

1. Policy Statement

This Policy sets the guidelines for the investment of Council's cash holdings, meeting the requirements of the *Statutory Bodies Financial Arrangements Act 1982* and its regulation, supporting Council's investment and risk philosophy.

In prudently managing financial resources, Council seeks to invest available cash holdings for the purpose of maximising investment earnings, minimising financial risk, and ensuring funds security and availability.

2. Scope

This Policy applies to the investment of all cash holdings of Hinchinbrook Shire Council.

3. Responsibility

Council is responsible for the approval of this Policy.

The Chief Executive Officer (CEO), assisted by the Chief Financial Officer (CFO), is responsible for the implementation, maintenance and compliance of this Policy.

4. Definitions

Surplus Cash Balances, for the purpose of this policy, means Council's cash holdings available for investment at any time after consideration of the amount and timing of Council's cash flow needs. Surplus cash balances do not include Council's trust account balances which are to be invested separately from Council funds.

Authorised Investments are as permitted under the *Statutory Bodies Financial Arrangements Act 1982*, and in accordance with the Category 1 Investment Powers applicable to Council under the *Statutory Bodies Financial Arrangements Regulation 2007*.

Prescribed Investment Arrangements are listed at Schedule 6 of the *Statutory Bodies Financial Arrangements Regulation 2007*.

5. Policy

5.1 Investment Risk Philosophy

Council maintains a conservative and risk averse investment philosophy for its surplus cash investments. As the custodian of public monies Council chooses to secure its capital base but take the opportunity to produce revenue from cash assets as far as possible within established risk constraints.

5.2 Objective

- To maximise earnings with funds not immediately required for financial commitments.
- To invest funds at the most advantageous rate of interest available to it at the time, for that investment type, and in a way that is considered the most appropriate at the time; and
- To preserve capital.

5.3 Prudent Person Standard

Officers responsible for investing local government funds must act with a duty of care, skill, prudence and diligence that a prudent person would exercise when investing and managing their own funds. Conflicts of interest must be recorded and disclosed to the Chief Executive Officer.

5.4 Range of Investments

Council has Category 1 investment power under the *Statutory Bodies Financial Arrangements Act 1982*.

A Category 1 investor is permitted to invest at call or for a fixed period of no more than one year in the following ways:

- Deposits with a financial institution;
- Investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- Other investment arrangements secured by investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- Investment arrangements, managed or offered by Queensland Investment Corporation (QIC) or Queensland Treasury Corporation (QTC), prescribed under a Regulation of the *Statutory Bodies Financial Arrangements Act 1982*;
- An investment arrangement with a rating prescribed under a regulation of the *Statutory Bodies Financial Arrangements Act 1982*; and
- Over investment arrangements prescribed under a regulation of the *Statutory Bodies Financial Arrangements Act 1982*.

All investments must be denominated in Australian Dollars and undertaken in Australia.

5.5 Assessment of Surplus Cash Balance

Surplus cash balances must be determined in accordance with the Investment Procedure.

5.6 Credit Risk Guidelines

The minimum and maximum invested surplus cash with any line of credit risk must conform with the following:

TABLE A: CREDIT RISK GUIDELINES				
Long-term credit rating # or financial institution	Short term credit rating#	Minimum % of total investments or minimum value	Maximum % of total investments or maximum value	Maximum Term
QTC Capital Guaranteed Cash Fund		20%	100%	(At Call)
AAA	A-1+	Nil	50%	1 year
AA to AA-	A-1+	Nil	40%	1 year
A+ to A-	A-1	Nil	30%	6 months
BBB+ to BBB	A-2	Nil	20%	6 months
BBB-	A-3	Nil	5%	3 months
Unrated **	Unrated**	Nil	\$500,000	30 days

Most recently available credit ratings from S&P Global.

**Most building societies and credit unions are unrated financial institutions.

Table A: Credit Risk Guidelines

- QTC recommends that caution should be exercised with respect to investing funds with unrated institutions. Council may choose to invest with an unrated facility to encourage that facility to remain in the Hinchinbrook Shire. The decision to invest in an unrated facility must be balanced against the credit worthiness of the institution;
- The credit worthiness of an unrated financial institution should be assessed with regard to the most recent audited financial statements and Capital Adequacy Disclosure of that institution;
- Before rollover of existing investments or undertaking new investments the credit rating of the investment institutions used or intended to be used by Council should be assessed;
- In the event of published economic downturn or instability the credit rating of the investment institutions used by Council should be reassessed and remedial action taken if necessary; and
- Queensland Treasury Corporation may be used to assist with financial institution credit ratings.

This information should be available from the relevant financial institution website.

5.7 Quotations and Fair Value

At least three quotations must be obtained and noted from authorised institutions prior to investing surplus cash, however this requirement does not apply to investing within the prescribed investment arrangements.

In general, financial institutions with lower credit ratings have a higher credit risk and therefore, the interest rate received on the investment should be higher reflecting the higher level of risk.

The quotes received should be considered relative to the assessed risk of the financial institution.

5.8 Terms to Maturity

The term to maturity of the surplus cash investment must be determined taking into consideration Council's future cash flow needs, credit risk guidelines and the prevailing outlook regarding interest rates.

The term cannot exceed one year for any investment.

5.9 Reporting Requirements

Reporting procedures must be established to ensure the investments are being reviewed and overseen regularly.

6 Legal Parameters

- *Statutory Bodies Financial Arrangements Act 1982*;
- *Statutory Bodies Financial Arrangements Regulation 2007*; and
- *Local Government Regulation 2012*.

7 Associated Documents

- Nil.

DOCUMENT HISTORY AND STATUS			
Policy Number	38	Version	12
Approved By	Council Resolution# 2562026-14	Approval Date	25 June 2026
Initial Date of Adoption	20 September 2012	Next Review Date	June 2027
ECM Number	2249462	Document Contact	Chief Finance Officer