

1990 - No. 354

**ANNUAL REPORTS (STATUTORY BODIES) ACT 1984 -
REGULATION**

(Relating to reporting of investment and liability portfolio
performance)

NEW SOUTH WALES



[Published in Gazette No. 80 of 22 June 1990]

HIS Excellency the Governor, with the advice of the Executive Council, and in pursuance of the Annual Reports (Statutory Bodies) Act 1984, has been pleased to make the Regulation set forth hereunder.

W. T. J. MURRAY
Acting Premier and Treasurer.

The Annual Reports (Statutory Bodies) Regulation 1985 is amended by inserting after clause 4 the following clauses:

Report of operations to includes decomparison of investment performance

4A. (1) The report under section 8 of the Act of the operations of a statutory body is to include, in the form of a comparison, details of the investment performance of the body in respect of its surplus funds and of the investment performance of the appropriate Treasury Corporation investment facilities.

(2) The appropriate Treasury Corporation investment facility is (in respect of any particular surplus funds) the one chosen by the statutory body from among the investment facilities made available under the description "Hour-Glass Investment

Facilities" by the Treasury Corporation to public authorities for investment of their surplus funds.

(3) The statutory body's choice of investment facility is to be made on the basis of the nature and term of the underlying liability to which the particular surplus funds relate, as determined in accordance with guidelines issued by the Treasurer.

(4) The statutory body is to notify the Treasurer of its choice of investment facilities for the purposes of the comparison, giving reasons for its choice, within 1 month after the beginning of the financial year to which the report relates.

(5) The Treasurer can disallow a statutory body's choice of investment facility 2nd substitute the Treasurer's own choice (advising the statutory body accordingly), in which case the comparison is to be based on the Treasurer's choice of investment facility.

(6) The following provisions apply to a comparison required by this clause:

- (a) investment performance is to be stated as an annual compound percentage rate of return;
- (b) the investment performance of an investment facility made available by the Treasury Corporation is as advised to statutory bodies by the Treasurer from time to time;
- (c) the comparison is to relate to investment performance during the financial year to which the report relates.

(7) For the purposes of the comparison, the following matters are to be as determined in accordance with guidelines issued to statutory bodies by the Treasurer from time to time:

- (a) which cash assets of a statutory body are to be considered to be its surplus funds;
- (b) the method of calculating investment return, including the method of calculating an annual return from an actual period of investment of less than a year;
- (c) the method of calculating and comparing investment return where there is a difference between the period of actual investment of funds and the period over which the return of the relevant Treasury Corporation investment facility is measured.

(8) This clause applies to a statutory body on and from the start of its first financial year that commences on or after 1 July 1990 (or such later date as the Treasurer may determine in a particular case).

Report of operations to include comparison of liability management performance

4B. (1) This clause applies to a statutory body that has a level of debt of or above the level determined by the Treasurer from time to time and notified to statutory bodies.

(2) The report under section 8 of the Act of the operations of a statutory body to which this clause applies is to include, in the form of a comparison, details of the performance of the body's liability portfolio and the performance of the body's benchmark portfolio.

(3) A statutory body's benchmark portfolio is a notional portfolio maintained by the body and constructed in accordance with guidelines issued by the Treasurer so as to be risk neutral.

(4) The comparison required by this clause:

- (a) is to be in terms of the measure or measures advised in guidelines issued by the Treasurer; and
- (b) is to relate to liability portfolio performance during the financial year to which the report relates.

(5) This clause applies to a statutory body on and from the start of its first financial year that commences on or after 1 July 1990 (or such later date as the Treasurer may determine in a particular case).

EXPLANATORY NOTE

The object of this regulation is to require a statutory body to include in its report of operations under the Annual Reports (Statutory Bodies) Act 1984:

- (a) a comparison of the Performance of its surplus fund investments with the performance of comparable investment facilities made available by the Treasury Corporation for the investment of the surplus funds of statutory bodies; and
- (b) a comparison of the performance of its liability portfolio with the performance of a risk neutral liability portfolio.
