

TREASURY MANAGEMENT POLICY

Type	Governance
Category	Finance
Responsible Officer	Manager Corporate Services
First Issued/Adopted	24 June 2009 (Treasury Policy)
Review Period	2 Years
Last Reviewed	27 May 2026, 23 Jan.2021, 26 March 2019, 23 March 2016, 23 April 2014.
Minutes Reference	OM111/26, OM06/21, OM128/19, OM78/16.
Next Review Date	May 2028
Applicable Legislation	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
Related Documents	Annual Business Plan and Budget Bank Signatories Policy Business Plan and Budget Framework Policy Budget Reviews Financial Authorisations Policy Financial Reserves Policy Long Term Financial Plan Major Projects & Prudential Management Policy Strategic Plans
Public Consultation Required	No
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1. PURPOSE

To establish a decision framework that ensures Council's borrowings and investments are managed efficiently to maximise financial return and to minimise risk.

2. SCOPE

The Policy applies to all Council activities including the Treasury decisions of Council.

3. DEFINITIONS

see Appendix 1.

4. POLICY STATEMENT

Council is committed to prudent, transparent, and sustainable financial management. Effective treasury management is essential to ensuring that Council's financial resources are planned, managed, and monitored in a manner that supports the delivery of services, programs, and strategic priorities for the community.

This Policy provides clear direction to Council Members, the Chief Executive Officer, and employees regarding the management of Council's treasury function. It guides decision-making related to the financing of Council operations as outlined in the Annual Budget, Long-Term Financial Plan, and associated projected and actual cash flow requirements.

Council is committed to operating in a financially sustainable manner and maintains a Long-Term Financial Plan to assist determining affordable service levels, future funding needs, and appropriate revenue-raising strategies. This planning framework provides key projections of cash flow availability and anticipated financial commitments.

The Treasury Management Policy establishes a structured and responsible decision-making framework to ensure that:

- a) **Funds are available when required** to support approved Council expenditure and meet operational, capital, and strategic outlays;
- b) **Financial risks**, including interest rate, (e.g. liquidity, and investment credit risks), are recognised, monitored, and responsibly managed in line with Council's risk framework.
- c) **Net interest costs are minimised over the long term** through sound borrowing and investing practices, ensuring that financial decisions contribute to long-term value and sustainability.

Through this Policy, Council aims to ensure that its treasury practices remain aligned with legislative requirements, industry standards, and principles of sound financial governance, supporting the long-term financial sustainability of the organisation and the community it serves.

4.1 Treasury Management Strategy

Council's operating and capital expenditure decisions are made on the basis of:

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- a) identified community need and benefit relative to other expenditure options;
- b) cost effectiveness of the proposed means of service delivery; and
- c) affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities Ratio).

Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:

- a) maintain target ranges for its Net Financial Liabilities Ratio;
- b) not retain and quarantine money for particular future purposes unless required by legislation or agreement with other parties;
- c) borrow funds in accordance with the requirements set out in its Long-Term Financial Plan; and
- d) apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

4.2 Fixed Interest Rate Risk Exposures

Council has set range limits for both fixed and variable interest rate borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risks within acceptable limits.

The Portfolio of Borrowings includes all current loans and the LGFA Cash Advance Debenture Facility line of credit to the maximum value.

4.2.1 Fixed Interest Rate Borrowings

To ensure an adequate mix of interest rate exposures, Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve and thereafter maintain on average in any year, not less than 20% of its gross debt in the form of fixed interest rate borrowings. This percentage allows Council to achieve an appropriate balance between interest cost, risk of interest rate change and optimum flexibility.

In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.

In circumstances where Council needs to raise new fixed interest rate borrowings it will consider using medium to long-term borrowings that:

- a) have a fixed interest rate;
- b) require interest payments only; and
- c) allow the full amount of principal to be repaid (or rolled over) at maturity.

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4.2.2 Variable Interest Rate Borrowings

Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve and then maintain, not less than 30% of its gross debt on average in any year in the form of variable interest rate borrowings. This percentage allows Council to achieve an appropriate balance between interest cost, risk of interest rate change and optimum flexibility.

Council will establish and make extensive use of a Cash Advance Debenture facility with the Local Government Finance Authority that requires interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

4.3 Investments

Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

Council funds available for investment will be lodged 'at call' having regard for interest rate risks may be invested for a fixed term. In the case of fixed term investments, the term should not exceed a point in time where the funds otherwise could be applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.

When investing funds Council will select the investment type that delivers the best value, having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.

Council management may from time to time invest surplus funds in:

- a) deposits with the Local Government Financing Authority; and/or
- b) bank interest bearing deposits.

4.4 Reporting

At least once a year Council's Audit Committee shall receive a specific report regarding treasury management performance relative to this policy document.

The report shall highlight:

- a) for each Council borrowing and investment - the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report; and
- b) the proportion of fixed interest rate and variable interest rate borrowings at the end date of the reporting period and an estimate of the average of these proportions across this period along with key reasons for significant variances compared with the targets specified in this policy; and

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- c) an analysis of fixed and variable rates available at the end date and the options to support efficient flexibility of the current loan portfolio.

5. DOCUMENT REVIEW

This Policy will be reviewed every four years, or earlier if required by changes in legislation, related documents, WHS requirements, Council intent, delegated authorities, or by CEO/Director determination.

6. FURTHER INFORMATION

This policy is available for inspection at:

- Port Pirie Regional Council Principal Administration Office,
115 Ellen St. Port Pirie;
- Crystal Brook Office, 21 Bowman Street, Crystal Brook.

It can be downloaded, free of charge, from Council's internet site:

www.pirie.sa.gov.au

Copies are available on request (fees may apply in line with Council's Schedule of Fees and Charges).

7. DOCUMENT HISTORY

Version No.	Date Approved	Minute Reference	Notes/ changes
V1.0	24/06/2009	<i>unknown</i>	New document
V2.0	04/07/2025	EMT	Updated: Document review date from October 2022 to September 2025.
V2.1	27/05/2026	OMC111/26	Updated: document format; Manager's job title; File no. Policy Statement (sect. 4); Added: Local Government (Financial Management) Regulations 2011; Relevant Documents; Legislation; Scope (Sect.2); Document Review (sect. 5.0), Document History (sect.7.0); Definitions (Appendix 1).

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Appendix 1: Definitions

Budget

means a budget prepared by Council under Section 123 of the Local Government Act 1999.

Financial Liabilities

includes cash, investments, receivables, and prepayments. Equity held in a Council business is normally regarded as a financial asset but is excluded for the purpose of calculating Local Government published financial indicators. Also inventories, and held for resale are not regarded as financial assets.

Financial Sustainability

is achieved where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

Interest Cover Ratio

means the extent to which operating revenues are committed to net interest expense.

Long Term Financial Plan (LTFP)

means the primary financial document linked to the Strategic Plan and informed by the Asset Management Plan expressing activities over the past 10 years providing guidance to formulate a financially sustainable Business Plan and Budget,

Net Financial Liabilities

Means total liabilities less financial assets, where financial assets for this purpose includes cash, investments, receivables and payments, but excludes inventories and land held for resale.

Treasury Management

means the managing of borrowings, investments and cash flows.

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