

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 Borrowing 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.

4 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
- 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 Council 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 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.

5 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.
- Delegated authority to act on all investments in accordance with this policy, (except Real Estate, Professionally Managed Funds, and equity investments in LATEs) 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 investment strategy.
- The Director of Finance shall appoint a Treasury Review Team to:
 - assist on 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 Resources 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.

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.