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ABN: 34 103 787 081

Policy: I001

Investment Policy

Head of Power

Statutory Bodies Financial Arrangements Act 1982
Statutory Bodies Financial Arrangements Regulations 2019
Local Government Act 2009
Local Government Regulation 2012

Objective

To provide Council with a prudent approach to investment of surplus funds based on an assessment of market and liquidity risk within the legislative framework of the *Statutory Bodies Financial Arrangements Act 1982* and *Local Government Act 2009*.

Application

Pormpuraaw Aboriginal Shire Councils overall objective is to invest surplus funds not immediately required for financial commitments to maximise returns on funds for the community.

In accordance with the *Statutory Bodies Financial Arrangements Act 1982*, Council must use its best efforts to invest in 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 most appropriate in all the circumstances

Council will endeavour to:

- (a) preserve capital through the effective management of the investment portfolios exposure to credit risk, interest rate risk, liquidity risk and transaction risk
- (b) maintain sufficient liquidity of its investment portfolio to meet all reasonably anticipated cash flow requirements, as and when they fall due
- (c) maintain an investment portfolio which is expected to achieve a market average rate of return.

Council will ensure that appropriate records are kept and that adequate internal controls are in place to safeguard public monies.

Policy Statement

Investment Authority

Local Governments have authority to exercise Category 1 investment powers under the *Statutory Bodies Financial Arrangements Act 1982*.

Delegations

Authority for implementation of the Investment Policy is delegated by Council to the Chief Executive Officer.

The Chief Executive Officer and Executive Manager of Corporate Services has been authorised to invest Pormpuraaw Aboriginal Shire Councils operating funds in investments consistent with this Investment Policy and relevant legislation.

Investment Guidelines

The structure and features of Councils investments are to be consistent within the time horizons, risk parameters, liquidity requirements and operational guidelines of Council as set out below:

Investment Term

As a statutory body with Category 1 investment powers under the Statutory Bodies Financial Arrangements Act 1982, all investments must be at call or for a fixed term of not more than 1 year.

Quotations on investments

No less than three (3) quotations shall be obtained from authorised institutions when an investment is proposed.

Investment with the Queensland Treasury Corporation Guaranteed Cash Fund does not constitute an investment decision requiring three (3) quotes.

In assessing fair value of quotes obtained, the risk of the entity providing the return must be considered. The fair value calculated provided by the Queensland Treasury Corporation can be used to assist in this evaluation.

Types of Investments

When investing funds Council officers should aim to minimise the risk to the financial instruments.

As a statutory body with Category 1 investment powers under the Statutory Bodies Financial Arrangements Act 1982, authorised investments for Council include the following:

- a) Interest bearing deposits
- b) Commercial paper
- c) Bank accepted/endorsed bank bills
- d) Bank negotiable certificates of deposit
- e) Short term bonds
- f) Floating rate notes
- g) Queensland Investment Corporation
- h) Queensland Treasury Corporation Guaranteed Cash Fund, debt offset facility, fixed rate deposit (up to 12 months) and QTC Working Capital Facility
- i) Broker sponsored deposits issued by an investment broker (or its ultimate parent company).

Diversification/credit risk

When placing investments, consideration will be given to the relationship between credit rating and interest rate.

Priority of Investment Activities

Giving regard to investment activities, the priority shall be the preservation of capital, liquidity and return on investment.

I. Preservation of Capital

This shall be the principal objective of the investment portfolio. This can be achieved by managing credit and interest rate risk with given risk management parameters and avoiding any transactions that would prejudice confidence in Pormpuraaw Aboriginal Shire Council.

II. Liquidity

Refers to Councils ability to access funds in the short-term to meet the day-to-day liquidity requirements. Council will seek to minimise the costs of failing to adequately manage day to day liquidity needs through monitoring cash flow requirements, establishing and maintaining procedures for cash balancing and evaluating investment options for surplus funds.

III. Return on Investment

The portfolio is expected to achieve a market average rate of return and consider Pormpuraaw Aboriginal Shire Council's risk tolerance and current interest rates, budget considerations and the economic cycle. Any additional return target set by Council will also consider the risk limitations, prudent investment principles and cash flow characteristics identified within this Investment Policy.

Prohibited Investments

This investment policy prohibits any investment carried out for speculative purposes.

As a statutory body with Category 1 investment powers under the Statutory Bodies Financial Arrangements Act 1992, authorised investments for Council exclude the following:

- Derivative based instruments (excluding floating rate notices)
- 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 currencies other than Australian dollars

Internal Controls

Council is at all times to comply with the legislation applicable to the investment function within Local Government.

Council will use its Category 1 investment powers to earn interest revenue on its operating funds to supplement Council's other sources of revenue.

Ethics and Conflicts of Interest

Officers responsible for Pormpuraaw Aboriginal Shire Council's investments must act in a prudent manner when managing the overall Council portfolio. Investments will be managed with care, diligence and skill that a prudent person would exercise in managing the affairs of other persons.

Officers with delegation for investments shall refrain from personal activities that would conflict with the proper execution, monitoring and management of Pormpuraaw Aboriginal Shire Council's investment portfolio. This policy requires that employees and investment officials disclose to the Chief Executive Officer any conflict of interest or any investment positions that could be related to the investment portfolio and, in the event of such a conflict occurring, shall absent themselves from any dealings with respect to any investment or proposed investment which gives rise to the conflict of interest.

Records

In accordance with the Statutory Bodies Financial Arrangements Act 1992, Council must keep records that show it has invested in the way most appropriate in all the circumstances.

For audit purposes, statements or certificates must be obtained from the financial institution holding the funds, confirming the amounts of investment held on Council's behalf on 30 June each year.

Related Documents

This policy complements and is to be implemented in conjunction with other Council policies and directives (but not limited to):

- R002 – Risk Management Policy
- Employee Code of Conduct

Review Triggers

This policy is reviewed internally for applicability, continuing effect and consistency with related documents and other legislative provisions when any of the following occurs:

- The related documents are amended.
- The related documents are replaced by new documents.
- Amendments are made to the head of power which affect the scope and effect of this Policy.
- Other circumstances as determined from time to time by a resolution of Council.

Notwithstanding the above, this policy is to be reviewed every 2 years for relevance and to ensure that its effectiveness is maintained.

Responsibility


This Policy is to be

- implemented by the CEO; and
- reviewed and amended in accordance with the "Review Triggers" by the Finance Manager.

Version Control

Policy: I001		Official Version: I001-V8
Version	Adoption (Council Resolution Number)	Date
V1	November 2012 Council Meeting (2012/11/)	22/11/2012
V6	July 2021 Council Meeting (2021/07/20)	28/07/2021
V7	June 2022 Council Meeting (2022/06/07)	29/06/2022
V8	July 2023 Council Meeting (2023/07/16)	27/07/2023

Approved by CEO:

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Signature