



Investment Management

Australian Education Union ACT Branch Policy

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|---------------|------------|-------------|------------|
| Policy Number | POL033 | Version | 3.0 |
| Last Reviewed | 25/07/2018 | Next Review | 25/07/2021 |

INTRODUCTION

In accordance with *AEU ACT Federal Branch Rule 31 – Powers and Duties of Branch Executive, Branch Secretary, Branch President and Branch Vice President* and *AEU ACT Federal Branch Rule 34 - Management and Control of Branch Funds*, Branch Executive is responsible for ensuring that Branch funds are managed and invested appropriately to further the objects of the Branch. Maximising the effectiveness of the Union’s assets through investment is an important part of this responsibility.

PURPOSE

This policy is designed to identify how the assets of the Union are to be invested and managed to provide for its long term financial viability.

POLICY

Any assets not required for the current operating budget and dedicated cash reserve will be invested to maximise the earnings of such assets while retaining security and minimising risks. Investments may include a mix of long and short term strategies provided that the following principles are followed:

- Interest bearing funds may be utilised to achieve a balanced operating budget.
- Investments are to create capital growth and generate income for reinvestment.
- Sufficient on-call cash is available to cover current liabilities and major projects approved as part of the business planning process.
- Sufficient cash is accessible for unforeseen expenses.
- Investments are to be made with low to moderate risk ratings.
- Investments will only be made with reputable, established, proven financial institutions.
- Any share portfolio will be invested 100% with ethical investments.

RESPONSIBILITIES

It is the responsibility of the Branch Executive to approve and oversee the investments of the Union in accordance with this policy.

It is the responsibility of the Finance Committee to prepare recommendations for long term investment strategies for consideration by the Branch Executive.

It is the responsibility of the Branch Secretary and Business Manager to manage short term investments.

PROCEDURES

1) Selection of Long Term Investments

- All long term investments will be presented to the Branch Executive for approval.
- Investments in excess of twelve months are considered long term investments and must:



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- Be managed by a reputable investment firm with a proven performance history.
- Contain only ethical investments.
- Have a moderate risk rating.
- Be geared towards medium to long term capital growth.
- Allow for revenue to be reinvested.
- In determining the amount to be invested in long term investments, the Branch Executive must ensure sufficient cash is available to meet anticipated operational activities.

2) Selection of Short Term Investments

- Investments up to twelve months are considered short term investments.
- Short term investment in term deposits may be approved by the Branch Secretary where the Business Manager identifies available operational cash.
- Upon the closure of a term deposit the interest revenue will be recorded as income in the operational budget.

3) Monitoring Investments

- The Finance Committee will provide a bi-annual report on long term investments to the Branch Executive with a recommendation on the continuation or alteration of the investment.
- The Branch Secretary will report any short-term investments to the Branch Executive.

4) Ceasing Long Term Investments

- Ceasing a long-term investment should only be considered as a last resort in the event of unforeseen circumstances or expenses that cannot be met in an alternative way.
- Alternative options to access cash such as an overdraft or property mortgage must be approved by Branch Executive and should only be used, with the implementation of an operational plan for budget surplus to repay the debt.

RESOURCES

Operational activities related to this policy are to be delivered within budgeted office resources.