| | |
|---|---|
| **Policy name:** | Investment Policy |
| **Policy number:** | AManC01 |
| **Date:** | 5 September 2011 |

## INTRODUCTION

This policy sets out the steps for monitoring and reporting the investment and performance of all monies (including monies held in trust) that are subject to the control of the Australian Health Practitioner Regulation Agency on behalf of National Boards.

This investment policy aims to establish a clear understanding of AHPRA's investment objectives; manage AHPRA assets according to prudent standards, and establish a basis of reporting and evaluating investment results.

## INVESTMENT GOALS AND OBJECTIVES

AHPRA pursues a policy of maximising the investment return on cash balances and investments in an economic and efficient manner, subject to an overriding commitment to financial prudence in managing investment funds and in accordance with the investment criteria outlined in this policy.

### Goals

AHPRA will invest its funds to meet cash requirements in both the short- and the long-term.
The primary objectives in the investment of assets shall be to:

a. invest AHPRA's funds to maximise real returns within appropriate risk and liquidity constraints so AHPRA can meet its funding and cash flow requirements.

b. provide absolute bank account security and accessibility for regular transactions.

c. provide a high degree of security and accessibility and a competitive interest rate within a cash portfolio.

### General principles underlying goals

AHPRA's investment objectives require a disciplined, consistent management philosophy which protects the assets of AHPRA and maintains sufficient liquidity to meet expected operating and financing needs. Financing or operating decisions may therefore significantly increase or decrease the level of the cash portfolio and hence the potential investment returns to AHPRA.

Management decisions significantly impacting on operating cash flows will be evaluated to determine if alternative financing arrangements (e.g. borrowing) may be advantageous to AHPRA.

The general principles underlying the above goals are:

a. investments are a consequence of the underlying cash flow of the organisation;

b. investments shall be made solely in the interest of AHPRA and National Boards;

c. cash is to be employed productively at all times, by investment in cash equivalents to provide a balance between safety, liquidity and returns.

d. investments shall be made with skill, prudence and diligence.

The criteria to be applied in investment decisions are:

a. Safety of capital. Safety of capital is a dominant consideration in all investment decisions.

b. Liquidity. Investments are managed to ensure that sufficient funds are available to meet operational commitments as and when they fall due.

c. Returns. Investments must reflect the objective of providing adequate returns in excess of the inflation rate consistent with low risk exposure and to provide consistent real income over the long term.

## ALLOWABLE INVESTMENTS

AHPRA's portfolio can only be invested in Australian registered bank deposits, senior bank debt or bank accepted/endorsed bills or deposits.

Explicit approval of the Agency Management Committee is required to invest in other types of assets such as corporate debt, equities or property.

AHPRA does not invest in structured investments.

### Target Rate of Return

AHPRA aims to achieve returns on investments to equal or exceed a return (before transaction costs) of:

a. bank account - a competitive rate relative to similar banking facilities in the market;

b. cash portfolio - a competitive rate compared to the USB Warburg Australian Bank Bill Index over rolling one-year periods;

## CONTROLS OVER INVESTMENTS

### Investments Register

A register of all investments shall be maintained by AHPRA in which all investments shall be described and their movements recorded. All security documents shall be properly controlled and safeguarded.

The Financial Operations Manager is responsible for sourcing the most favourable investment opportunity according to this policy. The Financial Operations Manager will recommend investments in accordance with the principles and guidelines of the policy to either the Director, Finance and Corporate Operations or Chief Executive Officer who will approve the investment.

| | |
|---|---|
| **Name of Document:** | Investment Policy |
| **Version:** | AManC01 (version 2.0) |
| **Created/Reviewed:** | Director, Finance and Corporate Operations |
| **Date of next review:** | 23 November 2013 |
| **Approved (signature):** | |
| **Date:** | 05 September 2011 |