

Queensland



Subordinate Legislation 1993 No. 28

*Statutory Bodies Financial Arrangements Act 1982*

**STATUTORY BODIES FINANCIAL  
ARRANGEMENTS (INVESTMENT) ORDER  
1993**

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**AUTHORISED STATUTORY BODIES**

## PART 1—PRELIMINARY

### Short title

1. This order in council may be cited as the *Statutory Bodies Financial Arrangements (Investment) Order 1993*.

### Definitions

2. In this order—

“**applied provisions**” means the provisions of the Act applied by section 3 of this order;

“**authorised statutory body**” means a statutory body mentioned in the Schedule;

“**dealer**” means a dealer on the official or unofficial money market;

“**prescribed rating**”, in relation to an institution, security or investment, means—

- (a) if the institution, security or investment is rated for the short term by S&P Australian Ratings—A.1+ or A.1; or
- (b) if the institution, security or investment is rated for the short term by Moody’s Investors Service Pty Ltd—Prime-1 (P.1); or
- (c) if the institution, security or investment is rated for the short term by S&P Australian Ratings and Moody’s Investors Service Pty Ltd—A.1+ or A.1 and Prime-1 (P.1), respectively;

“**terms**” includes conditions.

## **PART 2—INVESTMENT OF STATUTORY BODIES’ FUNDS**

### *Division 1—Application of certain provisions of Part 5 of the Act*

#### **Application under s.50(3) of the Act**

**3.** Sections 48 and 50 of the Act (other than the provisions already applied by section 50(2) of the Act) are declared to apply—

- (a) in respect of an authorised statutory body; and
- (b) in respect of the specific kinds of securities, investments and other financial arrangements mentioned in sections 5 and 9; and
- (c) without limit of time.

#### **Terms on which applied provisions apply**

**4.(1)** In relation to investments mentioned in section 5, the applied provisions apply on the terms set out in the other provisions of Division 2.

**(2)** In relation to investments mentioned in section 9, the applied provisions apply on the terms set out in section 10.

**(3)** The applied provisions also apply on the terms set out in Division 4.

### *Division 2—Securities, investments and other financial arrangements that are secured*

#### **Secured investments**

**5.** The applied provisions apply to the securities, investments and other financial arrangements that are secured by any of the following types of security—

- (a) a security issued or guaranteed—
  - (i) by the Commonwealth; or

- (ii) by, or on behalf of, the State;
- (b) a promissory note issued by a bank;
- (c) a promissory note guaranteed by, or on behalf of, the State;
- (d) a certificate of deposit issued by a bank;
- (e) a bank accepted bill of exchange.

### **Security for investment**

**6.** The security given in relation to the investment must—

- (a) be unencumbered; and
- (b) have a value that is equal to, or more than, the amount of the investment.

### **Value of security**

**7.(1)** In determining the value of the security, an authorised statutory body must take into account the current market value of the security determined by valuing it—

- (a) using a formula used by the Reserve Bank of Australia for valuation purposes; or
- (b) by obtaining a valuation by a dealer who is not the dealer offering the security.

**(2)** To ensure that the investment is fully covered by the security, an authorised statutory body is to undertake a valuation of the security every 3 months.

### **What happens if the value of the security decreases?**

**8.(1)** This section applies if a security is revalued so that its current market value is less than 97% of the amount of the investment.

**(2)** As soon as practicable, but not later than 30 days, after the revaluation becomes known to the authorised statutory body, it must—

- (a) make arrangements to ensure that section 6 is complied with; or

(b) liquidate the investment.

(3) If the authorised statutory body does not comply with subsection (2), it must give written notice to the Treasurer of its noncompliance and the reasons for the noncompliance.

***Division 3—Securities, investments and other financial arrangements  
that are not secured***

**Unsecured investments**

9. The applied provisions apply to the following securities, investments and other financial arrangements—

- (a) deposits with an institution with a prescribed rating;
- (b) securities with a prescribed rating;
- (c) other investments with a prescribed rating.

**What happens if prescribed rating is changed?**

10.(1) This section applies if the rating in relation to an institution, security or other investment is changed so that it is not a prescribed rating.

(2) As soon as practicable, but not later than 30 days, after the change becomes known to the authorised statutory body, it must—

- (a) withdraw the deposit from the institution; or
- (b) otherwise liquidate the investment.

(3) If the authorised statutory body does not comply with subsection (2), it must give written notice to the Treasurer of its noncompliance and the reasons for the noncompliance.

***Division 4—Terms relevant to investments generally*****Rate on investment**

**11.(1)** In exercising its power to invest money, because of the application of the applied provisions, an authorised statutory body must use its best endeavours to invest the money at the most advantageous rate at the relevant time.

**(2)** An authorised statutory body is taken to have used its best endeavours if—

- (a) it obtains quotes from at least 3 dealers; and
- (b) it acts on the quote that it considers is most appropriate in all the circumstances.

**Security that includes inscribed stock**

**12.** If inscribed stock forms part of the security of an investment, the relevant transfer and acceptance forms must be lodged at the appropriate registry.

~~Example~~—transfer is not an acceptable arrangement.

***Division 5—Approval for purposes of section 48(1)(d) of the Act*****Approval of investments**

**13.** An investment in a security, investment or other financial arrangement to which the applied provisions apply is approved for the purposes of section 48(1)(d) of the Act.

## **PART 3—REPEAL**

### **Repeal of order in council**

**14.** The order in council in relation to the Suncorp Building Society, that was made under the Act on 1 February 1990 and published in the Gazette on 3 February 1990 at page 552, is repealed.

## **SCHEDULE**

### **AUTHORISED STATUTORY BODIES**

section 2

**1.** A local authority within the meaning of section 3 of the *Local Government Act 1936*.

**2.** The Brisbane City Council.

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#### **ENDNOTES**

1. Made by the Governor in Council on 18 February 1993.
2. Published in the Gazette on 19 February 1993.
3. Laid before the Legislative Assembly on . . .
4. The administering agency is the Treasury Department.