Investment

POLICY

Policy Version 11
Category: Statutory
Adopted: July 2025

Investment Policy

Purpose

Section 104 of the *Local Government Act 2009* and Section 191 of *Local Government Regulation 2012* requires a local government to prepare and adopt an investment policy.

The investment policy must outline:

(a) the local government's investment objectives and overall risk philosophy; and

(b) procedures for achieving the goals related to investment stated in the policy.

The purpose of this policy is to provide Council with a contemporary investment guideline based on an assessment of risk within the legislative framework of the *Statutory Bodies Financial Arrangements Act 1982* (SBFAA).

Scope

This Policy applies to the investment of surplus funds in accordance with Category One (1) investment power under Part 6 of the *Statutory Bodies Financial Arrangement Act 1982* (SBFAA) and the *Statutory Bodies Financial Arrangement Regulations 2007* (SBFAR).

Definitions

Term	What it means / refers to
Chief Executive Officer (CEO)	Refers to the person appointed to the position of CEO under the Act and any person acting in that position.
Senior Executive Officer	Refers to Departmental Directors and Executive Managers and persons acting in such positions.
Council	Winton Shire Council (WSC)
Liquidity	A measure of the extent to which a person or organisation has cash to meet immediate and short-term obligations, or assets that can be quickly converted to do this.
SBFAA	*Statutory Bodies Financial Arrangements Act 1982*
SBFAR	*Statutory Bodies Financial Regulation 2007*
The Act	*Local Government Act 2009*
The Regulation	*Local Government Regulation 2012*
Investment arrangement	Means securities, investments and other similar arrangements, including, for example, bills of exchange, bonds, certificates of deposit and promissory notes.
QIC	Queensland Investment Corporation – a Government owned investment company owned by the Queensland Government
QTC	Queensland Treasury Corporation – the central financing authority for the Queensland Government

Policy statement

The Chief Executive Officer (CEO) and Directors are responsible for ensuring appropriate staff understand and adhere to this policy. This risk-based investment guideline includes:

- Investing Council funds not immediately required for financial commitments.
- Maximising earnings from authorised investments of cash reserves after assessing counterparty, market and liquidity risks.
- Actively managing the net debt position / net funds with core surplus funds.
- Ensuring appropriate records are kept and adequate internal controls are in place to safeguard public funds.

Process

Authority for investment

Investment of Council funds is to be in accordance with the relevant power of investment under the *Statutory Bodies Financial Arrangements Act 1982* (SBFAA) and *Statutory Bodies Financial Arrangements Regulation 2007* (SBFAR) and their subsequent amendments and regulations.

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 Winton Shire Council.

Ethics and conflicts of interest

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

This Policy requires that investment officers / employees disclose to the CEO any conflict of interest or any investment positions that could be related to the investment portfolio.

Investment objectives

Council's overall objective is to invest 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 the most appropriate given the circumstances. In priority, the order of investment activities will be preservation of capital, liquidity and return.

Preservation of Capital

Preservation of capital will be the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security of principal of the overall portfolio.

This would include managing credit 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 officer will minimise credit risk in the investment portfolio by pre-qualifying all transactions including the brokers / securities dealers with which they do business, diversify the portfolio and limit transactions to secure investments.

Interest rate risk

The investment officer/s will seek to minimise the risk of a change in the market value of the portfolio because of a change in interest rates.

This would be achieved by considering the cash flow requirements of Council and structuring the portfolio accordingly. This will avoid having to sell securities prior to maturity in the open market. Secondly, interest rate risk can be limited by investing in shorter term securities.

Maintenance of liquidity

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 sell an investment.

For these purposes, liquid investments are defined as investments that are not publicly traded in sufficient volume to facilitate, under most market conditions, prompt sale without severe market price affect. Examples include:

- Investment in private placements.
- A security that is not supported or priced by at least two approved brokers / securities dealers.
- Sub investment grade (that is, a lower than rating BBB - Standard and Poor's (S&P) or equivalent), and in most cases, BBB rated investments.
- Unrated securities.

Return on investments

The portfolio is expected to achieve a market average rate of return and consider 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.

Authorised investments

Section 44(1) of the SBFAA provides Council with the power to invest in authorised investments which include:

- Deposits with a financial institution.
- Investment arrangements accepted, guaranteed, or issued by or for the Commonwealth or a State or a financial institution.
- Other arrangements secured by investment arrangements accepted, guaranteed, or issued by or for the Commonwealth or a State or a financial institution.
- Investment arrangements, managed or offered by QIC or QTC, prescribed under a regulation for this paragraph.
- An investment arrangement with a rating prescribed under a regulation for this paragraph.

Prohibited investments

This Investment Policy prohibits any investment carried out for speculative purposes. The CEO may include a prohibited investments list within the Investment Guidelines and Approval Lists.

The following investments are prohibited by this Investment Policy:

- Derivative type investments (excluding floating rate notes).
- Principal only investments or securities that provide potentially nil or negative cash flow.
- Standalone securities issued that have underlying futures, options, forward contracts, and swaps of any kind.
- Securities issued in non-Australian dollars.

Portfolio investment parameters

The amount invested with institutions or fund managers should not exceed the following percentage ranges of average annual funds invested.	Short Term Rating (S&P) Investment Benchmark	Individual Counterparty Limit	Total Limit
AAA to AA-	A1+	Maximum 30%	No Limit
A+ to A-	A1	Maximum 20%	Maximum 50%
BBB+ to BBB-	A2	Maximum 10%	Maximum 30%
Unrated or below BBB-	Unrated or below A2	Maximum 10%	Maximum 20%

QTC Cash Management Fund	No Limit	No Limit	No Limit
Note: When placing investments, consideration should be given to the relationship between credit rating and interest rate. Long Term Rating S&P investment benchmark.			

Communication

Council's management team will ensure that:

- Council employees have access to this policy and are provided with the opportunity to be involved in the review of this policy.
- Changes and/or amendments made to this policy shall be communicated to Council employees.

Related Council Documentation

- Employee Code of Conduct
- Fraud and Corruption Management Policy WSC-GOV-POL-004
- Internal Audit Policy WSC-GOV-POL-002

Legislation, recognised Authorities and other sources

- *Local Government Act 2009 (Qld)*
- *Local Government Regulation 2012 (Qld)*
- *Statutory Bodies Financial Arrangements Act 1982*
- *Statutory Bodies Financial Arrangements Regulation 2007*

Review of Policy

This policy will be reviewed annually and remains in force until amended or repealed by resolution of Council.

Record of Amendments and Adoptions

Date	Revision No	Reason for amendment	Date adopted by Council
June 2015	Version 1.0	Adoption by Council	25 June 2015
June 2016	Version 2.0	Review by Council	30 June 2016
June 2017	Version 3.0	Review by Council	28 June 2017
June 2018	Version 4.0	Review by Council	29 June 2018
July 2019	Version 5.0	Review by Council	12 July 2019
July 2020	Version 6.0	Review by Council	23 July 2020
July 2021	Version 7.0	Review by Council	2 July 2021
April 2022	Version 8.0	Review	7 July 2022

Date	Revision No	Reason for amendment	Date adopted by Council
August 2023	Version 9.0	Annual review by Council	18 August 2023
May 2024	Version 10.0	Annual review by Council	16 May 2024
July 2025	Version 11.0	Annual review by Council	30 July 2025