GOV–I001
Investment Policy

1 Head of Power

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

2 Policy Purpose

This policy regulates and guides all Council investment activities, ensuring compliance with the *Local Government Act 2009* and *Local Government Regulation 2012*.

3 Policy Objective

To provide Council with an investment framework aimed at maximising the return on funds invested within approved risk guidelines and to ensure the security of funds. To ensure capital preservation of the investment portfolio and maintain sufficient liquidity to meet all reasonably anticipated cash flow requirements.

4 Policy Scope

This policy applies to the investment of all cash holdings of Pormpuraaw Aboriginal Shire Council. For the purpose of this policy, investments are defined as arrangements that are acquired or undertaken for the purpose of producing income and/or capital gains.

5 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 have been authorised to invest Pormpuraaw Aboriginal Shire Council's 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

Given 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 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.

6 Human Rights Compatibility Statement

This policy has been assessed as compatible with Human Rights protected under the *Human Rights Act 2019*.

7 Definitions

Term	Definition
Council	Pormpuraaw Aboriginal Shire Council
CEO	Chief Executive Officer
Instruments of a non-cash nature	Include, but are not limited to, shares, managed funds, collateralised Debt Obligations (CDO's), debentures and derivative based instruments.
Law	Council Policies and Local Laws

8 Related Policies and Other Documents

Policies

- Risk Management Policy
- Employee Code of Conduct
- Register of Interest Disclosures by Elected Members or Executive Management

Documents

- Employee Code of Conduct
- Adopted Budget
- Register of Financial Authority Limit Delegations
- Staff Handbook

9 Legislative References/Authority

Investments of Council's funds are to be in accordance with Council's power of investment as set out in the following legislative authority:

I. Section 101(1) of the *Local Government Act 2009* under Part 3 – Financial sustainability and accountability refers to Local Government as a Statutory Body under the *Statutory Bodies Financial Arrangements Act 1982;*

II. Section 101(2) points to the *Statutory Bodies Financial Arrangements Act 1982* to determine Council's power of investment;

III. Section 42 of the *Statutory Bodies Financial Arrangements Act 1982* refers to the three different categories of investment power;

IV. Schedules 3, 4 & 5 of *Statutory Bodies Financial Arrangements Regulation 2019* list statutory bodies and their investment power;

V. Section 44 of the *Statutory Bodies Financial Arrangements Act 1982* dictates the types of investments that Council may use; and

VI. Section 8 of *Statutory Bodies Financial Arrangements Regulation 2019* prescribes the rating of the investment arrangements as prescribed under Section 44(1)(e) of the *Statutory Bodies Financial Arrangements Act 1982.*

10 Monitoring and Review

This policy is to be reviewed every three years.

11 Responsibility

This Policy is to be implemented by the CEO; and reviewed and amended by the Executive Manager of Corporate Services in accordance with the monitoring and review requirements listed in the policy.

It is the responsibility of Council Employees to ensure that:

- They are familiar with the Procurement Policy and their responsibilities, and they follow the policy accordingly;
- They submit requisitions and quotations in accordance with the policy ensuring compliance with financial authority limit delegations;

It is the responsibility of Corporate Services to ensure that:

- Employees are given continuous support and guidance in relation to the Procurement Policy.
- This policy is maintained and updated in line with legislation.

Version Control

Version	Details	Resolution No	Date
V1	Developed and adopted	2012/11	22 Nov 2012
V7	Amended and adopted	2022/06/07	29 Jun 2022
V8	Amended and adopted	2023/07/16	27 Jul 2023
V9	Amended and adopted	2026/105	02 Jul 2026

Approved by CEO: ______________________________

Signature