



STATUTORY POLICY
MOUNT ISA CITY COUNCIL
Investment Policy

RESOLUTION NO. **OM17/08/19** VERSION **V2**

APPLIES TO STATUTORY POLICIES ONLY

This an official copy of the **2019/2020 Financial Year - Investment Policy**, made in accordance with the provisions of *Local Government Act 2009*, *Local Government Regulation 2012*, *Statutory Bodies Financial Arrangements Act 1982*, *Statutory Bodies Financial Arrangement Regulation 2007* and current Council Policies.

Statutory Policies comply with a legislative requirement; the **2019/2020 – Investment Policy** is approved by the Mount Isa City Council for the operations and procedures of Council.

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 Sharon Ibardolaza
Chief Executive Officer

DOCUMENT VERSION CONTROL			
Governance/Policies/Statutory Doc ID# 666927		POLICY TYPE	Statutory (Council)
VERSION	DATE	RESOLUTION NO.	DETAILS
V1	27.07.2018	SM01/07/18	Responsible Officer - Manager Corporate and Financial Services
V2	28.08.2019	OM17/08/19	Responsible Officer - Manager Corporate and Financial Services
		REVIEW DUE	06.2020

DISTRIBUTION AND DISSEMINATION			
Internal email to all employees		Section meetings / Toolbox talks	
Internal email to all Councillors		Included in employee inductions	
Staff noticeboards		Uploaded to Council website	X
Internal training to be provided		External training to be provided	
Registered in Magiq	X		



1. PURPOSE

To satisfy Council's statutory obligations under the *Local Government Act 2009* and *Local Government Regulation 2012*, and the *Statutory Bodies Financial Arrangements Act 1982* and *Statutory Bodies Financial Arrangements Regulation 2007*. This policy prescribes the circumstances and terms on which Council may invest its funds.

2. COMMENCEMENT

The Mount Isa City Council Investment Policy will take effect after adoption at the **Ordinary Meeting on 28th August 2019**.

The Queensland *Local Government Regulation 2012* Chapter 5 Section 191 requires Council to prepare and adopt an investment policy. The investment policy must outline Council's investment objectives and overall risk philosophy; and its procedures for achieving the goals related to investment as stated in the policy.

It is Council's intention that all funds not immediately required for financial commitments be invested and that the investment vehicles used maximise Council earnings when taking into account counterparty, market and liquidity risks.

This policy is intended to provide Council's finance staff with an investment framework within which to place Council investments to achieve competitive returns whilst adequately managing risk and ensuring funds are available to meet Council's short term cash requirements.

3. POLICY CLAUSES

Council has a number of duties and responsibilities when investing funds. Mount Isa City Council is allocated Category 1 Investment Powers under Schedule 3 of the *Statutory Bodies Financial Arrangements Regulation 2007*. This restricts Council's investment options and these limitations are outlined in sections 47 and 48 of the *Statutory Bodies Financial Arrangements Act 1982*.

Section 47(1) Council must use its best efforts to invest its funds –

- (a) at the most advantageous interest rate available to it at the time of the investment for an investment of the proposed type; and
- (b) in a way it considers is most appropriate in all the circumstances.

Section 47(2), Council must keep records that show it has invested in the way most appropriate in all the circumstances.

Investments authorised under section 44(1), comprise:

- a) deposits with a financial institution;
- b) investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- c) other investment arrangements secured by investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- d) investments with Queensland Investment Corporation (QIC) Cash Fund or investments with Queensland Treasury Corporation (QTC) Cash Fund, QTC Debt Offset Facility QTC Fixed Rate Deposit (up to 12 months) and QTC Working Capital Facility;

- e) an investment arrangement with a rating prescribed under a regulation for this paragraph with;
 - o a rating by Fitch Ratings of F1+ or F1; or
 - o a rating by Moody's Investors Service of Prime-1 (P-1); or
 - o a rating by Standard & Poor's of A-1+, A-1, AAm or AAAM;
- f) other investment arrangements prescribed under a regulation for this paragraph.

Subsection 2 states that the investment must be:

- at call; or
- for a fixed time of not more than one (1) year.

Investments will be placed so as 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.

Council's delegated officers are to avoid any transaction that might harm confidence in Mount Isa City Council.

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

Investment

When investing funds Council staff should aim to minimise the risk to the financial instruments. Council staff are authorised to maximise Council's investment earning potential by investing in any Australian licenced bank, building society, credit union, or QTC.

Prohibited Investments

This investment policy prohibits any investment carried out for speculative purposes. The following investments are prohibited by this investment policy:

- Derivative based instruments;
- Principal only investments or securities that provide potentially nil or negative cash flow;
- Stand-alone securities that have the underlying futures, options, forward contracts and swaps of any kind; and
- Securities issued in non-Australian dollars.

Term to Maturity

- Council's investment portfolio should be realisable, without penalty, in a reasonable time frame. Due to legislative requirements, the term to maturity of Council investments may not exceed one year.

Council is at all times to comply with legislation applicable to the investment function within Local Governments. Council will utilise its Category 1 investment powers to earn interest revenue on its operating funds to supplement Council's other sources of revenue.

4. RESPONSIBILITIES

Council is at all times to have in place appropriate controls to prevent the fraudulent use of public monies. The following controls detail the minimum that is required:

- The responsible officer for the investment function is the Manager Corporate and Financial Services or nominated delegate.
- All investments are to be authorised by the Chief Executive Officer or nominated delegate.



- Confirmation advices from the Financial Institution are to be received as evidence that the investment is in the name of Mount Isa City Council.
- A person, other than the responsible officer, is to perform the bank reconciliation at the end of each day.

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 Director Corporate and Financial Services and be rectified within 24 hours of the breach occurring.

Record Keeping

Section 48 states that:

"A security, safe custody acknowledgment or other document evidencing title accepted, guaranteed or issued for an investment arrangement must be held by the statutory body or in another way approved by the Treasurer".

This is Council's current practice and will be continued as part of the investment procedures. The procedure for the investment of Council funds is to be documented and followed at all times.

5. VARIATIONS

Council reserves the right to vary, replace or terminate this policy from time to time.

6. BREACH OF POLICY

Any breach of this Investment Policy is to be reported to the Chief Executive Officer and rectified within seven (7) days of the breach occurring.

Where Council holds an investment that is downgraded below the minimum acceptable rating level, as prescribed under regulation for the investment arrangement, Council shall, within twenty eight (28) days after the change becomes known to Council, either obtain Treasurer approval for continuing with the investment arrangement or sell the investment arrangement.

7. COMMUNICATION AND DISTRIBUTION

Council will make available to the public, the Investment Policy on our website at www.mountisa.qld.gov.au.

8. POLICY REVIEW

All policies will be reviewed annually or when any of the following occurs:

- Relevant legislation, regulations, standards and policies are amended or replaced; and
- Other circumstances as determined from time to time by the Chief Executive Officer / Executive Leadership Team / Managers.

This policy is nominated to be reviewed on or before 1st July 2020.