

2025-26 Investment Policy

Endorsed by Council:

21 May 2025 OM25/40

Policy purpose

The purpose of this document is to outline Sunshine Coast Council's investment policy and guidelines regarding the investment of surplus funds with the objective to maximise earnings within approved risk guidelines and to ensure the security of funds.

Policy scope

This policy applies to the investment of all funds held by Sunshine Coast Council (Council).

Policy statement

Council will maintain an active investment strategy with the following goals:

- Maximise investment returns from investment activities
- Exceed the benchmark of the Bloomberg AusBond Bill (BAUBIL) Index
- Invest only in investments as authorised under current legislation
- Invest only with approved institutions
- Invest to protect capital value of investments

Principles

Council's overall objective is to invest its funds at the most advantageous rate of interest available to it at the time, for that investment type, and in a way that it considers most appropriate given the circumstances. The investment portfolio will maintain sufficient liquidity to meet all reasonably anticipated operating cash flow requirements of Council, as and when they fall due, without incurring significant transaction costs due to being required to recall an investment.

Investment activities shall preserve capital as a principal objective of the investment portfolio.

Investments will be performed in a manner that seeks to ensure security of principal of the overall portfolio. This would include managing credit risk and interest rate risk within given risk management parameters and avoiding any transactions that would prejudice confidence in Council or its associated entities.

Credit risk

Council will evaluate and assess credit risk prior to investment. Credit risk is the risk of loss due to the failure of an investment issuer or guarantor. The investment officers will minimise credit risk in

the investment portfolio by prequalifying all transactions including the brokers/securities dealers with which they do business, diversify the portfolio and limit transactions to secure investments.

Cash flow risk and interest rate risk

The investment officers shall seek to minimise the risk of a change in the market value of the portfolio due to fluctuating interest rates and changes to financial institution credit ratings (S&P Global). This risk will be mitigated by ensuring that the portfolio is managed in accordance with the strict investment policy guidelines, specifically counter party limits, and by limiting investments to short term maturities i.e. less than 12-month terms.

Cash flow risk can be mitigated by considering the cash flow requirements of Council and structuring the portfolio accordingly to avoid having to recall investments prior to maturity.

Investment parameters and guidelines

Council investments are limited to those prescribed by Section 6 of the *Statutory Bodies Financial Arrangements Act 1982* (hereafter "SBFAA") for local governments with Category 2 investment powers, which allows for investment with Queensland Treasury Corporation or Queensland Investment Corporation, along with a range of other high-rated counterparties without further approval.

The SBFAA includes a list of prohibited investments that requires Treasurer's approval including derivative based instruments, non-Australian dollars and maturity maximum greater than three years.

It is noted that for the purpose of this investment portfolio, the percentage limits apply effective from the date of purchase as a percentage of the market value of the portfolio. No more than 20% of the portfolio is to be invested in Floating Rate Notes.

The following table set out Council's investment parameters, where maximum percentage of funds can be invested within each category.

Short Term Rating (S&P Global Ratings) or equivalent	Individual Counterparty Limit	Total Limit
QIC / QTC Pooled Cash Management Fund A-1+	100%	100%
A-1+ Financial Institutions	100%	100%
A-1+ Bond Mutual Funds	30%	50%
A-1 Financial Institutions	60%	100%
A-2 Financial Institutions	60%	90%
A-3 Financial Institutions	10%	30%
Unrated	Nil	Nil

Maturity

The maturity structure of the portfolio will reflect a maximum term of one (1) year to maturity. With CEO approval (as per Schedule 2 to Delegation No. 2 by the Chief Executive Officer), this may be extended to a maximum of three (3) years.

Authority

Council has been granted authority to exercise Category 2 investment power under Part 6 of the SBFAA.

Authority for implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with the *Local Government Act 2009*, Section 257(1)(b) - Delegation of local government powers.

From 1 July 2025, authority for the day-to-day management of Council's Investment Portfolio is delegated by the Chief Executive Officer to the Chief Financial Officer, and the Manager Finance, in accordance with Section 259 of the *Local Government Act 2009*, and subject to regular reviews from the Chief Executive Officer.

Appointment of an external fund manager to manage all or part of Council's investments, requires Treasurer's approval pursuant to Section 59 of the SBFAA.

New investment products

A new investment product requires a full risk assessment, including compliance with legislation, prepared by the Assistant Accountant and submitted to the Chief Financial Officer and Coordinator Financial Accounting.

Breaches

Deposits are in the first instance deemed to be "unbreakable", that is, no early exit.

Where Council holds an investment that is downgraded below the minimum acceptable rating level, as prescribed under regulation for the investment arrangement, or where limits for different risk categories or counterparty limits are breached, an assessment will be undertaken once the change becomes known.

Any breach of this Investment Policy is to be reported to the Chief Financial Officer and the Manager Finance.

Ethics and conflicts of interest

Consideration will be given to ethical investment principles in determining the approved counterparty limits for investment of funds.

Investment officers/employees shall refrain from personal activities that would conflict with the proper execution and management of Sunshine Coast Council's investment portfolio. This includes activities that would impair the investment officer's ability to make impartial decisions.

This policy requires that employees and investment officers disclose to the Chief Executive Officer any conflict of interest that could be related to the investment portfolio.

Criteria of authorised dealers and brokers

Council will maintain a list of authorised financial institutions and securities brokers that the investment officers may deal with. These financial intermediaries must have a minimum short-term rating of at least either A-3 (S&P Global Ratings) or the equivalent Fitch or Moody's ratings of BBB+ and Baa1 respectively.

All transactions undertaken on behalf of the investment portfolio of Council will be executed either by Sunshine Coast Council directly, or through securities brokers registered as Australian Financial Service Licensees (AFS) with an established sales presence in Australia, or direct issuers that directly issue their own securities which are registered on Sunshine Coast Council's approved list of brokers/dealers and direct issuers.

Safekeeping and custody

Each transaction will require written confirmation by the broker/dealer/bank. Council will hold security documents.

Policy review

This policy is reviewed annually as part of the budget process.

Roles and responsibilities

The Chief Financial Officer, and the Manager Finance are authorised to invest Sunshine Coast Council's operating funds at their discretion in investments consistent with this Investment Policy and legislation. The Financial Accounting and Treasury Team are responsible for the operations and management of the funds.

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 monitor and manage cash flow when making an investment decision.

All individuals engaged in dealings within the scope of this policy are required to fulfil the ethical and behavioural obligations as defined in legislation.

Role	Responsibility
Council	Endorsement authority for setting this policy and for all material changes to this policy. Able to endorse non-material changes.
Chief Executive Officer (CEO)	Approval authority for any non-material change to this policy.
Executive Leadership Team (ELT)	Provides advice to the CEO and/or Council on setting this policy and all proposed changes to this policy.

Role	Responsibility
	Provides feedback to the policy sponsor and policy holder regarding the scope of approaching reviews.
Chief Financial Officer	Policy sponsor. Approval authority for any minor non-material changes to this policy.
Manager Finance	Policy holder.
Coordinator Financial Accounting	Leads this policy's development, including communication, implementation, review and reporting.

Measurements of success

A summary of investments, amount invested and comparison above benchmark, at a minimum, is included in the monthly Financial Performance Report to Council Ordinary Meetings.

The benchmark target is to be set equal to or above the Bloomberg AusBond Bank Bill (BAUBIL) Index.

Measure	Outcome sought
Bloomberg AusBond Bank Bill (BAUBIL) Index	Equal or exceed
Compliance with legislation	No breaches
Invest only with approved institutions	No breaches
Invest to protect capital value of investments	No losses

Definitions

Refer to Council's Policy Framework for definitions of common terms. The following contains definitions for terms specific to this policy. For otherwise undefined terms, the plain English meaning informs interpretation.

Term	Definition
Bloomberg AusBond Bank Bill (BAUBIL) Index	This is widely considered to be the industry benchmark for short term cash fund performance and is used by market participants as a means of comparing the returns generated by the various cash funds available in the market.
Counterparty limits	The maximum possible exposure to a specified financial institution or group of financial institutions.
Ethical investment principles	Investment in companies or industries that promote positive approaches to environmental, social and corporate governance issues, or the avoidance of investment in industries deemed harmful to health or the environment. These principles have been recognised by the United Nations Principles for Responsible Investment.
Financial institution	An authorised deposit-taking institution within the meaning of the <i>Banking Act 1959</i> (Cwlth), Section 5.

Term	Definition
Investments	Arrangements that are undertaken or acquired for producing income and apply only to the cash investments of Sunshine Coast Council.
Market value	The price at which an instrument can be purchased or sold in the current market.
QIC	Queensland Investment Corporation
QTC	Queensland Treasury Corporation

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Appendix

Policy information		
Title	2025-26 Investment Policy	
Purpose	The purpose of this document is to outline Sunshine Coast Council’s investment policy and guidelines regarding the investment of surplus funds with the objective to maximise earnings within approved risk guidelines and to ensure the security of funds.	
Document number	D2023/333877	
Corporate Plan reference	Goal Pathway	Organisational excellence Develop a Long-Term Financial Sustainability Plan for Council to guide service levels and resourcing decisions for current and future generations
Category	Statutory	
Subcategory	Financial	
Approved	OM25/40	
Approval date	21 May 2025	
Effective date	1 July 2025	
Review schedule	A full review is undertaken at least annually as part of the budget process. Reviews may occur more regularly as required, having regard to a policy risk assessment.	
Last review	2024	
Next review	2026	
Policy holder	The Manager responsible for this policy is: Manager Finance	
Approval authority	Council has authority to endorse material changes. CEO has approval authority for any non-material change to the policy. Chief Financial Officer has authority to approve minor non-material changes.	
Related documents		
Legislation	Statutory Bodies Financial Arrangements Act 1982 (Qld) Statutory Bodies Financial Arrangements Regulation 2019 (Qld) Local Government Act 2009 (Qld) Local Government Regulation 2012 (Qld) Banking Act 1959 (Cwlth)	
Policy	Derivatives Policy	
Operational documents		

Version Control				
Version	Reason/Trigger	Change	Endorsed/Reviewed by	Date
1.0	Created	N	Council	9-6-2014
1.1	Annual review	Y	Manager Finance	19-2-2016
1.1	Endorsement		Council	2016
1.2	Annual Review	Y	Manager Finance	2017
1.2	Endorsement		Council	18-5-2017
1.3	Annual Review	Y	Chief Financial Officer	12-4-2018
1.3	Endorsement		Council	17-5-2018
1.4	Annual Review	Y	Chief Financial Officer	2019
1.4	Endorsement		Council	23-5-2019
1.5	Annual Review	Y	Chief Financial Officer	28-4-2020
1.5	Endorsement		Council	11-6-2020
1.6	Annual Review		Chief Financial Officer	14-4-2021
1.6	Endorsement		Council	27-5-2021
1.7	Annual Review	N	Chief Financial Officer	27-4-2022
1.7	Endorsement		Council	26-5-2022
1.8	Annual Review	Y	Chief Financial Officer	20-3-2023
1.8	Endorsement		Council	25-5-2023
1.9	Annual Review	N	Chief Financial Officer	12-4-2024
1.9	Endorsement	Y - new template, minor non-material changes to improve clarity. Human rights assessment undertaken.	Council	30-5-2024
1.10	Annual Review	N	Manager Finance	17-4-2025
1.10	Endorsement		Council OM25/40	21-5-2025