

RELEVANT INFORMATION FOR COUNCIL

FILE: S108222 **DATE:** 17 March 2016
TO: Lord Mayor and Councillors
FROM: Bill Carter, Chief Financial Officer
THROUGH: Monica Barone, Chief Executive Officer
SUBJECT: Information Relevant To Item 6.3 - Review of the Investment Policy and Strategy for the Management of Council's Surplus Funds - At Council - 21 March 2016

Alternative Recommendation

It is resolved that Council adopt the Investment Policy and the Investment Strategy, for the management and investment of Council's surplus funds, as shown at Attachments A and B respectively to the subject report, **subject to, in Attachment B, replacing the existing paragraphs under the heading "Environmentally and Socially Responsible Investments" on page 6 with:**

Council's ability to acquire environmentally and socially responsible investments within the current investment and policy environment remains limited, as:

- **the structure of many of these investments remains prohibited under the current Ministerial Investment Order; and**
- **the global financial crisis caused significant declines in the valuation of the financial assets that comprise many of these investments.**

Council will, however, continue to explore opportunities for supporting environmentally and socially responsible investments within these constraints. The investment climate is changing over time and Council notes that many large scale renewable projects are expected to evolve, which may offer sustainable investment opportunities in the future. Council will continue to encourage and openly consider these investments where they comply with the Ministerial Investment Order and satisfy Council's policy and investment objectives.

Purpose

The existing wording of the proposed paragraph focused on the constraints that Council faces in relation to acquiring sustainable investments. The proposed replacement paragraphs have been amended to reflect Council's willingness to explore future opportunities for sustainable investment.

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 14 March 2016, the Deputy Lord Mayor, Councillor Irene Doutney, foreshadowed an intention to explore a slight amendment to the Investment Strategy, to better reflect Council's efforts to explore opportunities to invest in compliant forms of environmental and socially responsible investments as new large scale renewable projects come on line.

The Investment Strategy document presented at that meeting incorporated the following paragraph on page 6 under the heading "Environmentally and Socially Responsible Investments":

Council remains limited in acquiring sustainable investments for the following reasons:

- *the structure of ~~most~~ compliant **that meet the City's SRI criteria** investments remain prohibited under the current Ministerial Investment Order*
- *the global financial crisis resulted in significant declines in the valuation of assets that comprise these investments with the result that they have all retracted to conservative positions of preserving capital and producing little or no income.*

Council will explore opportunities for supporting environmentally and socially responsible investments within these constraints. For example, preference may be given to Environmentally and Socially Resonsible Investments, when evaluating investment opportunities, if they meet with legislative and policy requirements as well as the investment objectives set out in this strategy.

It is proposed to replace this entire section with the following amended paragraphs:

Council's ability to acquire environmentally and socially responsible investments within the current investment and policy environment remains limited, as:

- **the structure of many of these investments remains prohibited under the current Ministerial Investment Order; and**
- **the global financial crisis caused significant declines in the valuation of the financial assets that comprise many of these investments.**

Council will, however, continue to explore opportunities for supporting environmentally and socially responsible investments within these constraints. The investment climate is changing over time and Council notes that many large scale renewable projects are expected to evolve, which may offer sustainable investment opportunities in the future. Council will continue to encourage and openly consider these investments where they comply with the Ministerial Investment Order and satisfy Council's policy and investment objectives.

Bill Carter, Chief Financial Officer

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approved

P. M. Barone
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