

# Investment policy

POL-C-014

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## 1. Title

Investment policy

## 2. Introduction

The National Museum of Australia (the Museum) is a major cultural institution charged with researching, collecting, preserving and exhibiting historical material of the Australian nation. The Museum focuses on the three interrelated areas of Aboriginal and Torres Strait Islander history and culture, Australia's history and society since European settlement in 1788 and the interaction of people with the environment.

Established in 1980, the Museum is a publicly funded institution governed as a statutory authority in the Commonwealth Arts portfolio. The Museum's building on Acton Peninsula, Canberra, opened in March 2001.

## 3. Scope

### 3.1 Description

This policy guides the Museum's surplus money investment approach.

### 3.2 Purpose

To maximise the return on the investment of surplus money while minimising the risk.

### 3.3 Rationale

This policy is required to provide guidelines on the investment of surplus money and to ensure compliance with applicable legislation.

## 4. Principles or guidelines

- 4.1 The Museum will seek to maximise investment returns by retaining minimum balances in its operating account while ensuring sufficient liquidity to meet immediate cash requirements. This policy will be consistent with advice from the Department of Finance and Deregulation<sup>1</sup>.
- 4.2 When investment funds become available, quotations are to be sought from a minimum of three Endorsed Financial Institutions in relation to deposit facilities.
- 4.3 Subject to compliance with 4.4 of this policy, the investment decision is to be based on the highest rate offered for the preferred term by an Endorsed Financial Institution.
- 4.4 When Museum cash balances exceed \$10 million, no more than 40% of surplus funds should be invested with one Endorsed Financial Institution.
- 4.5 The investment decision and any limitations placed on it by this policy is to be based on the actual information available at the time the investment decision is made.
- 4.6 For the purposes of paragraph 18(3) of the *Commonwealth Authorities and Companies Act 1997*, the Council authorises the Director or the CFO to make investments on behalf of the Museum in accordance with this policy.
- 4.7 A complete audit trail is to be maintained for all investment transactions, including appropriate documentation of investment movements, approvals, quotations and correspondence.

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<sup>1</sup> For example Finance Circular No. 2005/05 Investment of Surplus Money

## 4.8 Legislative constraints

4.8.1 Section 18(3) of the *Commonwealth Authorities and Companies Act 1997* restricts investment opportunities for Authorities, including the Museum, to the following:

- a) on deposit with a bank; or
- b) in securities of the Commonwealth, a State or a Territory; or
- c) in securities guaranteed by the Commonwealth, a State or a Territory; or
- d) in any other manner approved by the Finance Minister<sup>2</sup>.

4.8.2 The Museum may seek approval from the Minister for Finance and Deregulation (Finance Minister) to invest in a category of investment outside paragraphs 18(3)(a)-(c) of the *Commonwealth Authorities and Companies Act 1997*. The approval of the Finance Minister should only be sought after a request from the Chief Finance Officer has been considered and approved by the Audit, Finance and Risk Committee.

## 5. Definition of terms

### Bank

Means:

- a) a person who carries on the business of banking, either in Australia or outside Australia; or
- b) any other institution:
  - (i) that carries on a business in Australia that consists of or includes taking money on deposit; and
  - (ii) the operations of which are subject to prudential supervision or regulation under a law of the Commonwealth, a State or a Territory.

### Endorsed Financial Institutions

Any institution on the List of Authorised Deposit-taking Institutions (ADIs) as published by the Australia Prudential Regulation Authority (APRA) under the heading of Australian-owned Banks.

These financial institutions comply with Section 18(3)(a) of the *Commonwealth Authorities and Companies Act 1997*.

### Investment

Cash provided to an endorsed financial institution for a fixed period and agreed interest rate.

### On deposit with a bank

Amounts placed with a bank in a savings or other interest-bearing account, in the name of the Museum. There should be a direct banker/client relationship between the Museum and the bank, with the account in the name of the Museum.

### Surplus money

Money of the Museum that is not immediately required for the purposes of the Museum.

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<sup>2</sup> *Commonwealth Authorities and Companies Act 1997* Approval of Manners of Investment 2008/01

## 6. Definition of responsibilities

### Audit, Finance and Risk Committee members

Members of the Audit, Finance and Risk Committee of the Council of the National Museum of Australia are responsible for:

- setting investment parameters
- monitoring compliance with policy
- reporting to Council on policy variations and instances where policy has not been complied with.

### Chief Finance Officer

The Chief Finance Officer is responsible for:

- implementing the investment policy
- providing recommendations to committee members to vary investment parameters
- determining surplus cash available to invest
- approving investments.

## 7. References

*Commonwealth Authorities and Companies Act 1997*

*National Museum of Australia Act 1980*

## 8. Implementation

### 8.1 Coverage

Whole of Museum

### 8.2 Other related policies

Nil

### 8.3 Exclusions

None

### 8.4 Superseded policies

This policy supersedes:

Former policy/ies title	Version number	Version date	Council approval date
Investment policy	1.0	16 Feb 2001	Feb 2001
Investment policy	2.0	18 Apr 2005	Feb 2005
Investment policy	3.0	22 May 2006	4 May 2006
Investment policy	3.1	20 Aug 2007	Aug 2007
Investment policy	3.2	25 May 2009	7 May 2009
Investment policy	3.3	21 Dec 2009	3 Dec 2009

### 8.5 Monitoring

Activity under this policy is monitored by the Chief Finance Officer and the Audit, Finance and Risk Committee of Council.

This policy will be reviewed in December 2011.