

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)

EXPLANATORY STATEMENT

Outline

These guidelines are issued in accordance with section 133 of the *Financial Management Act 1996* (the “Act”).

This instrument, *Financial Management Investment Guidelines 2015*, prescribes the investments for the purpose of section 38(1)(e) and 58(1)(d) of the Act.

These guidelines replace the *Financial Management (Investment and Borrowing) Guidelines 2011* following a review of the guidelines taking into consideration contemporary market developments in relation to investment strategies, products, market regulations and risk management.

These guidelines reflect the requirements of the Act and recognise that any investments made under section 38(1)(e) of Act, must only be made in accordance with an Investment Plan and a Responsible Investment Policy approved by the Treasurer.

Territory authorities may only invest funds not immediately required in investments approved under the guidelines if the Treasurer has approved a Territory Investment Plan in respect of that territory authority. Any investments made by a territory authority under section 58(1)(d) of the Act, may only be made in accordance with the Investment Plan.

These guidelines commence on the day after their notification day.

Details of the Financial Investment Management Guidelines 2015

Part 1 – Preliminary

Clauses 1, 2, 3 and 4 are formal requirements. They refer to the name of the guidelines, the commencement date of the guidelines and explain the inclusion of a dictionary and notes in the guidelines.

Part 2 – Investments

Clause 5 prescribes a list of additional investments into which Territory funds and funds not immediately required by territory authorities may be invested.

Investment exposure will be achieved by direct investment in the prescribed investment or via unit trusts that may invest in one, or more, or combination of the prescribed investments.

In addition to the allowable investments established for financial investment portfolio purposes, prescribed investments include a ‘loan to a Territory owned corporation’ recognising the Territory centrally raising all borrowings and making loans as required; and ‘appropriation funded investment which is detailed as a budget initiative in the Budget Papers’, an example in this instance is the ACT Screen Investment Fund.

Clause 6 requires that any investments made under the section 38(1)(e) of the Act (excluding ‘loan to a Territory owned corporation’ and ‘appropriation funded investment which is detailed as a budget initiative in the Budget Papers’, may only be made in accordance with an Investment Plan and a Responsible Investment Policy approved by the Treasurer.

The Investment Plan and Responsible Investment Policy may be made publicly available on a Territory website.

The Investment Plan and Responsible Investment Policy will provide a detailed framework and guidance in relation to making investments including details about the investment risk and return objectives, strategic asset allocation, investment governance, the responsible investment framework, share voting arrangements and reporting and disclosure.

Clause 7 requires that any investments made directly by a territory authority under the section 58(1)(d) of the Act, may only be made where there is in respect of that territory authority a Territory Authority Investment Plan approved by the Treasurer and all investments must be made in accordance with that plan.

The Territory Authority Investment Plan must be made publicly available, including by publishing on a territory authority website.

Part 3 – Miscellaneous

Clause 8 revokes the *Financial Management (Investment and Borrowing) Guidelines 2011*.

Dictionary

The Dictionary defines particular terms used in this instrument.

End