

Australian Capital Territory

# Financial Management Investment Guidelines 2015

**Disallowable instrument DI 2015—238**

made under the

*Financial Management Act 1996*, section 133 (Guideline-making power)

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The Treasurer makes the following guidelines under the *Financial Management Act 1996*, section 133 (Guideline-making power).

Dated: 19 August 2015

ANDREW BARR MLA  
Treasurer

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## Contents

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	Page
<b>Part 1 Preliminary</b>	<b>1</b>
1 Name of guidelines	1
2 Commencement	1
3 Dictionary	1
4 Notes	1
<b>Part 2 Investments</b>	<b>2</b>
5 Prescribed investments—Act, s 38 (1) (e) and s 58 (1) (d)	2
6 Investment Plan and Responsible Investment Policy—Act, s 38(1)(e)	2
7 Territory Authorities Investment Plan—Act, s 58 (1) (d)	3
<b>Part 3 Miscellaneous</b>	<b>4</b>
8 Revocation	4
<b>Dictionary</b>	<b>5</b>



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## **Part 1      Preliminary**

### **1      Name of guidelines**

These guidelines are the *Financial Management Investment Guidelines 2015*.

### **2      Commencement**

These guidelines commence on the day after their notification day.

### **3      Dictionary**

The dictionary at the end of these guidelines is part of these guidelines.

*Note 1*    The dictionary at the end of these guidelines defines certain words and expressions used in these guidelines and includes references (*signpost definitions*) to other words and expressions defined elsewhere in these guidelines.

*Note 2*    A definition in the dictionary (including a signpost definition) applies to the entire guidelines unless the definition, or another provision of the guidelines, provides otherwise or the contrary intention otherwise appears (see *Legislation Act 2001*, s 155 and s 156 (1)).

### **4      Notes**

A note included in these guidelines is explanatory and is not part of the guidelines.

*Note*      See *Legislation Act 2001*, s 127 (1), (4) and (5) for the legal status of notes.

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## Part 2 Investments

### 5 Prescribed investments—Act, s 38 (1) (e) and s 58 (1) (d)

Subject to Item 6 of these guidelines the following are prescribed investments for the purposes of sections 38(1)(e) and 58(1)(d) of the *Financial Management Act 1996* and refer to investments made and/or held anywhere in the world:

- (a) cash and a cash equivalents;
- (b) debt;
- (c) derivatives;
- (d) listed equity;
- (e) private equity;
- (f) property;
- (g) infrastructure;
- (h) natural resources and commodities;
- (i) currency;
- (j) a loan to a Territory owned corporation;
- (k) appropriation funded investment which is detailed as a budget initiative in the Budget Papers;
- (l) listed and unlisted trusts that invest in one or more, or combination thereof, of investments mentioned in paragraphs (a) to (i).

### 6 Investment Plan and Responsible Investment Policy—Act, s 38(1)(e)

- (1) Any investments made under s38(1)(e) of the *Financial Management Act 1996*, except for those in Items 5(j) and 5(k) of these guidelines, may only be made in accordance with an Investment Plan and Responsible Investment Policy.
- (2) An Investment Plan and Responsible Investment Policy must be approved in writing by the Treasurer.

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- (3) Any amendment to an Investment Plan or Responsible Investment Policy takes effect from the time of approval of the amendment in writing by the Treasurer.
  - (4) An Investment Plan and Responsible Investment Policy must be made publicly available, including by publishing on a Territory website.

**7 Territory Authorities Investment Plan—Act, s 58 (1) (d)**

- (1) A territory authority may only invest in accordance with section 58 (1) (d) of the *Financial Management Act 1996* if a Territory Authority Investment Plan is in effect in respect of the territory authority.
- (2) A Territory Authority Investment Plan comes into effect upon approval of a Territory Authority Investment Plan in writing by the Treasurer.
- (3) Any amendment to a Territory Investment Plan takes effect from the time of approval of the amendment in writing by the Treasurer.
- (4) A Territory Authority Investment Plan will be made publicly available, including by publishing on a territory authority website.

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## **Part 3      Miscellaneous**

### **8      Revocation**

DI2011-165 notified on the legislation register on 30 June 2011 is revoked.

## Dictionary

(see s 3)

*Note* The *Legislation Act 2001* contains definitions and other provisions relevant to these guidelines.

***cash and cash equivalents*** means discounted debt securities with twelve months or less maturity, term deposits, interest paying facilities and cash.

***debt*** means government and non-government nominal and inflation-linked debt securities, mortgage-backed and asset-backed debt securities, zero coupon debt securities, project debt securities, institutional corporate loans and high yield debt securities.

***derivatives*** means a financial asset or liability (whether issued over the counter or exchange traded) whose value depends on, or is derived from, other assets, liabilities or indices (the ‘underlying asset’), such as interest rate, inflation, currency, equity, commodity and credit derivatives and includes futures, forwards, swaps, options, or warrants.

***infrastructure*** means an equity or debt capital investment in assets and services such as transportation, energy, pipelines, communications and social infrastructure.

***Investment Plan*** means details about the investment risk and return objectives, strategic asset allocation, investment governance and any other information considered relevant for a Territory Banking Account Investment Portfolio.

***listed equity*** means an investment in a unit of ownership interest in a company or corporation or trust or similar entity listed on a public exchange.

***listed and unlisted trusts*** means a unit trust, whether or not its units are traded on a public exchange and any other form of trust.

***natural resources and commodities*** means securities (whether or not traded on a public exchange) which provide an economic exposure to changes in prices in commodities or natural resources.

***private equity*** means an equity or debt capital investment in a company or corporation that is not listed on a public exchange.

*property* means real property.

*Responsible Investment Policy* means a responsible investment statement of objectives; details about the responsible investment framework; and share voting arrangements, and any other information considered relevant for a Territory Banking Account Investment Portfolio.

*strategic asset allocation* means the target exposure weightings to the prescribed investments specified in terms of these guidelines.

*Territory Authority Investment Plan* means details about the investment risk and return objectives, strategic asset allocation, investment governance and any other information considered relevant for a Territory Authority Investment Portfolio.

*Territory Authority Investment Portfolio* means a portfolio of investments made under s58(1)(d) of the *Financial Management Act 1996* and money provided for making the investments.

*Territory Banking Account Investment Portfolio* means a portfolio of investments made under s38(1) or s58(1)(c) of the *Financial Management Act 1996* and money provided for making the investments.

*trust* means an arrangement whereby a fiduciary obligation exists on the part of one person to hold real property on behalf of another.

*unit trust* means a trust where in exchange for a payment of money to a trustee by a beneficiary the trustee issues units in the unit trust to the beneficiary to represent the beneficiary's interest in the unit trust.

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## Endnote