Investment Policy

Policy No:	FIN-004
Adopted By:	Council Resolution
Date Adopted:	21 July 2026
Review Date:	July 2027
Version No:	9.0
Responsible Officer:	Director of Corporate Services

1. Purpose

This policy establishes the framework for the safe, prudent, and efficient management of Murweh Shire Council's surplus funds. It ensures that public moneys are invested in a manner that protects the security of capital, maintains adequate liquidity to meet operational obligations, and maximises returns within approved risk parameters, while complying with all applicable legislation.

2. Scope

2.1. Application

This policy applies to:

- all surplus Council funds not immediately required to meet financial commitments
- all investment officers and staff with delegated authority to invest Council funds
- all investment decisions made on behalf of Council, regardless of the fund source

2.2. Exclusions

This policy does not apply to:

- funds held in trust on behalf of third parties, which are governed by the relevant trust conditions
- superannuation contributions, which are governed by the applicable superannuation legislation

3. Principles

All investment activity will be guided by the following principles, applied in the order of priority listed:

- **Security** — preservation of capital is the primary objective; no investment will be made that places the principal at unacceptable risk
- **Liquidity** — the portfolio will be structured to ensure Council can meet all financial obligations as and when they fall due
- **Return** — subject to security and liquidity requirements, investment returns will be maximised within authorised parameters
- **Prudence** — investments will be managed with the care, diligence, and skill that a prudent person would exercise in managing the affairs of other persons
- **Integrity** — investment officers will avoid any transaction that could harm public confidence in Council

4. Investment Objectives

Council's investment objectives are to:

- invest surplus funds not immediately required for financial commitments
- maximise earnings from authorised investments after assessing counterparty, market, and liquidity risks
- ensure that all investments comply with the *Statutory Bodies Financial Arrangements Act 1982* and applicable regulations
- maintain a portfolio that is realisable without penalty within a reasonable timeframe
- provide transparent and regular reporting to Council on the performance of the investment portfolio

5. Risk Philosophy

Council adopts a **conservative risk philosophy** for the management of its investment portfolio. Investments will be managed to avoid speculation and to prioritise capital security over yield optimisation. Council acknowledges the following risk categories and will actively manage each:

- **Counterparty risk** — the risk that a financial institution fails to meet its obligations; managed by restricting investments to authorised institutions with qualifying credit ratings and by applying concentration limits
- **Liquidity risk** — the risk that funds cannot be accessed in a timely manner; managed by ensuring a proportion of the portfolio matures or is accessible within 30 days at all times
- **Market risk** — the risk that changes in market conditions adversely affect the value of investments; managed by limiting investment terms and avoiding complex or structured financial products
- **Compliance risk** — the risk that investments are made outside the authorised parameters; managed through delegation controls, regular review, and reporting to Council

6. Authorised Investments

Council's investments must be made in accordance with the *Statutory Bodies Financial Arrangements Act 1982*. The following investment types are authorised:

- **Interest Bearing Deposits (IBDs)** with a commercial financial institution that holds a physical presence within the Murweh Shire, subject to the credit rating requirements in this policy
- **Deposits with Queensland Treasury Corporation (QTC)**, including QTC's Cash Fund

All other investment types, including but not limited to shares, bonds, managed funds, mortgage-backed securities, and structured financial products, are **not authorised**.

7. Credit Rating Requirements

Investments with commercial financial institutions must only be made with institutions that hold a minimum short-term credit rating of **A-2** (Standard & Poor's) or equivalent rating from another recognised rating agency (Moody's or Fitch). Where an institution is unrated, it must not be used for investment.

Investment officers will verify the current credit rating of any institution before placing funds. A change in an institution's credit rating below the minimum threshold will be reported to the Director of Corporate Services within 5 business days, and no further investments will be made with that institution until compliance is restored.

8. Term of Investment

The term to maturity of any individual investment must not exceed **12 months**. Investment officers will consider Council's projected cash flow requirements when selecting investment terms, ensuring that sufficient funds are available to meet anticipated liabilities.

At all times, a minimum of **10% of the investment portfolio** must be accessible within 30 days, either through maturity or without penalty, to maintain adequate operational liquidity.

9. Portfolio Concentration Limits

To manage counterparty risk, the following concentration limits apply:

- No more than **50% of the total investment portfolio** may be held with a single commercial financial institution at any time
- No minimum or maximum allocation is required to QTC; however, QTC deposits may be used to satisfy any portion of the portfolio without a concentration limit applying

10. Quotations and Placement Process

When placing funds with a commercial financial institution, the investment officer must:

1. Obtain quotes from all eligible institutions operating within the Murweh Shire on the day of investment
2. Confirm that each institution meets the credit rating requirements in this policy before obtaining a quote
3. Select the best rate offered, having regard to administrative and banking costs, credit rating, and term to maturity
4. Record the quotes received and the institution selected in the investment register

Where only one eligible institution is operating within the Murweh Shire, a single quote may be accepted, and this must be noted in the investment register.

Deposits with QTC do not require a competitive quote process.

11. Investment Register

The Director of Corporate Services will maintain an investment register that records, for each investment:

- the financial institution or counterparty
- the type of investment
- the principal amount
- the interest rate

- the date of investment
- the maturity date
- the interest earned to date
- the credit rating of the institution at the time of investment

The investment register will be updated within 2 business days of each transaction and made available to the CEO and internal auditors on request.

12. Delegation of Authority

Authority for implementation of this policy is delegated by Council to the **Chief Executive Officer (CEO)** under the *Local Government Act 2009*, section 257.

The CEO may sub-delegate this authority to the **Director of Corporate Services** in accordance with the *Local Government Act 2009*, section 259. The sub-delegation must be in writing and specify the scope of the delegated authority, including any financial limits.

Investment officers acting under delegation must not exceed the terms of their delegation. Any transaction outside delegated authority must be referred to the CEO before proceeding.

13. Conflict of Interest

Investment officers must not make investment decisions in circumstances where a personal or professional conflict of interest exists. Any actual or perceived conflict of interest must be disclosed in writing to the CEO before the relevant transaction proceeds. Where a conflict is confirmed, the investment officer must not participate in the transaction, and the decision will be made by another authorised officer.

14. Reporting

The Director of Corporate Services may present a written investment report to Council as part of the monthly financial report. The report will include:

- a summary of all current investments, including institution, type, principal, interest rate, and maturity date
- total interest earned during the reporting month and for the financial year to date
- a comparison of portfolio performance against the applicable benchmark (the RBA Cash Rate or QTC Cash Fund rate, as relevant)
- confirmation of compliance with this policy, including credit rating and concentration limit compliance
- any breaches of this policy identified during the reporting period and the action taken to rectify them

15. Breach Management

Where an investment is found to be non-compliant with this policy (whether due to a change in institutional credit rating, a concentration limit breach, or any other reason), the following action will be taken:

1. The breach will be reported in writing to the CEO within 5 business days of identification
2. The Director of Corporate Services will prepare a remediation plan within 10 business days
3. The breach and remediation action will be disclosed in the next monthly financial report to Council
4. Where the breach results from an investment that cannot be immediately unwound without penalty, the investment will be held to maturity and no further investments will be made with the relevant institution until compliance is restored

16. Responsibilities

Council is responsible for:

- adopting and reviewing this policy
- approving any changes to the authorised investment types or risk parameters
- receiving and considering the monthly investment report
- ensuring appropriate resources are allocated to implement this policy

The Chief Executive Officer is responsible for:

- implementing this policy and ensuring compliance
- maintaining and reviewing the delegation framework for investment authority
- escalating any material breaches or compliance issues to Council
- ensuring investment officers receive appropriate training and guidance

The Director of Corporate Services is responsible for:

- day-to-day management of the investment portfolio in accordance with this policy
- maintaining the investment register
- preparing the monthly investment report for Council
- monitoring institutional credit ratings and portfolio concentration limits
- reporting breaches in accordance with this policy

Investment officers are responsible for:

- acting within the scope of their delegation at all times
- obtaining and recording quotes in accordance with this policy
- disclosing conflicts of interest before making investment decisions
- maintaining accurate records of all investment transactions

17. Relevant Legislation

- *Local Government Act 2009* (Qld), section 104
- *Local Government Regulation 2012* (Qld), section 191
- *Statutory Bodies Financial Arrangements Act 1982* (Qld)
- *Statutory Bodies Financial Arrangements Regulation 2007* (Qld)
- *Financial Accountability Act 2009* (Qld)
- *Financial and Performance Management Standard 2019* (Qld)

18. Related Policies and Documents

- Debt Policy (FIN-003)
- Delegations Register

19. Definitions

Definitions table

Term	Definition
Authorised investment	An investment type permitted under this policy and the *Statutory Bodies Financial Arrangements Act 1982*
Concentration limit	The maximum proportion of the total investment portfolio that may be held with a single counterparty
Counterparty	A financial institution or entity with which Council places an investment
Counterparty risk	The risk that a counterparty fails to meet its financial obligations to Council
Credit rating	A formal assessment of a financial institution's creditworthiness assigned by a recognised rating agency (Standard & Poor's, Moody's, or Fitch)
IBD	Interest Bearing Deposit — a fixed-term deposit placed with a financial institution at an agreed interest rate
Investment officer	A Council officer with delegated authority to make investment decisions on behalf of Council
Investment portfolio	The total of all funds currently invested by Council under this policy
Investment register	The record maintained by the Director of Corporate Services documenting all current and recent investments
Liquidity risk	The risk that Council is unable to access invested funds in time to meet financial obligations
Market risk	The risk of financial loss resulting from changes in market interest rates or conditions
QTC	Queensland Treasury Corporation — the Queensland Government's central financing authority
Security of capital	The preservation of the principal amount of an investment against loss
Surplus funds	Funds held by Council that are not immediately required to meet financial commitments

20. Version Control

Version	Date	Description	Author
8.0	July 2025	Version 8 adopted	Director of Corporate Services
9.0	2 March 2026	Full revision — expanded risk philosophy, added credit rating requirements, concentration limits,	Director of Corporate Services

Version	Date	Description	Author
		breach management procedures, conflict of interest provisions, investment register requirements, and detailed responsibilities. Aligned with LGR 2012 s.191 requirements and current best practice.	

21. Approval

Position	Name	Signature	Date
Chief Executive Officer	Bruce Scott OAM		