

# Investment Policy

## Introduction

This policy has been established to ensure prudent financial management of Council investments.

The policy incorporates the requirements of the Local Government Act and should be read together with the Liability Management Policy. Together they form the Treasury Management Policy of the Council.

The policy includes the Christchurch City Council Sinking Fund Commissioners. Investments held by Council-controlled organisations (CCOs) and other subsidiary companies are excluded.

To determine the scope of this policy, the definition of terms used shall be that of the Local Government Act and Accounting Standards.

The Council has invested \$75M of capital repatriation funds received from Christchurch City Holdings Ltd in a separate fund known as the Capital Endowment Fund. It is intended that the fund be divided into capital of \$71.5M and fluctuation reserves of \$3.5M and that the capital of this fund will be held together with sufficient income capitalised annually to cover inflation. The fluctuation reserve will vary depending on returns from investments. The balance of the income will be available to the Council to provide for economic development projects and civic and community projects that will enhance the city or region. The Council resolution creating the Capital Endowment Fund is attached as Appendix B. 1.

## Principles

The following principles underlie the policy:

- Investments shall be managed to maximise the return to the Council consistent with the purpose of the investment and risk avoidance.
- The Council shall maintain a prudent mix of investments.

- Council investment management shall as far as possible be risk averse.
- Investments made outside of the policy require specific Council resolution.
- Interest-rate exposure and yields on investments are to be managed according to practices outlined in this policy.
- Hedging, if used, is to cover the protection of the actual physical investment and its return.
- For the Capital Endowment Fund the investment objectives are:
  - Maintain the real value of the capital of the Fund with regard to inflation.
  - Maximise the value of the Fund and therefore the amount that can be distributed from the Fund over the long term, subject to a prudent level of portfolio risk.
  - Maintain a degree of consistency in the amounts that can be withdrawn on an annual basis.
- To fulfil the objectives for the Capital Endowment Fund the following investment principles will be followed in addition to those elsewhere in this policy:
  1. Responsibilities under common law and statute must be met.
  2. The inflation-adjusted capital of the Fund shall not be withdrawn.
  3. An appropriate level of portfolio risk will be determined and accepted by the Council in consultation with professional advisors.
  4. An appropriate level of diversification of investments in portfolios across securities, sectors, asset classes and countries must be maintained.
  5. The investment portfolio will accept risks in a prudent manner and investment risk will be minimised for the expected level of return.
  6. The capital of the investment portfolio will be preserved on a quarterly basis by adjusting for (positive) changes in the Statistics New Zealand All Groups CPI.

# Investment Policy

7. An investment fluctuation reserve must be maintained to finance budgeted distributions from the fund.
8. Liquidity must be considered and maintained at an appropriate level.
9. The investment structure must be able to accommodate changes in the Fund's requirements and the investment environment.
10. All aspects of the investment process and functions will be reviewed regularly. In particular:
  - The performance of investment managers will be monitored against benchmarks at least monthly, and against the performance of other investment managers at least quarterly.
  - Investment managers will be monitored on an ongoing basis with respect to their organisational structure, investment processes and personnel.
  - Investment policies and objectives, asset allocation strategy and overall investment-management structure will be reviewed at least once every three years.

## **Investment Categories Subject to the Policies - Their Purpose**

The Council's investments are made for a range of purposes and fall broadly into five categories:

### **3.1 General Funds Investments**

3.1.1 These investments are held for general Council use in the form of financial investments to provide general finance. Typically, they are invested on a commercial basis to produce a financial return for the Council to use in its ordinary course of business.

3.1.2 General Funds may be invested in the following investment types:

- Cash and short-term bank deposits

- Promissory notes issued by suitably rated corporate entities
- Stocks and bonds
- Loans to community organisations
- Loans to individuals
- Loans to CCOs and other subsidiary companies
- Loans to non-Council entities to facilitate community infrastructural asset creation (Council approval required)
- Real estate being held for market return purposes only

### **3.2 Equity Investments in Council Controlled Trading Organisations (CCTOs) and Other Subsidiary Companies**

3.2.1 The Council holds equity investments in a range of CCTOs and other subsidiary companies for a mix of the following purposes:

- Providing a rate of return on the investment to be used for general revenue purposes.
- Ensuring that ownership of essential infrastructural facilities with monopoly characteristics remain in community ownership.
- Separating trading activities or services from the ordinary operations of the Council in the interest of transparency, efficiency and competitiveness of pricing.

3.2.2 These investments are made up of:

- A majority interest in major utility CCTOs and other companies through a 100% interest in Christchurch City Holdings Limited - Schedule 1.
- 100% interest in CCTOs which have been established primarily to provide service delivery to the Council on a commercial basis - see - Schedule 2.
- Significant interest in CCTOs primarily for income purposes but recognised as being of benefit to the local economy - see Schedule 3.

# Investment Policy

## 3.3 Property Held for Investment Purposes

- Investment properties are defined as being held for market return purposes and having no Council operational function.
- The decision to hold or dispose of investment property is driven by the performance of this investment compared with similar properties in the market.

## 3.4 Investment of Reserve Funds including Trust Funds and the Capital Endowment Fund

3.4.1 These reserve and trust funds have the following characteristics:

- The Council has resolved to set aside funds for a specific, defined future purpose.
- The Council has defined a minimum holding of the Capital Development Reserve Fund, set at \$5M to provide a first source of funding available in the case of an emergency arising from a natural disaster.
- Estimates of the value of each separate reserve fund including revenue projections are prepared each year.
- These funds are available for appropriation in the Financial Plan to finance expenditure incurred for the purpose of the fund.
- The investments which make up the Reserve Funds can be held in common with General Funds investments with the earnings apportioned to each separate fund or may be invested separately with professional Fund Managers in managed portfolios of investments.

3.4.2 Reserve and trust funds may be invested in the following investment types:

- Short-term bank deposits
- Promissory notes issued by suitably rated corporate entities
- Stocks and bonds
- Loans to CCTOs and other subsidiary companies
- Loans to individuals (for Council-approved purposes)

- Loans to community organisations
- Shares in publicly listed companies
- Professionally managed portfolios of investments, either by direct investment or through Unit Trusts, including:
  - Equities, New Zealand-wide, South Island-specific and overseas
  - Fixed-Interest investments, both New Zealand and overseas
  - Short-term cash
  - Real Estate
  - Other Investments the Council may resolve.

## 3.5 Sinking Fund Investments

3.5.1 These funds are held by the Commissioners appointed by the Council on trust for the repayment of Council loans in accordance with the Council's Liability Management Policy.

3.5.2 Sinking Funds may be invested in the following types of investment:

- Cash and Short-Term Bank Deposits
- Promissory notes issued by suitably rated corporate entities
- Stocks and bonds

3.5.3 Management of Sinking Fund investments shall be subject to the procedures outlined in sections 5 and 6 of this policy.

## Types of Investments

The Council may hold the following types of investments. See other sections of this policy for restrictions on the management of each type:

- Bank deposits, bank accepted bills and bank issued certificates of deposit

# Investment Policy

- Short Term Promissory Notes issued by companies and Local Authorities as defined by section 6
- Stocks and bonds issued by Government, SOEs, Local Authorities and suitably rated Corporate entities
- Loans to CCTOs and other subsidiary companies
- Loans to individuals (for Council approved purposes)
- Loans to community organisations
- Loans to non Council entities to facilitate community infrastructural asset creation as approved specifically by the Council
- Shares in (listed) public companies
- Shares in CCTOs and other subsidiaries
- Real estate
- Professionally managed (external to the Council) portfolios of investments, either by direct investment or through Unit Trusts, including:
  - Equities both New Zealand and overseas domiciled
  - Fixed interest, both New Zealand and overseas domiciled
  - Short term cash
  - Real estate
  - Other investments the Council may from time to time resolve.
- Delegated authority to act on all investments in accordance with this policy, (except Real Estate, Professionally Managed Funds, and equity investments in CCOs and other subsidiary companies) is granted to any one of the Director of Finance, Funds and Financial Policy Manager, Funds Accountant, Financial Analyst, and Financial Services Manager. The primary responsibility lies with the Funds Accountant.
- The Funds Accountant shall form a view on future interest rates based on independent professional advice. The view shall be revised at least quarterly and shall be used to guide the investment strategy.
- The Director of Finance shall appoint a Treasury Review Team to:
  - assist in the formation of interest-rate views
  - advise on investment-management strategy
  - approve and maintain guidance notes and instruction developed for the proper management of the Council's Investments made under this policy.
- Reporting requirements by the Funds Accountant:
  - Report daily to the Director of Finance - hedging instruments used (both in advance of any commitment and after being entered into).
  - Report weekly to the Director of Finance - showing a weekly position.
  - Report quarterly to the Strategy and Finance Committee - on the performance results of the investment portfolio excluding shares in subsidiary companies and returns on real estate which will be reported separately as detailed elsewhere in this policy.
  - A division of duties between the staff making and checking on the investment transactions is to be maintained to provide for checks on the prudent handling of investment funds.

## Outline of Procedures for Management of Each Type of Investment

### 5.1 General Issues

- Each type of investment shall be prudently managed having regard to the purpose for which the investment was made and the needs of the Council.

# Investment Policy

## 5.2 Short-term Liquid Investments - Bank Deposits and Promissory Notes

Investment of this type will be managed on the following basis:

- The objective is to minimise the holding whilst having regard to liquidity needs and investment return.
- Invested in authorised bank instruments in accordance with the criteria outlined in section 6 of this policy.
- Compliance with the policy rules on acquisition, disposal, and the settlement process in accordance with the criteria outlined in section 6 of this policy.
- Interest Rate risk management has an objective to maximise yield based on the interest rate view formed by the Funds Accountant as outlined in section 5.1 of this policy.
- The maturity profile of investments will be based on the need for cash funds derived by the daily liquidity needs forecast.

## 5.3 Long-term Financial Investments of Authorised Stocks and Bonds

- The objective is to maximise the holding whilst having regard to liquidity needs and investment return subject to the size of funds available for investment and the maturity profile matched to the expected need for liquid funds.
- To minimise credit risk, the investments with any one issuer are subject to the limits as defined in section 6 of this policy.
- The interest view, formed by the Funds Accountant, together with the yield and maturity profile of the investments will form the basis of determining action required. In addition, the Funds Accountant is authorised to use hedging instruments to change the interest-rate exposure and to change the financial impact of the terms of the investment asset.
- The Council will seek to maximise yields either by primary investment or incidental arrangement.

- The procedures on acquisition, disposal, and the settlement process is set out in section 6 of this policy.

## 5.4 Loans to CCOs and Other Subsidiary Companies

- Loans to CCOs and other subsidiary companies shall be made only after Council authorisation of the total amount, source of funds, security and the general terms.
- The Director of Finance is authorised to determine the specific terms and conditions of the loan, the maturities and interest cost.
- The administration of the loan investment can be delegated to staff as per section 5.1.

## 5.5 Loans to non-Council Entities to Facilitate Community Infrastructural Asset Creation

- Examples of this type include the Belfast Industrial Pressure Pipeline loan.
- Loans shall be made only after Council authorisation.
- Such authorisation shall include the total amount, source of funds, security and the general terms.
- The Director of Finance is authorised to determine the specific terms and conditions of the loan, the maturities and interest cost.
- The administration of the loan investment can be delegated to staff as per section 5.1.

## 5.6 Loans to Individuals, and to Community Organisations

- These are subject to authorisation by the Council (or Committee if delegated) either on a one-off basis or by class (for example, the drainage conversion loans).
- The funding source will be nominated in each case, mainly Reserve Funds, to avoid the need for rate funding.

# Investment Policy

- If the source of funding is a specific Reserve Fund set up for the purpose of making loans (eg the Community Loans Fund), the loans made will be limited to the quantum of that fund.
- If the source is the Capital Development Fund then the funds available will be limited to 20% of the funds in excess of \$5M. \$5M is required as the minimum liquid cash reserve.
- If the source of funds are unspecified Reserve Funds, ie other than the specific Loan Reserve Funds, Capital Development Reserve or Debt Repayment Reserves and other specific short-term reserve funds, then the maximum which can be invested in loans from these sources is 10% of the available funds. (Note: The Victory Park lighting Loan is excluded as this will be merged with the redevelopment loan.)
- Interest rate to be charged is set by the Council as either a policy decision or on a case-by-case basis. In the absence of specific instruction, then at no less than the Council's estimated cost of borrowing plus a margin (1% minimum) for administration and risk.
- The Funds Accountant is to prepare loan documentation as required based on legal advice on form and procedure.
- Security of Loans will generally be a charge on the borrower's land unless specified as being unsecured (as in the case with some community organisations), in which case, such other security as the Council, Director of Finance, or the Funds Accountant may determine as being appropriate for this class of loan.
- Loan Guarantees to protect repayment shall be obtained if directed by the Council or if in the opinion of the Director of Finance or the Funds Accountant it is considered to be prudent for a loan of this type.

## 5.7 **Equity Investments and in CCTOs and Other Subsidiary Companies**

- Investment in shares in CCTOs and other subsidiary companies will be made on the authorisation of the Council only, after the receipt of professional advice on valuation and acquisition procedures.
- The Council will not involve itself directly in the management of its subsidiary companies. Management services may be contracted by the companies from Council staff.
- Each company which is defined as a CCTO in the Local Government Act will be required to prepare annually a Statement of Intent which sets out its activities and strategic direction and to report in accordance with the Statement of Intent and the reporting requirements for CCTOs in the Local Government Act.
- Subsidiary companies which do not fall under the definition of CCTO must prepare annual Statements of Intent if required by their industry-specific legislation and the provisions of their constitutions, and must report under the same.
- Christchurch City Holdings Ltd (CCHL) is an investment-monitoring company established by the Council to hold its significant CCTOs and other subsidiary companies on behalf of the Council. The Board will comprise a mix of Councillors and external directors with Councillors being the majority.
- Regular monitoring will be carried out by CCHL of the ownership options, business strategy and operating plans, capital structure and risk management affecting both the CCHL and CCC-owned CCTOs and other subsidiary companies.
- Investment performance of CCTOs and other subsidiary companies will be assessed in comparison to the performance of similar companies in the same industry.

# Investment Policy

- The CCHL Board will report at least six times a year to the Council's Strategy and Finance Committee on issues arising from its monitoring role. Ad hoc briefing sessions and seminars for Councillors will also be arranged.
- The Council is responsible for the approval of Statements of Intent and the appointment of directors for all CCTOs and other subsidiaries held directly by the Council and CCHL.
- Directors of all CCTOs and other subsidiary companies will be selected according to the policy established by the Council in June 2003.
- Ownership of shares in CCTOs and other subsidiaries may be transferred to CCHL when a subsidiary has an established record of financial performance and it is Council policy to retain the investment in the long term.
- This policy does not apply to non-trading companies which are held solely for the purpose of land ownership (eg Travis Group).

## 5.8 Shares in Listed Public Companies

- Specific authorisation is required by the Council to invest directly in listed equities except in the case of professionally managed portfolios as outlined in 5.10 below.
- There is to be an annual review by a broker to assess price, total value and hold or sell advice.
- Trading is authorised to rationalise a holding and on the advice of a broker. Normally, taking up cash issues, sale of rights etc will be subject to advice.
- Staff listed in section 5.1 are authorised to enter into transactions.
- Low-value transactions may be actioned by the Funds Accountant without further authority.

## 5.9 Real Estate Held for Investment Purposes

- Acquisition or sale decisions on investment property shall be made by the Council.
- The properties should be managed in accordance with professional property management principles for the administration and maintaining of properties.
- The Property Manager will maintain accurate records for all individual investment properties including income and expenditure which will then be used for measuring performance of the investment.
- Management principles will be in accordance with prudent commercial terms and conditions effective in the market sometimes.
- The Property Manager will ensure compliance with all relevant statutes.
- The decision to hold or dispose of investment property is driven by the performance of a specific investment compared with similar properties in the market.
- The Property Manager is to report to the Council on a six-monthly basis on the performance of all investment property.

## 5.10 Professionally Managed Portfolios

- Investments in professionally managed (external to the Council) portfolios may be made for the Capital Endowment Fund and other reserve fund investments.
- The initial selection of fund managers will be made by the Council's Strategy and Finance Committee on recommendation from the Treasury Review Team after receipt of professional advice.
- Significant decisions relating to Fund Manager appointments will normally be subject to Strategy and Finance Committee approval but the Treasury Review Team is authorised to act on urgent issues and report to the next meeting of the Strategy and Finance Committee.

# Investment Policy

- Immediately after fund managers are selected, the Council will approve appropriate management guidelines for the ongoing management of the Fund and the level of delegated authority to the Treasury Review Team for ongoing decisions regarding those investments.
- The Treasury Review Team shall:
  - Take account of and consider the objectives of the funds, management guidelines, the appropriate level of risk to be accepted and the reserve retention policy of the fund, as agreed to by the Council.
  - Recommend to the Council the quantum of funds which are available for distribution in any year after provision for inflation protection and management of the fluctuation reserve.
  - Monitor the performance and compliance of investment managers.
  - Develop and implement appropriate periodic reporting to the Council.

## Assessment and Management of Risks by Type of Investment

### 6.1 Authorised Bank Instruments

The Council may invest in any registered bank in New Zealand subject to the following:

- The bank remains the primary debtor throughout the term of the investment.
- Investments will only be in banks with a Standard and Poor's short term credit rating of A-3 or better and a long-term credit rating of A- or better (equivalent Moody's ratings may be used).
- A maximum of 20% of the total investments issued by the financial market (which is made up of short term bank deposits, promissory notes and long-term stocks and bonds, including those issued by other Local Authorities and

Government Stock) may be invested with any one bank except where the total bank investments are less than \$10M, when the investments shall be made with at least two banks.

- Any instrument issued by the bank may be taken up.
- Deposits may include foreign currency to meet Council commitments in overseas currencies.

### 6.2 Authorised Stock or Bond Investments

The Council may invest in any fixed term stock or bond issued in New Zealand subject to the following:

- Up to 100% of the available funds may be invested where the stock is issued by the New Zealand Government or State Owned Enterprise guaranteed by the Government.
- Up to 20% of the available funds may be invested in Civic Bonds issued by the Local Government Finance Corporation as these are backed by rate-secured investments in Local Authorities.
- Up to 100% of the available funds may be invested where the stock is issued by a Local Authority (not CCC or CCC-owned CCOs or other subsidiary companies) and is rate-secured, but subject to a maximum 20% of the total investments (see 6.1) with any one issuer.
- Up to 35% of the available funds may be invested where the bonds are issued by any company in New Zealand subject to the issuer having a Standard and Poor's long term credit rating of A- or better (equivalent Moody's ratings may be used) and subject to a maximum 20% of the total investments (see 6.1) with any one issuer.

# Investment Policy

## 6.3 For the Purchase, Sale, and Settlement of Bank Deposits, Stock and Bonds and Listed Public Company Shares

The Funds Accountant and in his absence others listed in section 5.1 have authority to deal in these investments, taking on the authorities of the Funds Accountant, subject to the procedures outlined below and detailed elsewhere in this policy:

### 6.3.1 Making Investments:

- Bank deposit and promissory notes investments are normally made after three quotations are received.
- The Council is not bound to take the highest bid, nor shift funds from one bank to another where reasonable grounds exist to make an alternative decision (eg to maintain a spread of deposits between banks).
- Investments in stock or promissory notes issued under a tender shall be made with the advice of a broker or professional adviser retained by the Council.
- Investments in stock or promissory notes by direct purchase shall be made on the advice of a broker.
- Settlement to be made by direct credit, cheque or by direct debit.

### 6.3.2 Recording Investments:

- Investments made are to be recorded in separate balance sheet asset accounts.
- A division of duties is to be maintained to provide for checks on the prudent handling of investment funds.
- Daily records of cash monitoring and investment decisions shall be maintained.
- Accrued income on a yield to maturity basis is to be calculated and actioned monthly.

### 6.3.3 Income Recognition

Income is to be recognised on a yield to maturity basis, with the purchase yield used for both capital values and accrued income. This is applicable as the Council:

- normally selects an investment to match a maturity profile based mostly on an expected need for funds
- would not normally sell the investments earlier unless there is a need for funds
- would not wish short term variation in market interest rates to change the income flows over time from the same investment.

### 6.3.4 Withdrawal or sale of bank deposits, promissory notes, bonds, and listed equity investments

- Repayment shall be by cleared funds to minimise the settlement risks.
- The principal proceeds are to be credited to the asset account on the balance sheet with appropriate income recognition.
- Funds are either reinvested or they form part of the liquidity of the Council. In either case the full value is recognised in the equity of the Council. Capital gains or losses are recognised as income and disposed of along with all other income as per the Financial Plan.
- Revenue from any investment is dealt with under the Financial Plan along with all other revenues.

## 6.4 Purchase, Sale and Settlement of Real Estate Investments

- All acquisitions and disposal decisions are to be made by the Council on Property Manager advice.
- The property disposal procedures approved by the Council shall be used for investment property disposals.
- Sale and purchase contracts in the normal form will be used.
- Investment properties are to be recorded as assets in the financial records and have similar treatment to other assets.

# Investment Policy

## 6.5 Purchase, Sale and Settlement of Investments in CCTOs and other Subsidiary Companies

- It is the Council's intention that a majority ownership in these investments be retained in the long term.
- Any decision to dispose of shares in a CCTO or other subsidiary will be subject to the procedures set out in the Local Government Act.
- Where existing assets of the Council are transferred to a new CCO or other subsidiary company, an Establishment Unit will assess all the options and recommend the methodology, value and other matters according to the established procedure set out in the Local Government Act.
- External professional advice will be sought before making any decision to acquire or dispose of any shareholding in any of the CCTO or other subsidiary company investments.

## 6.6 Purchase of Promissory notes issued by New Zealand Companies and Local Authorities

The Council may invest in promissory notes issued in New Zealand by corporates and Local Authorities in New Zealand currency provided they have throughout their term a Standard and Poor's short term credit rating of A-3 or better (or equivalent Moody's rating).

- The term would generally be no more than 180 days.
- The interest rate must be better than Bank deposits for the same term to indicate a preference for promissory notes.
- For registered promissory notes the note must be held in the Council's name.
- For 'bearer' promissory notes, the certificate may be held by the Council or by a suitable agent such as a Bank or Austraclear.

- To avoid the Council being exposed to settlement risk, payment on maturity or sale requires settlement by 'Cleared Funds'.

## 6.7 Investments in Professionally Managed Investment Portfolio

- Professionally managed (external to Council) investment portfolios may be used for Reserve Fund investments in accordance with guidelines approved by the Strategy and Resources Committee from time to time. In considering the selection of any managed portfolio to minimise income and capital risk, the following shall be considered (along with any other relevant consideration):
  - The selection of the professional Fund Manager based on performance and competence.
  - The diversification of the asset class.
  - The expected return of each asset.
  - The volatility of return, both in the past and expected.
  - The Council's tolerance to risk.
  - The appropriate reserve retention level necessary to preserve the fund value and earning potential.
  - The income distribution expectations of the Council.
- The management of the investment, once made with an (external to Council) professional Fund Manager, shall be handled entirely by that Fund Manager. Therefore the restrictions stated elsewhere in this policy governing the selection and handling of direct investments shall not apply.
- It is recognised that title to the underlying investments will be with the Fund Manager who will handle the investments on the Council's behalf. The Council will receive an acknowledgement of its interest in the investment pool.

# Investment Policy

## APPENDIX A

### EQUITY INVESTMENTS IN CCTOs AND SUBSIDIARY COMPANIES

#### SCHEDULE 1

A majority interest in major CCTOs and other companies through a 100% interest in CCHL

Orion Group Limited	87.625%
Christchurch International Airport Limited	75%
Lyttelton Port Company Limited	65.328%
Red Bus Limited	100%
City Care Limited	100%

#### SCHEDULE 2

Interest in CCTOs which have been established primarily to provide service delivery to the Council on a commercial basis

Christchurch City Facilities Limited	100%
Travis Finance Limited (now non-trading)	100%
Jade Stadium Limited	100%
Transwaste Canterbury Limited	37.85%

#### SCHEDULE 3

Significant interest through a 100% interest in CCHL in enterprises primarily for income purposes recognised as being of benefit to the Council and the local economy

Selwyn Plantation Limited	39.32%
---------------------------	--------

## APPENDIX B

### CAPITAL ENDOWMENT FUND - COUNCIL RESOLUTIONS

The following is extracted from resolutions passed by the Council in March and July 2001 which record the intentions of the Council relating to the management and investment of the Capital Endowment Fund:

- That up to 100% of the available income from the fund be allocated in year 1 and up to 75% be allocated for subsequent years.
- That the income from the fund be allocated each year in the following way: Economic development - 70%; Civic and community projects 30%.
- That the above general categories be reviewed on a three-yearly cycle.
- That if desired, funding for a particular category be carried forward to another year.
- That civic and community projects which cost of less than \$100,000 in any one year not be funded from the Capital Endowment Fund.
- That no single project be funded for more than three years, except in exceptional circumstances.
- That the capital of the fund not be used unless 80% of Councillors vote in favour.
- That a statement in the Council's funding policy and long term financial strategy outline the structure and purpose of the fund.
- That the intention is to protect the capital and the process of applying the income to projects for the benefit of the community.
- That the Council establish a practice of reporting on the fund in its Financial Plan and Annual Report as a separate activity each year, including any significant variations to the policy.