

Relevant Information for Council

FILE: X020701 **DATE:** 5 December 2019

TO: Lord Mayor and Councillors

FROM: Bill Carter, Chief Financial Officer

THROUGH: Monica Barone, Chief Executive Officer

SUBJECT: Information Relevant To Item 6.2 – Investments Held as at 31 October 2019

For Noting

This memo is for the information of the Lord Mayor and Councillors

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 2 December 2019, a question was asked:

What due diligence was undertaken prior to investing in the Bank of China?

Each year, the City reviews and adopts the Investment Policy and Investment Strategy for the Management of Council's Surplus Funds. The scope of the City's investments and the wider NSW local government sector is limited. It is mandated under the Local Government Act 1993, through a Ministerial Investment Order, that constrains council investments to deposits and/or bonds in Federal, State (including NSW TCorp) or Local Governments and in banks that are Authorised Deposit-Taking Institutions under the Banking Act.

The Bank of China, as an Authorised Deposit-Taking Institution, is regulated by the Australian Prudential Regulation Authority (APRA). APRA is an independent statutory authority that supervises institutions across banking, insurance and superannuation, and is accountable to the Australian Parliament.

Bank of China (BoC) are also subscribers to the Australian Banking Association's 2019 *Banking Code of Practice* and publish an annual Corporate Social Responsibility report, incorporating an assurance report from Ernst & Young. The report includes information on their environmental and social performance, incorporating anti-corruption measures.

The City acquired this Floating Rate Note (FRN) in December 2018, at which time the recommendation noted that Floating Rate Notes are a liquid investment with an established secondary market, and that the credit ratings agencies Standard & Poor's and Moody's rated the Bank of China Sydney Branch as A/A1 with a 'stable' outlook.

Prepared by: Bill Carter, Chief Financial Officer

Approved

A handwritten signature in black ink, appearing to read 'P. M. Barone', with a long horizontal flourish extending to the right.

MONICA BARONE

Chief Executive Officer