

Treasury

Managing Director's Authorisation

Effective Date

Patrick Hone



22 August 2024

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1. PURPOSE

This document details how the Fisheries Research and Development Corporation (FRDC) manages its cash investments with respect to:

- delegations and authorities (refer Delegations and authorisation policy)
- authorised instruments to be used for investment
- risk management

2. RESPONSIBILITY

Responsibility for this policy resides with the General Manager Finance & Business.

3. DEFINITIONS, ACRONYMS AND ABBREVIATIONS

Definitions link [Definitions](#)

Acronyms Link [Acronyms and Abbreviations](#)

4. RISK CATEGORY

This policy covers the following risk categories.

Strategic	Governance	Service Delivery	Reputational	Financial	Operational	People
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. RELEVANT DOCUMENTATION

This section contains links to internally and externally facing documents – access to internally facing documents is restricted to FRDC employees.

Relevant documentation
Internal
Code of conduct policy
Delegations' and authorisations policy
Financial statements procedure
Payments processing procedure
Procurement policy
Risk policy
Treasury procedure
External
Public Governance, Performance and Accountability Act (PGPA) Act 2013

6. TRAINING

The training for the Policy will be communicated by staff meetings.

7. DOCUMENT MANAGEMENT

If any material resulting from this policy is to be filed to Nemo, please complete the table or see [Nemo Scenarios](#) or *General Manager if unsure which metadata to use*):

Document Type/s	Treasury and Bank Reconciliations
Functional Group	Financial Management
Action Date	Date of action/reporting month
Function type	Treasury Management
Organisation	Relevant Organisation
Prime activity	Nil
Secondary activity	Treasury or Bank Reconciliation
Document type	Report

8. PUBLICATION

This policy is not to be made available on the FRDC website.

This policy is to be made available on the directors' site.

9. POLICY

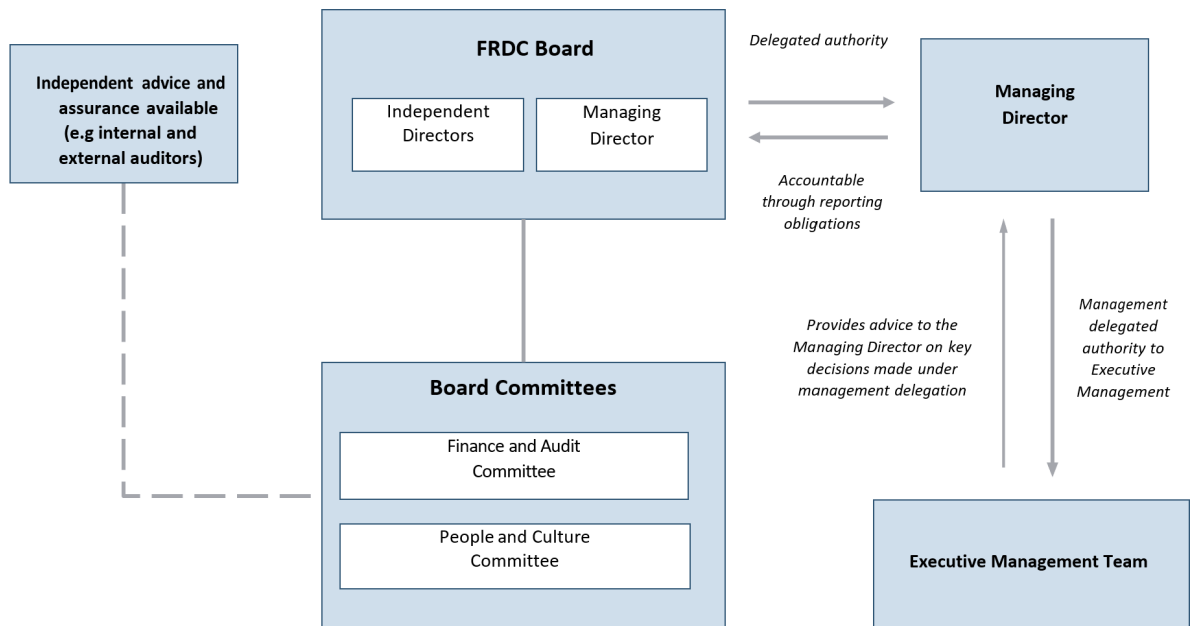
9.1 Legislative requirement

All investments will comply with the requirements of the *Public Governance, Performance and Accountability Act 2013 - Part 2-4 – Use and management of public resources Division 5 Investment, 59 Investment by corporate Commonwealth entities*:

- 1) A corporate Commonwealth entity must not invest relevant money for which the entity is responsible unless:
 - a) The money is not immediately required for the purposes of the entity; and
 - b) The money is invested:
 - i on deposit with a bank, including a deposit evidenced by a certificate of deposit; or
 - ii in securities of, or securities guaranteed by, the Commonwealth, a State or a Territory; or
 - iii in any other form of investment authorised by the Finance Minister in writing; or
 - iv in any other form of investment prescribed by the rules; or
 - v for a government business enterprise – in any other form of investment that is consistent with sound commercial practice.
- 2) A spending limit provision in the corporate Commonwealth entity's enabling legislation does not apply to a contract for the investment for money under subsection (1), unless the provision expressly states that it applies to such a contract.
- 3) A **spending limit provision** in a corporate Commonwealth entity's enabling legislation is a provision in that legislation to the effect that the entity must not enter into a contract involving the expenditure or payment of more than a specified amount of money without the approval of a specified person.

9.2 Responsibility structure

The responsibility structure in relation to treasury management is illustrated in the following diagram:



- The Board is responsible for approving the FRDC's Treasury Policy, and for ensuring that financial investments are properly managed
- The Finance and Audit Committee recommends to the Board any changes to the policy
- The General Manager Finance & Business and the Managing Director are responsible for maintaining the FRDC's treasury policy, and for the management of operational procedures, including controls, transaction processing, deal confirmations, settlements, account and risk analysis
 - The General Manager Finance & Business or the Managing Director has authority to implement strategies pertaining to:
 - Liquidity management
 - Interest rate risk management
 - Counterparty risk management
 - In undertaking this role, the General Manager Finance & Business or the Managing Director will take into account issues such as:
 - Future market rates and prices
 - Liquidity needs
 - Interest rate exposures
 - Recent transactions and results
- The General Manager Finance & Business will have the FRDC's internal auditor, being independent of treasury operations, monitor compliance through the internal reviews and financial statement advisory services.
- The Finance Manager (Accountant) is responsible to the General Manager Finance & Business and the Managing Director for implementing the agreed strategies and carrying out the following activities:
 - Dealing
 - Maintenance of banking relationships
 - Confirmation and recording of transactions
 - Settlement of treasury transactions

9.3 General

The objective of the FRDC treasury function is to manage financial exposure, to achieve added value, without adding materially to overall risks.

Risk investment will be limited to the management of committed exposures within the parameters outlined in these guidelines.

Speculative position taking will not be permitted (refer PGPA Act). As a result, the FRDC's investment strategy is conservative in nature.

9.3.1 Liquidity risk management

The FRDC will seek to maximise investment returns while ensuring sufficient liquidity to meet immediate and long term cash requirements. Cash available in low interest accounts will be maintained at a minimum level.

To achieve these objectives, the FRDC will:

1. aim to hold minimum credit balances in the FRDC's operating bank account, with the objective of sufficiently covering immediate cash requirements
2. regularly review the FRDC's forecast cash position to ensure funds will be available to meet expenditure requirements and to aid short to medium term investment decisions
3. invest available funds after consideration of future commitments. Adequate funds will be kept in 'at call' types of accounts to provide backup for cash shortages in the operating account

9.3.2 Counterparty risk management

The FRDC will transact only with approved counterparties (counterparties will have a minimum Standard and Poor's long term rating of AA- where Standard and Poor's ratings are not available, equivalent Moody's ratings may be used).

A list of approved counterparties (those having AA- credit rating or above) and limits are contained in Attachment 2.

9.3.3 Authorised instruments and transactions

The FRDC will use the following instrument for the purpose of investing funds available within delegated authority: Deposits with a bank having Standard and Poor's long term rating of at least AA- *deposits with a bank include bank deposit accounts and term deposits*

9.3.4 Financial Investments in other eligible institutions

The FRDC provides allowance for FRDC financial investments to be split across more than one eligible institution to diversify risk. FRDC may invest up to 50% of available funds within delegated authority: Deposits with other institutions having Standard and Poor's long term rating of at least AA- *deposits with a bank include bank deposit accounts and term deposits.*

9.3.5 Operational matters

The FRDC will:

- a. have the Finance Manager (Accountant) perform transaction entry, processing and reconciliations at every transaction
- b. have the General Manager Finance & Business (or Managing Director in his/her absence) approve treasury transactions

- c. keep a complete audit trail for all investment transactions, including appropriate documentation of approvals

10. ATTACHMENTS

#	Description
1	Authorised officers – Board delegations
2	Approved counterparties and their limits

Attachment 1

The following are the delegations to authorise individual financial transactions and execute documents on behalf of the FRDC. These delegations and the limits stated are subject to variation from time to time as approved by the FRDC Board. All amounts are in Australian dollars or equivalent.

Investments	Managing Director / General Manager Finance & Business	Finance Manager
Authority for investments Overnight deposit account Other bank deposits Commonwealth/State/Territory securities Commonwealth/State/Territory guaranteed securities: <ul style="list-style-type: none"> • Up to 185 days maturity • Beyond 185 days maturity 	\$20m \$20m \$20m \$20m \$15m	\$10m \$10m \$10m \$10m \$10m
Authority to remit or transfer funds or monies Subject to review of documentation and prior approval in accordance with expenditure limits	\$10m	\$5m
Authority to execute standard treasury or banking documentation (but not including the opening of new bank accounts)	\$10m	\$5m

Attachment 2

Approved counterparty	Standard and Poors long term rating as at 31 July 2024	Limit
ANZ Bank	AA-	\$25m
Commonwealth Bank	AA-	\$25m
National Australia Bank	AA-	\$25m
Westpac Banking Corporation	AA-	\$25m
St George - owned by Westpac	AA-	\$25m
Bankwest - owned by Commonwealth Bank	AA-	\$25m
Commonwealth, State or a Territory (securities of, or guaranteed by)		\$35m

AAA	Extremely strong
AA+	Very strong
AA	Very strong
AA-	Very strong
A+	Strong
A	Strong
A-	Strong






Treasury policy - Board Policy

Final Audit Report

2024-08-29

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