

# **PALM ISLAND ABORIGINAL SHIRE COUNCIL**

## **POLICY STATEMENT**

**SUBJECT:** INVESTMENT POLICY

**AUTHORITY:** Council of the Whole.

**PURPOSE:** To control the investment of surplus funds.

**POLICY:** Council investments will be made in accordance with:

- Local Government Act 1993 – Section 525;
- Statutory Bodies Financial Arrangements Act 1982
- All investments must be in accordance with Category One investments only as listed in Section 44 of the Statutory Bodies Financial Arrangements Act 1982.

All investments must be denominated in Australian money.

Investments must have a minimum long term credit rating of A (Standard & Poor's, Fitch, or Moody's Australian Ratings) or better.

It is Council's policy that all surplus funds will be invested to capitalise on maximum return. Prior to any investment being undertaken a future cash flow analysis will be completed to determine the amount of surplus funds available for investment and the effective term of such investment.

Whenever an investment is proposed, a minimum of two (2) quotes will be obtained from authorised institutions achieving a long term credit rating of A. The Queensland Treasury Corporation (QTC) Cash Fund must be included as one of these quotes. The best quote, net of costs will be successful for the investment of Council's funds.

The maximum amount invested with any one financial institution should not exceed 50% of total average annual funds invested. The purpose of this requirement is to minimise Council's risk exposure, however any amount of total invested funds may be kept in the QTC Cash fund.

A monthly report shall be provided to Council, detailing the investment portfolio in terms of performance and counterparty percentage exposure of the total portfolio. The report will also detail investment income earned versus budget year to date.

For audit purposes, certificates must be obtained from the bank/fund managers confirming the amounts of investment held on Council's behalf at 30 June each year.

If any of Council's investments are downgraded and the investment does not fall within these investment policy guidelines, they will be divested as soon as is practicable.

DELEGATION: Authority in respect of this Policy is delegated to the Chief Executive Officer and DCEO/Accountant.

RESOLUTION DATED: May 2010