obligations on a day to day basis.

Funds will be invested for a term not exceeding 12 months.

To mitigate risk and protect the Capital value of Investments, funds will only be placed with recognised financial institutions with a Standard and Poor's Long Term Rating of BBB- or better and operating in Australia. Investments will be placed with various financial institutions such that the maximum percentage of the total investment portfolio does not exceed:

Standard and Poor's Long Term Rating	Maximum % Investment in any one Institution	Maximum % Investment all institutions in this category
QTC (currently AA+)	100%	100%
AAA to A+ (excluding QTC)	35%	85%
A to BBB+	25%	45%
BBB to BBB-	20%	30%

The Chief Financial Officer is to ensure an appropriate system is maintained at all times to ensure all investments are accounted for and the portfolio managed appropriately.

The Chief Financial Officer will ensure that effective internal controls are established to ensure that investment objectives are met and that investments are protected from loss, theft or inappropriate use. These controls will address control of collusion, separation of transaction activity from accounting and record keeping, safekeeping, physical delivery of securities, delegation to investment officers, requirements for the settlement of securities, compliance and oversight of investment parameters and compliance reporting.

Investments and associated internal controls will be subject to periodic reviews by Council's Internal Audit function to verify compliance with this policy and legislation.

Any breach of this policy must be reported to the Chief Executive Officer within 24 hours and be rectified as soon as reasonably possible of the breach occurring.

Quarterly reports detailing compliance with the policy and earning performance compared to the benchmark are to be prepared by the Chief Financial Officer and provided to Council.

Earning Performance will be benchmarked against the Bank Bill Swap Rate and the Bloomberg AUSBOND Index which includes the 90-day bank bills from a number of Australian institutions.

Related Documents

Lockyer Valley Regional Council – 2022-2023 Budget and Long-Term Financial Forecast

Group: Executive Office
Branch: Finance
Approved: Budget Meeting (Resolution Number: 20-24/0858)

Effective Date: 28/06/2023
Version: 5 Last Updated: 28/06/2023
Review Date: 30/06/2024

Date Approved: 28/06/2023
ECM 4349002

Superseded/Revoked: Investment Policy ECM: 4144149