

Treasury and Investments Policy

Category:	Governance
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Approved By:	Executive Committee
Contact Person:	The President

Introduction:

The purpose of this policy is to provide clear direction as to the objectives and expected outcomes of financial investments made by the Association.

Policy Statement:

The Association must set aside resources in order to secure the long-term viability of the Association and provide funds for the future.

The Executive's overall philosophy on the management of investments is to optimise returns in the long term while balancing liquidity, risk and return considerations. The Executive recognises that as responsible custodians a significant portion of investments should be of relatively low risk. Investment risk will be limited to appropriate diversification. It also recognises that lower risk generally means lower returns.

Other key considerations include: whether the investment accords well with the UCSA's reputation and ethical standing, the opinions of the student body, and an overall desire to invest in local businesses where possible and viable. Reference should be made to the Sustainability Policy.

This policy should be read in conjunction with the Association's Constitution regarding financial matters, as well as policies regarding the critical role the Advisory Board plays in this matter.

Context:

The UCSA is the process of completed the UCSA Building (Haere-roa) which will involve borrowing funds from UC. UC have made it clear they do want to see the UCSA approach banks for funding requirements as using the new UCSA building as security would require Ministerial approval. Rather UC is prepared to lend money to the UCSA for any fundraising shortfall to ensure it owns and pays for 51% of the building.

Procedures:

Overview

The Investments Policy shall govern all assets of the Association that:

- a) Have minimal direct or no indirect benefit to students in the short term; and
- b) Can be converted into cash in the short to medium term with no material effect on the current provision of services.

Reserves

- 1 "Respective to the new building, the UCSA shall only borrow funds from UC; in the ordinary course of events, the UCSA may borrow from other institutions as necessary".
- 2 The UCSA will maintain a minimum reserve amount of cash (fixed term deposits) of \$300,000 and bonds/equities of a further \$300,000.

Credit Risk:

Credit risk is the potential for loss that can occur as a result of a customer failing to pay. The UCSA has minimal exposure to this as most transactions i.e. cafes and bars are cash based. There is credit exposure with ELC user fees, advertising, venue hire, functions etc. This amounts to approximately 10% of revenue. Management of the UCSA should continue to be vigilant around this.

Ethical Investing:

The UCSA has a commitment to ethically or socially responsible investing. Therefore any investment made must consider social good as well as financial return.

The UCSA shall not invest in companies that are primarily involved in the production or distribution of tobacco, weapons, or in the exploration and extraction of fossil fuels.

Delegations

The Chief Executive must:

1. Consult with the Advisory Board when making investment portfolio decisions; and
 - o In matters exceeding \$50,000.00, seek and follow a recommendation from the Advisory Board and subsequent Resolution of the Executive prior to investing or disposing of investments "in accordance with Investment Criteria".
- 2.

Investment Amount	Action Required	Decision Maker
Less than \$50,000.00	Consult with Advisory Board	Chief Executive
\$50,000.00 or greater	Obtain recommendation from Advisory Board; and resolution of Executive	Executive

The Association shall endeavour to hold ordinarily between 15% and 20% of its total net assets (less University Bookshop shares) in investments, including on call bank accounts and term investments.

The Association shall adopt a low risk approach to investing resources. Short-term funds should be held within the Association's sole banking service provider. Low levels of funds should be held in the working account. Funds surplus to immediate requirements should be held on call or in a term investment account.

Longer-term investment in fixed interest, listed property companies, and equities as recommended by the Association's investment adviser are acceptable on the following basis.

- a) Funds may be invested in parcels of no more than \$200,000, with maturity dates that complement the current portfolio in quality fixed interest issues rated at least "A" or equivalent by Standard & Poor's and Moody's and on the recommendation of the Association's investment adviser.
- b) Funds may be invested in parcels of no more than \$100,000, with maturity dates that complement the current portfolio, in unrated securities, provided our advisor recommends the security
- c) The asset allocation should be predominantly fixed interest (80%), with up to 10% allocated to listed property companies and up to 10% in equities (for longer-term growth).