

Treasury Policy, Future Fund and Investment Policy Review

Strategic Alignment - Our Corporation

Public

Tuesday, 18 March 2025

City Finance and Governance
Committee

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EXECUTIVE SUMMARY

Treasury Policy

The Treasury Policy (the Policy) objective is to ensure that Treasury activities are in accordance with legislative responsibilities under the *Local Government Act 1999 (SA)* (the Act).

Council adopted the current Policy in January 2022, and a scheduled review has been conducted. The current Policy is shown here [Link 1](#).

The review (including consideration of sections 123 and 134 of the Act) indicated no substantive amendments were needed at this time beyond clarity edits. However, a more comprehensive revision is planned for completion in the next 12 months which will consider refining:

- guidelines for managing the council's financial assets, liabilities, and cash flow;
- strategies for cash and debt management, borrowing, and investments (including financial instruments and counterparties).
- roles and responsibilities of finance staff involved in treasury activity
- risk management, compliance and monitoring and reporting processes.

The proposed Treasury Policy with tracked changes is shown in **Attachment A**. The proposed revised Treasury Policy is shown in **Attachment B**.

Future Fund and Investment Policy

The Future Fund & Investment Policy (the Policy) purpose is to provide:

- clarity on the purpose of Council's Future Fund, in particular the sources of contributions to for reinvestment;
- clarity on the type of investments Council will undertake in order to drive development of revenue streams in addition to rates income; and
- guidance for evaluation of investments to be considered by Council and ensure all investments are consistently measured for their financial return to Council.

Council adopted the current Policy in January 2022, and a scheduled review has been conducted. The current Policy is shown here [Link 2](#).

The review recommends no substantive amendments, but has clarified and simplified wording of the current policy, and proposes changing the policy name to **Future Fund Reserve Policy** to better reflect its scope.

The proposed Future Fund Reserve Policy with tracked changes is shown in **Attachment C**. The proposed revised Future Fund Reserve Policy is shown in **Attachment D**.

A table of the key changes and comments for both Policies is included in **Attachment E**.

This report seeks Council adoption of the updated Treasury Policy and updated Future Fund & Investment Policy (renamed Future Fund Reserve Policy).

RECOMMENDATION

The following recommendation will be presented to Council on 25 March 2025 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL THAT COUNCIL

1. Adopts the updated Treasury Policy as contained in Attachment B to Item 7.4 on the Agenda for the meeting of the City Finance and Governance Committee held on 18 March 2025.
 2. Adopts the updated Future Fund Reserve Policy (formerly “Future Fund & Investment Policy”) as contained in Attachment D to Item 7.4 on the Agenda for the meeting of the City Finance and Governance Committee held on 18 March 2025.
 3. Notes the table summarising changes made to the Treasury Policy and Future Fund Reserve Policy (formerly “Future Fund & Investment Policy”) as contained in Attachment E to Item 7.4 on the Agenda for the City Finance and Governance Committee held on 18 March 2025.
 4. Authorises the Chief Executive Officer (or delegate) to make minor, typographical, syntactical and technical updates to the Treasury Policy as contained in Attachment B, and the Future Fund Reserve Policy (formerly “Future Fund & Investment Policy”) as contained in Attachment D to Item 7.4 on the Agenda for the City Finance and Governance Committee held on 18 March 2025 to finalise the document.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Create, maintain and integrate plans and policies that reflect, and guide decision making and support our city and our community to thrive.
Policy	This report proposes minor changes to the existing Treasury Policy. The review recommends no substantive amendments, but has clarified and simplified wording of the current policy, and proposes changing the policy name to Future Fund Reserve Policy to better reflect its scope.
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Section 132A of the <i>Local Government Act 1999 (SA)</i> (the Act) requires Council to have appropriate policies, practices and procedures implemented and maintained in order- 1. to ensure compliance with any statutory requirements; and 2. to achieve and maintain standards of good public administration Section 123 of the Act authorises the entry into borrowings up to the amount specified in the annual business plan and budget. Section 134 of the Act defines the requirements around council borrowing and related financial arrangements.
Opportunities	Not as a result of this report
24/25 Budget Allocation	Not as a result of this report
Proposed 25/26 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
24/25 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

Treasury Policy

1. The Treasury Policy (the Policy) is scheduled to be reviewed every two years. The most recent review of the Treasury Policy was in 2022.
2. The Policy will now be scheduled for review every four years in line with the term of Council.
3. The Policy defines and regulates Council's borrowing and related financial arrangements, and how this is to be conducted, guided by section 123 and section 134 of the *Local Government Act 1999 (SA)* (the Act).
4. The recent review (including consideration of relevant sections of the Act) indicated no substantive amendments were needed at this time beyond clarity edits. However a more comprehensive revision is planned for completion in the next 12 months which will consider reviewing and refining the following elements in the context of current and forecast economic, financial and budgetary circumstances:
 - 4.1. guidelines for managing the council's financial assets, liabilities, and cash flow to ensure optimal liquidity, minimise risk, and maximise financial returns;
 - 4.2. strategies for cash and debt management, borrowing, and investments (including criteria for selecting financial instruments and counterparties);
 - 4.3. roles and responsibilities of staff involved in treasury activity; and
 - 4.4. risk management procedures to mitigate interest rate, credit, and liquidity risks;
 - 4.5. compliance with legal and regulatory requirements;
 - 4.6. monitoring, reporting, and review processes to ensure transparency and accountability in treasury operations.
5. The updated Policy with tracked changes can be viewed at **Attachment A**.

Future Fund Reserve Policy (formerly Future Fund & Investment Policy)

6. The Future Fund & Investment Policy (the Policy) is scheduled to be reviewed every two years. The most recent review of the Policy was in 2022.
7. The Policy will now be scheduled for review every four years in line with the term of Council.
8. The purpose of this Policy is to define the operation of the Future Fund Reserve and defining the type of investments Council may undertake in order to drive development of revenue streams.
9. The review recommends no substantive amendments, but has clarified and simplified wording of the current policy, including the recognition of the Future Fund Reserve as an equity reserve, and proposes changing the policy name to Future Fund Reserve Policy to better reflect its scope.
10. The updated Policy with tracked changes can be viewed at **Attachment C**, and without tracked changes at Attachment D.

Summary of changes made to the two policies

11. Changes made to the Treasury Policy and the Future Fund Reserve Policy are summarised in a table of key changes and comments (**Attachment E**).

DATA AND SUPPORTING INFORMATION

Link 1 - Treasury Policy (January 2022) [Link 1](#).

Link 2 - Future Fund and Investment Policy (January 2022) [Link 2](#)

ATTACHMENTS

Attachment A –Treasury Policy – Tracked changes

Attachment B –Treasury Policy – Revised no tracked changes

Attachment C – Future Fund Reserve Policy (formerly “Future Fund & Investment Policy”) - Tracked changes

Attachment D – Future Fund Reserve Policy – Revised no tracked changes

Attachment E - Treasury Policy and Future Fund Reserve Policy (formerly “Future Fund & Investment Policy”) - table of key changes and comments

- END OF REPORT -