



**ACT**  
Government

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Chief Minister, Treasury and  
Economic Development

**INVESTMENT PLAN**

**FOR THE FINANCIAL INVESTMENT ASSETS**

**OF THE**

**TERRITORY BANKING ACCOUNT**

MADE IN ACCORDANCE WITH THE *FINANCIAL MANAGEMENT INVESTMENT GUIDELINES 2015*  
("GUIDELINES")

*This Investment Plan, unless expressly indicated to do so, does not have an exhaustive and binding effect on all investments and investment processes. Where this policy is silent or conflicts with a provision of the Guidelines, the terms of the Guidelines prevail.*

**Version Control**

<b>Version No.</b>	<b>Date</b>	<b>Comments</b>	<b>Approver</b>
1	December 2018	Establish a new Individual Investment Plan for the Territory Banking Account following the reorganisation of the Treasury financial investment structure, replacing the Superannuation Provision Account and Territory Banking Account Investment Plan last amended June 2018.	Treasurer
2	24 September 2021	Periodic review of the investment strategy, allowable asset classes and strategic allocations	Treasurer

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## PURPOSE

This Individual Investment Plan is established for the financial investment assets of the Territory Banking Account.

This Investment Plan is not intended to be a detailed operational description but rather a general guide to the investment strategy for the Territory Banking Account, including the investment risk and return objectives and strategic asset allocation. As changes occur over time the Investment Plan will be modified or refined as required.

This Investment Plan is to be read in conjunction with the *Investment Governance Policy Framework* and the *Responsible Investment Policy* for the financial investment assets managed by Treasury.

## LEGISLATIVE REQUIREMENTS

The Territory Banking Account is established by section 33 of the *Financial Management Act 1996* (the "FMA"). Section 38 provides that the Treasurer may invest any money held in the Territory Banking Account in any investment prescribed under the Financial Management Guidelines.

Territory Banking Account moneys are invested in accordance with the provisions of Section 38 of the FMA and the *Financial Management Investment Guidelines 2015*.

## TERRITORY BANKING ACCOUNT DESCRIPTION AND BACKGROUND

As required by the FMA, the Treasurer must open and maintain a banking account for the purposes of the Territory. The Territory Banking Account is the central or public account of the Territory. Revenues on behalf of the Territory are transferred to the Territory Banking Account and fortnightly budget appropriation disbursements are made to agencies from the Territory Banking Account.

The Territory Banking Account's activities include the issuance of debt instruments to meet the Government's financing requirements and managing the aggregate daily cash balances of the Territory Banking Account.

Short-term liquidity requirements of the Territory are managed through the issuance of domestic short-term commercial paper, and long-term capital requirements are financed through the issuance of domestic fixed rate nominal bonds and inflation-indexed bonds in accordance with the Territory's debt issuance program.

## INVESTMENT STRATEGY

The Territory Banking Account is the public account of the Territory.

Maintaining a positive aggregate cash and investment balance of the Territory Banking Account to meet ongoing cash payment obligations is the key objective for the Territory Banking Account.

Capital preservation and liquidity are high priorities for funds held in the Territory Banking Account. The focus of the cash management and investment strategy is to ensure there is daily liquidity and all financial obligations can be met. Accordingly, it is not appropriate to expose moneys of the Territory Banking Account to unnecessary investment risks.

Generally, Territory Banking Account funds are held on deposit with the appointed Transactional banker and retained as cash at bank. Subject to circumstances, surplus Territory Banking Account funds may be invested externally.

## INVESTMENT RETURN OBJECTIVE

The investment return objective for any surplus moneys available for investment is to achieve a return that exceeds the prevailing RBA cash rate while minimising the risk taken and costs incurred in achieving this return objective.

## INVESTMENT RISK OBJECTIVES

The Territory Banking Account has a low tolerance to investment risk.

Investment risk is viewed both qualitatively and quantitatively with particular focus given to the nature and likelihood of extreme events that can negatively impact on the financial assets.

## STRATEGIC ASSET ALLOCATION

The following strategic asset allocation has been established on the basis that it is considered to represent an efficient portfolio (lowest acceptable risk for the target return) based on allowable asset classes and the targeted investment objectives.

The allowable range outlines the minimum and maximum acceptable percentages that permit short term deviations away from the targeted asset allocation to allow for changing market conditions or the availability of investment opportunities.

## PORTFOLIO ASSET ALLOCATION

<b>Asset Class</b>	<b>Asset Allocation</b>	<b>Allowable Range</b>
Low Duration Investment Grade Credit	100.0%	0.0% - 100.0%
<b>Total Defensive Assets</b>	<b>100.0%</b>	<b>0.0% - 100.0%</b>
<b>Total Portfolio</b>	<b>100.0%</b>	

## INVESTMENT STRATEGY LIQUIDITY

The Territory Banking Account is considered to have an above average to high liquidity requirement over all periods.

Subject to circumstances, surplus Territory Banking Account funds may be invested externally in liquid, low risk investments.

## INVESTMENT GOVERNANCE

Refer to the *Investment Governance Policy Framework* for the financial investment assets managed by Treasury.

The policy is available at <http://www.treasury.act.gov.au/publications>.

## RESPONSIBLE INVESTMENT

Refer to the *Responsible Investment Policy* for the financial investment assets managed by Treasury.

The policy is available at <http://www.treasury.act.gov.au/publications>.