

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 new building on Acton Peninsula, Canberra, opened in March 2001.

3. Scope

3.1 Description

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

3.2 Purpose

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

3.3 Rationale

This policy is required to provide guidelines on the investment of surplus cash and to meet auditing requirements.

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 Administration.
- 4.2 When investment funds become available, quotations are to be sought from endorsed financial institutions (minimum three institutions) in relation to deposit facilities (including term deposits and bank bills).
- 4.3 The investment decision is to be based on the highest rate offered for the preferred term.
- 4.4 When Museum cash balances exceed \$10 million, no more than 60% of surplus funds should be invested with one institution. The maximum to be invested with IMB Ltd at any one time is the lesser of \$3 million or 20% of total investments.
- 4.5 Approval for investment decisions is to be made by the Director or Chief Finance Officer.
- 4.6 A complete audit trail is to be maintained for all investment transactions, including appropriate documentation of investment movements, approvals, quotations and correspondence.
- 4.7 **Legislative constraints**
 - 4.7.1 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 Minister for Finance.
 - 4.7.2 The approval of the Treasurer should only be sought after a request from the Chief Finance Officer has been considered and approved by the Audit and Finance Committee.

5. Definition of terms

Financial institutions endorsed by the Audit and Finance Committee

- Adelaide Bank
- BankWest
- Commonwealth Bank
- IMB Ltd
- St George Bank
- Suncorp Metway.

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

Investment

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

Surplus cash

Available cash not required for a period of time.

6. Definition of responsibilities

Audit and Finance Committee members

- approve list of financial institutions
- set investment parameters for approved financial institutions
- monitor compliance with policy
- report to Council on policy variations and instances where policy has not been complied with.

Chief Finance Officer

- implement investment policy
- provide recommendation to committee members to vary either the list of approved financial institutions or investment parameters
- determine surplus cash available to invest
- approve 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

Asset Management Policy

8.3 Exclusions

None

8.4 Monitoring

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

This policy will be reviewed in February 2007.