



Paroo Shire Council

Council Policy	
Policy Name:	Investment Policy
Policy Number:	GP-022
Version:	10.0 <i>Please note that once printed, this is no longer a controlled document. All care should be taken to ensure that you are operating from the current version.</i>
Commencement and Review:	This policy has been reviewed and commences from 1/07/2025 . It is reviewed annually.
Document Owner:	Finance Department
Approval Date:	17 th June 2025
Meeting Resolution:	M25/234

1 Statement of Intent

The intent of the Paroo Shire Council (Council) Investment Policy is to provide the Chief Executive Officer (CEO) or authorised delegate with an investment framework within which to place Council investments to achieve competitive returns whilst adequately managing risk exposure and ensuring cash funds are available to meet Council's cash requirements.

2 Commencement and Review of Policy

This Policy will commence from 1/07/2025. It replaces all other Investment Policies (whether written or not).

This Policy will be reviewed annually from the commencement date in accordance with *Local Government Act 2009 (Local Government Act)* and the *Local Government Regulation 2012 (Local Government Regulation)* or earlier if deemed necessary through changes to legislation or business practice. Minor amendments that do not impact upon the intent of the policy may be made in consultation with and approved by the Chief Executive Officer (CEO).

3 Application of Policy

This policy applies to the Mayor, Councillors and employees and extends to all investment activities of Council and its related business activities.

4 Definitions

Investment	The investing of money or capital in order to gain profitable returns, as interest, income, or appreciation in value.
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5 Council Investment Policy

This policy is established in accordance with the following legislative authority:

- Section 104(5)(c)(i) of the Local Government Act 2009
- Section 191 of the Local Government Regulation 2012
- Statutory Bodies Financial Arrangements Act 1982
- Statutory Bodies Financial Arrangements Regulation 2007

Section 47 and Section 48 of the Statutory Bodies Financial Arrangements Act 1982 states that:

- 1) A statutory body must use its best efforts to invest its 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 circumstances.
- 2) The statutory body must keep records that show it has invested in the way most appropriate in all the circumstances

Authorised investments under Part 6 Section 44(1) of the Statutory Bodies Financial Arrangements Act 1982 for local governments with Category 1 investment power consist of the following:

- a) deposits with a financial institution.
- b) investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution.
- c) other investment arrangements secured by investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution.
- d) investment arrangements, managed or offered by QIC or QTC, prescribed under a regulation for this paragraph.
- e) an investment arrangement with a rating prescribed under a regulation for this paragraph.
- f) other investment arrangements prescribed under a regulation for this paragraph.

Section 44 (2) further states that the investment must be—

- a) at call; or
- b) for a fixed time of not more than 1 year.

Council's bank balances and short-term cash flows will be reviewed daily. Funds will be invested for a term not exceeding 12 months as required by legislation.

Investments will be placed to minimise the cash held in low/no interest operating bank accounts whilst ensuring sufficient cash is available to meet Council's financial obligations on a day to day basis.

The Governance Manager will ensure that effective internal controls are established to ensure that investment objectives are met and that investments are protected from loss, theft or inappropriate use. Investments and associated internal controls will be subject to periodic reviews to verify compliance with this policy and legislation.

5.1 Investment Objectives

Council's Investment Policy is part of a strategy to meet the financial sustainability criteria as prescribed by legislation. The investment strategy primarily aims to preserve capital and at the same time, provide a reasonable return on invested funds subject to appropriate liquidity levels.

Council will implement a passive investment strategy in terms of portfolio management. Investment activities are not core business of the Council. Council's objective is to ensure a return of capital and at the same time generate a rate of return commensurate with the risks taken. Further, it is expected that staff resources are devoted to priorities other than financial investment and money market activities.

5.2 Overall Risk Philosophy

Council's activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity risk. Council minimises these risks by managing exposure to the volatility of financial markets and seeking to minimise potential adverse effects on the financial performance of Council.

5.2.1 Credit Risk

Credit risk refers to the situation where Council may incur financial loss as a result of another party to a financial instrument failing to discharge an obligation. For example, rate income is low risk because the power to collect such funds is supported by a legal ability to sell the land at auction. In effect, this power protects Council against credit risk in the case of rates. In other cases, Council assesses the credit risk before providing goods or services and applies normal business protection procedures to minimise risk.

Council is exposed to a very low credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with a bank or any financial institution. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties and deposits are capital guaranteed. In this instance, the likelihood of credit failure is remote.

No collateral is held as security relating to the financial assets held by Council.

5.2.2 Liquidity Risk

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities. Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from QTC for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, usually in the QTC Cash Fund, to cater for unexpected volatility in cash flows.

5.2.3 Interest rate risk

Council is exposed to interest rate risk through borrowings from QTC; however, this is deemed a very low risk. Council is not authorised to borrow from an institution, other than QTC. Council has access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be matched accordingly.

Council does not undertake any hedging of interest rate risk.

5.3 Investment Objectives & Expectations

5.3.1 Investment guidelines

In terms of investments, the following limits are imposed:

- 1) Deposits with a local financial institution being the National Australia Bank, where sufficient funds are held for working capital purposes.
- 2) Investment arrangements accepted, guaranteed or issued by QTC in the Cash Fund at minimum AA+ rating.
- 3) All investments must be for a period no longer than the period over which the underlying liability could reasonably be expected to arise.
- 4) Preference is given to "at call" funds.
- 5) Investments should be managed in such a way that Council is able to meet its obligations at all times.

5.3.2 Prohibited activities

The following activities are prohibited investment activities as defined by this policy:

- 1) Purchasing of derivative securities.
- 2) Leveraging of an investment portfolio to invest in securities.
- 3) Use of investments for speculation.

5.4 Procedures & Reporting

5.4.1 Procedures

Written procedures are to be followed for investing activities including reference to authorised authority to transfer funds between the general bank account and the QTC Cash Fund. Given that Council has a philosophy of passive investment, procedures are deemed very simple and straight forward, with there being little risk of error.

5.4.2 How to follow procedures

Council officers are to follow set procedures and manage liquidity on an 'as needs' basis. Officers are not expected to monitor the investment market as part of their role.

5.4.3 Reporting

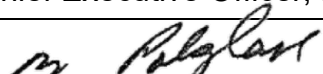
Investment activities are to be reported to Council at minimum period of monthly.

6 Breach of Policy

A breach of this policy may result in failure to meet the financial sustainability criteria as prescribed by legislation.

7 Relevant Links

- *Queensland Local Government Act 2009*
- *Local Government Regulation 2012*
- *Statutory Bodies Financial Arrangements Act 1982*
- *Statutory Bodies Financial Arrangements Regulation 2007*

Endorsed		17/06/2025
Name:	Neil Polglase	
Title:	Chief Executive Officer, Paroo Shire Council	
Signature:		

Version Control

Date	Version	Meeting Resolution	Amendments / Comments
17/05/2016	1.0	M16/49	Annual review and Legislation update
14/07/2017	2.0	M17/140	Annual review
26/06/2018	3.0	M18/132	Annual review
18/06/2019	4.0	M19/113	Annual review
30/06/2020	5.0	M20/111	Annual review
27/07/2021	6.0	M21/113	Annual review
21/06/2022	7.0	M22/121	Annual review
20/06/2023	8.0	M23/85	Annual review
25/06/2024	9.0	M24/129	Annual review
17/06/2025	10.0	M25/234	Annual review