
Investments - July 2022

Responsible Officer: Group Manager Corporate and Commercial (Guy Bezrouchko)

Recommendation

That Council receive and note the Investments for July 2022.

Background

Clause 212 of the *Local Government (General) Regulation 2021* and Council's 'Investments' policy require that a report detailing Council's investments be provided. This report has been prepared as at 31 July 2022.

Finance

RBA cash rate

At the RBA's July 2022 meeting, it was decided to increase the cash rate to 1.35%. The Board decided the increase in interest rates is a further step in the withdrawal of the extraordinary monetary support that was put in place to help insure the Australian economy against the worst possible effects of the pandemic. The 90-day average bank bill swap rate (BBSW) has increased to 2.07%.

Total funds invested as at 31 July 2022 = \$39,080,010

Return for July 2022 = 1.48%

The weighted average return on funds invested for the month of July 2022 was 1.48%. This represents an increase of 43 basis point compared to the May 2022 result (1.05%) and is 59 basis points below Council's benchmark (the average 90-day BBSW rate of 2.07%) (Refer: Graph D2 - Attachment D).

Interest earned for July 2022 = \$49,948

Interest earned compared to the original budget is \$38,440 above the pro-rata budget (Refer: Attachment A). It is now clear that the underlying assumptions used in developing the budget have changed and inflation is seeing rates climb quite quickly in the market. Finance staff will review the interest earned forecast and report any variations through the Quarterly Budget Review Statements throughout the year.

Cheque account balance as at 31 July 2022 = \$258,643

Ethical holdings represent 33.50% of the total portfolio

Current holdings in Ethical Financial Institutions equals \$13,000,000. The assessment of Ethical Financial Institutions is undertaken using www.marketforces.org.au which is an affiliate project of the Friends of the Earth Australia (Refer: Graph D4 - Attachment D).

Legal

All investments are in accordance with section 625 of the *Local Government Act 1993*, clause 212 of the *Local Government (General) Regulation 2021* and Council's 'Investments' policy.

Conclusion

A report on investments is required to be submitted to Council. As at 31 July 2022, investments total \$39,080,010 and the average rate of return is estimated at 1.48%.

Attachments

- A. Investment analysis
- B. Investment by type
- C. Investment by Institution
- D. Total funds invested - comparisons
- E. Summary of indebtedness

Investment analysis report 31 May 2022

Attachment A

Funds Invested With	S & P Local Long Term Rating	Product Name	Ethical ADIs	Lodgement Date	Maturity Date	% of Portfolio	31 Jul 22 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		6.60	2,580,010.04	1.45	3,233.64	3,233.64
Bank of Queensland	BBB+	TD	Yes	20/10/2020	18/10/2022	1.28	500,000.00	0.80	339.73	339.73
Bank of Queensland	BBB+	TD	Yes	24/8/2021	23/8/2022	1.28	500,000.00	0.45	191.10	191.10
Bank of Queensland	BBB+	TD	Yes	31/8/2021	2/8/2022	1.28	500,000.00	0.43	182.60	182.60
AMP Bank	BBB	TD	No	14/9/2021	13/9/2022	1.28	500,000.00	0.45	191.10	191.10
ME Bank	BBB+	TD	No	21/9/2021	20/9/2022	2.56	1,000,000.00	0.40	339.73	339.73
MyState Bank Limited	BBB+	TD	Yes	28/9/2021	27/9/2022	1.28	500,000.00	0.45	191.10	191.10
Commonwealth Bank of Australia	AA-	TD	No	5/10/2021	4/10/2022	2.56	1,000,000.00	0.36	305.75	305.75
Westpac Banking Corporation	AA-	TD	No	12/10/2021	11/10/2022	1.28	500,000.00	0.40	169.86	169.86
Westpac Banking Corporation	AA-	TD	N/A	19/10/2021	18/10/2022	2.56	1,000,000.00	0.46	390.68	390.68
Westpac Banking Corporation	AA-	TD	No	26/10/2021	25/10/2022	1.28	500,000.00	0.49	208.08	208.08
Judo Bank	BBB-	TD	Yes	2/11/2021	1/11/2022	1.28	500,000.00	1.01	428.90	428.90
Summerland Credit Union	UNRATED	TD	Yes	9/11/2021	6/12/2022	1.28	500,000.00	0.65	276.03	276.03
AMP Bank	BBB	TD	No	16/11/2021	8/11/2022	1.28	500,000.00	1.00	424.66	424.66
AMP Bank	BBB	TD	No	16/11/2021	15/11/2022	1.28	500,000.00	1.00	424.66	424.66
ME Bank	BBB+	TD	No	23/11/2021	22/11/2022	2.56	1,000,000.00	0.65	552.05	552.05
Auswide Bank Ltd	BBB+	TD	Yes	30/11/2021	29/11/2022	2.56	1,000,000.00	0.80	679.45	679.45
Judo Bank	BBB-	TD	Yes	30/11/2021	22/11/2022	1.28	500,000.00	1.10	467.12	467.12
AMP Bank	BBB	TD	No	30/11/2021	29/11/2022	1.28	500,000.00	1.00	424.66	424.66
Westpac Banking Corporation	AA-	TD	No	7/12/2021	6/12/2022	2.56	1,000,000.00	0.58	492.60	492.60
ING Bank Aust Ltd	A	TD	No	7/12/2021	13/12/2022	2.56	1,000,000.00	0.60	509.59	509.59
Westpac Banking Corporation	AA-	TD	No	4/1/2022	4/1/2023	1.28	500,000.00	0.68	288.77	288.77
National Australia Bank Limited	AA-	TD	No	11/1/2022	10/1/2023	2.56	1,000,000.00	0.65	552.05	552.05
Commonwealth Bank of Australia	AA-	TD	N/A	18/1/2022	18/1/2023	2.56	1,000,000.00	0.50	424.66	424.66
Commonwealth Bank of Australia	AA-	TD	N/A	8/2/2022	8/8/2022	2.56	1,000,000.00	0.40	339.73	339.73
Westpac Banking Corporation	AA-	TD	No	16/2/2022	16/2/2023	2.56	1,000,000.00	0.95	806.85	806.85
Westpac Banking Corporation	AA-	TD	Yes	22/2/2022	22/2/2023	2.56	1,000,000.00	0.88	747.40	747.40
Westpac Banking Corporation	AA-	TD	Yes	23/2/2022	7/3/2023	2.56	1,000,000.00	0.94	798.36	798.36
Westpac Banking Corporation	AA-	TD	Yes	23/2/2022	14/3/2023	2.56	1,000,000.00	0.94	798.36	798.36

Funds Invested With	S & P Local Long Term Rating	Product Name	Ethical ADIs	Lodgement Date	Maturity Date	% of Portfolio	31 July 22 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
ING Bank Aust Ltd	A	TD	No	1/3/2022	28/2/2023	1.28	1,000,000.00	0.80	679.45	679.45
Westpac Banking Corporation	AA-	TD	No	8/3/2022	8/3/2023	2.56	1,000,000.00	1.00	849.32	849.32
Macquarie Bank Limited	A+	TD	No	23/3/2022	20/9/2022	2.56	1,000,000.00	0.85	721.92	721.92
ING Bank Aust Ltd	A	TD	No	5/4/2022	4/4/2023	2.56	1,000,000.00	1.68	1,426.85	1,426.85
Bank of Queensland	BBB+	TD	Yes	19/4/2022	19/4/2023	2.56	1,000,000.00	1.90	1,613.70	1,613.70
MyState Bank Limited	BBB+	TD	No	29/4/2022	2/5/2023	2.56	1,000,000.00	2.60	2,208.22	2,208.22
Commonwealth Bank of Australia	AA-	TD	No	29/4/2022	2/5/2023	2.56	1,000,000.00	2.72	2,310.14	2,310.14
Commonwealth Bank of Australia	AA-	TD	No	3/5/2022	2/5/2023	2.56	1,000,000.00	2.74	2,327.12	2,327.12
Commonwealth Bank of Australia	AA-	TD	No	10/5/2022	10/5/2023	2.56	1,000,000.00	3.01	2,556.44	2,556.44
Bank Of Queensland	BBB+	TD	Yes	31/5/2022	6/6/2023	2.56	1,000,000.00	3.20	2,717.81	2,717.81
Commonwealth Bank of Australia	AA-	TD	No	14/6/2022	13/6/2023	2.56	1,000,000.00	3.89	3,303.84	3,303.84
Commonwealth Bank of Australia	AA-	TD	N/A	28/6/2022	28/6/2023	2.56	1,000,000.00	3.95	3,354.79	3,354.79
ING Bank Aust Ltd	A	TD	N/A	30/6/2022	30/6/2023	2.56	1,500,000.00	4.05	5,159.59	5,159.59
ING Bank Aust Ltd	A	TD	N/A	29/6/2022	4/7/2023	3.84	1,500,000.00	4.00	5,095.89	5,095.89
MATURED TDs									44.93	44.93
						100.00	39,080,010.04	1.48	49,948.43	49,948.43

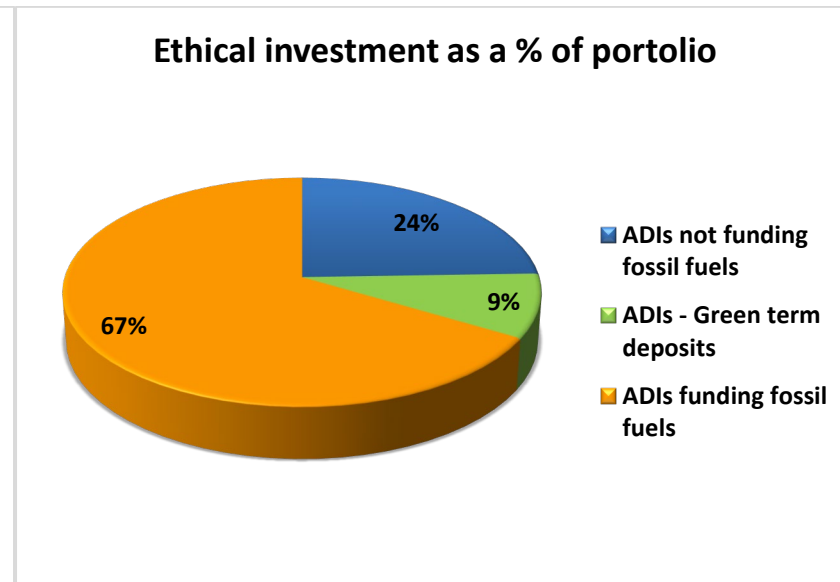
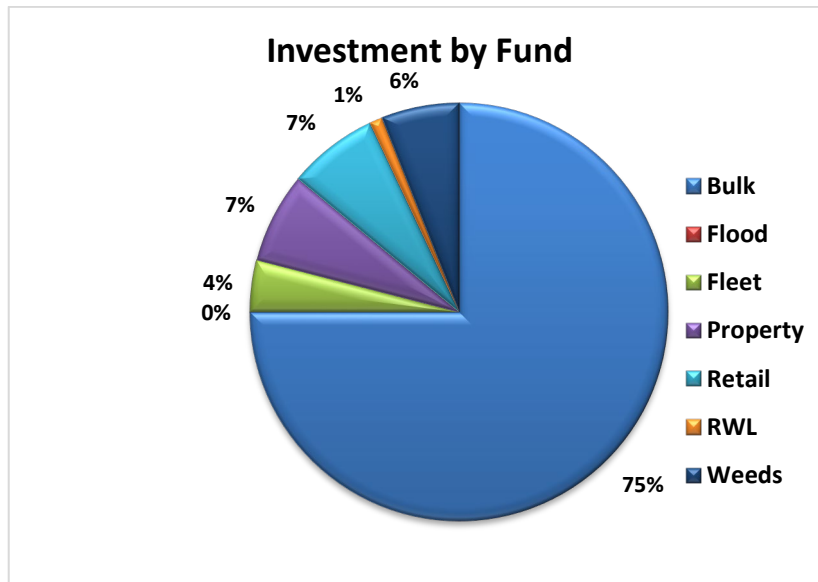
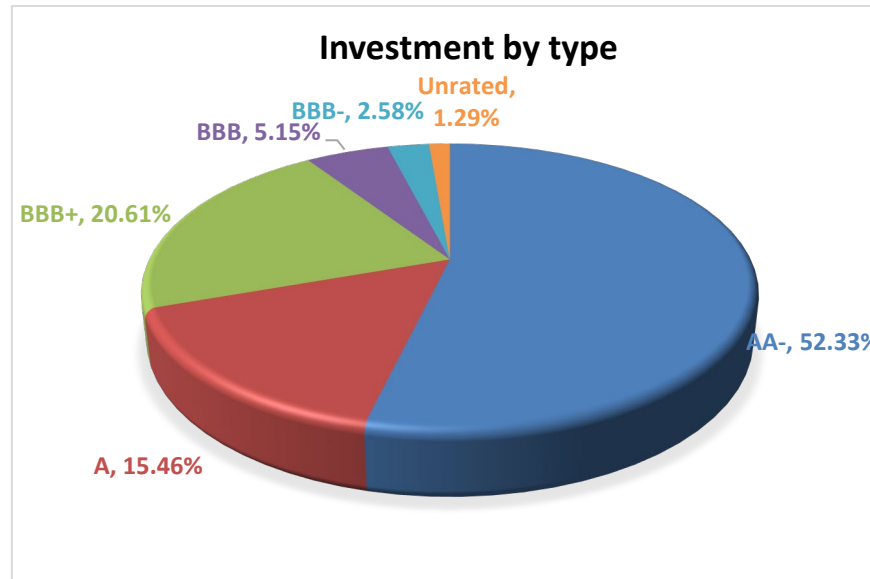
Total Investment Holdings

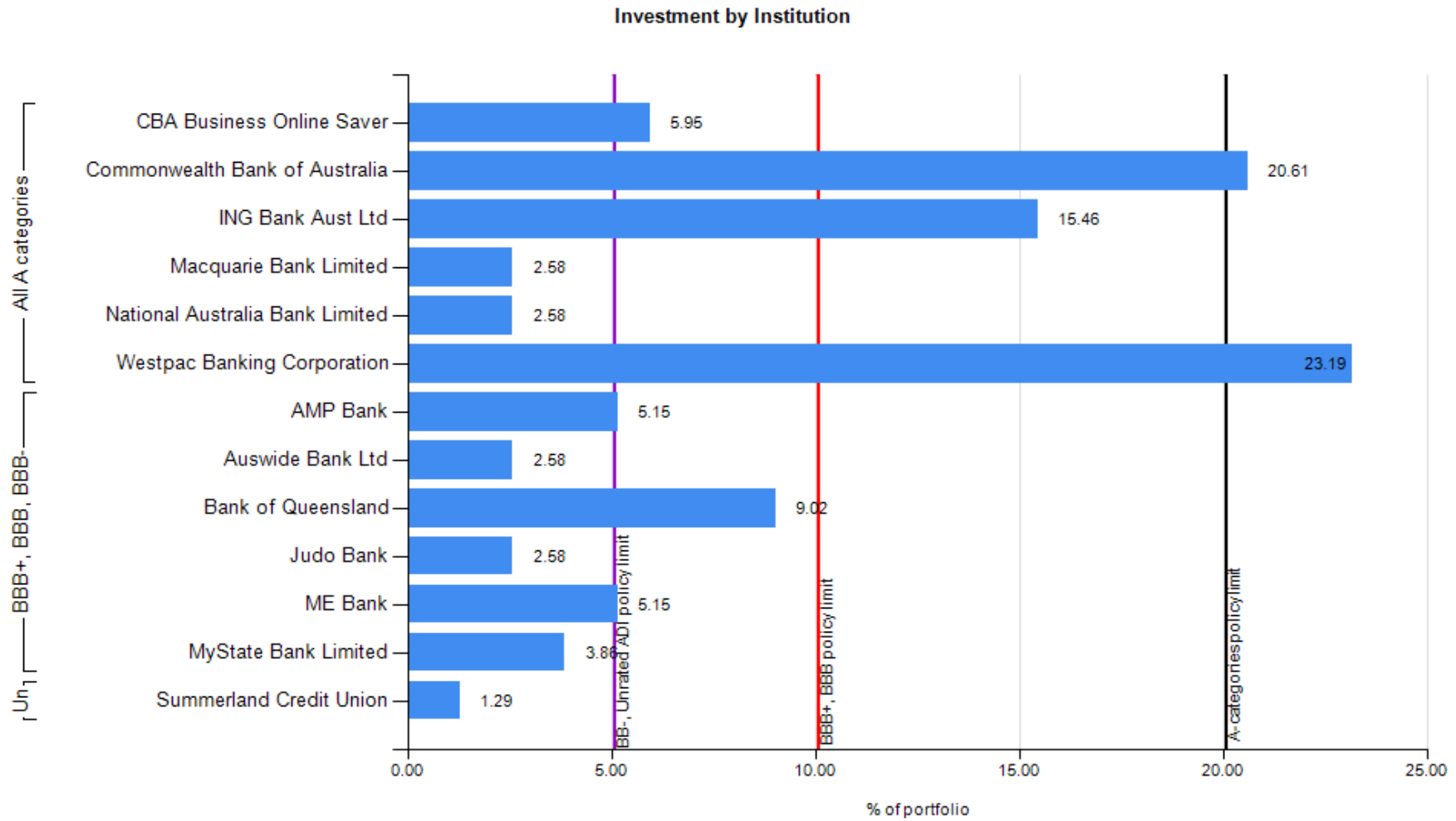
100.00	39,080,010.04	49,948.43	49,948.43
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Total YTD Interest **49,948.43**

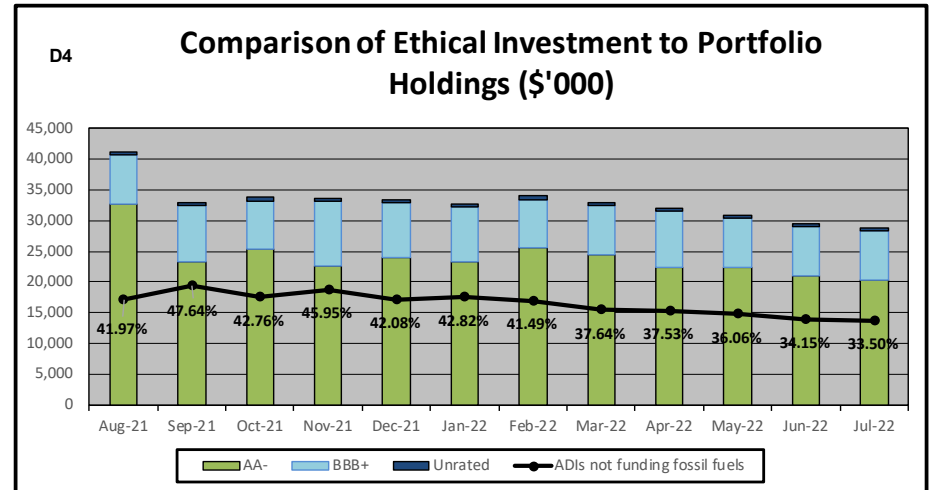
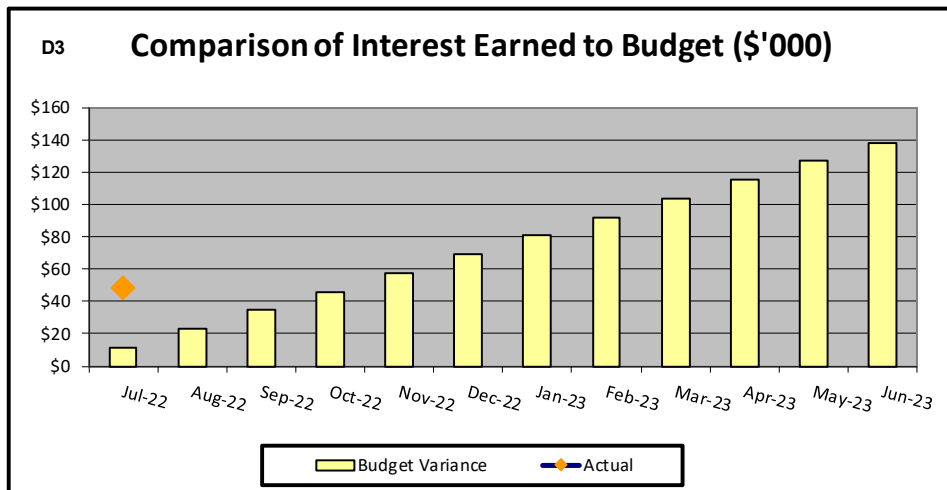
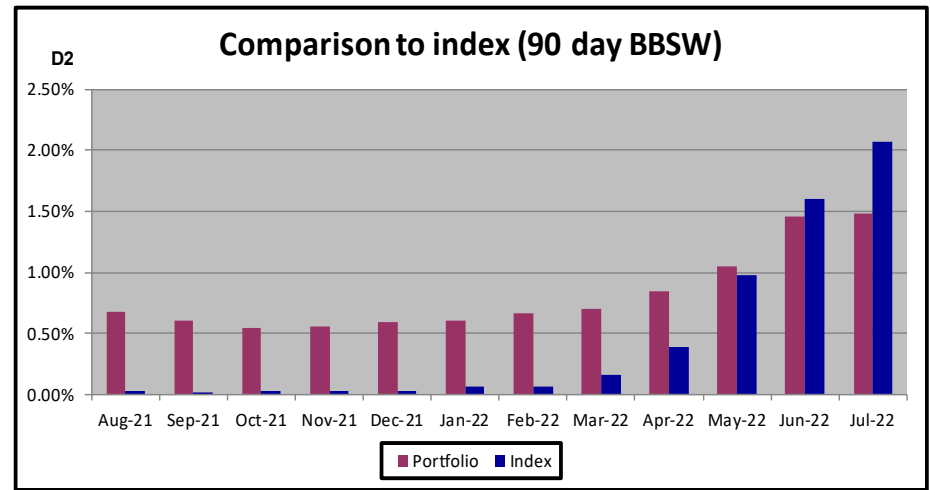
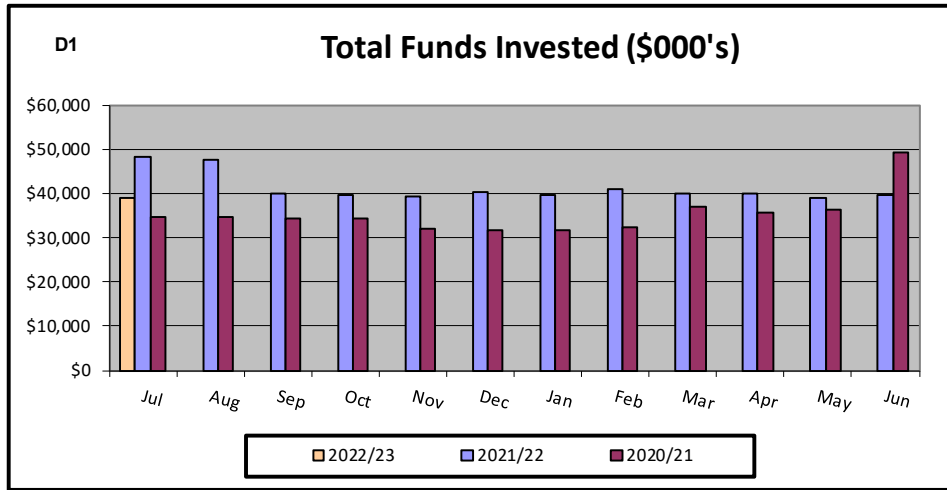
Budget Interest @ 31 July 2022 **11,508.33**

Budget variance **38,440.10**





Note: Institutions shown with "*" and in red are in breach of council policy.



Summary of indebtedness as at 31 July 2022

Information	Loan #1	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6	Loan #7	Total
Institution	CBA	CBA	CBA	Dexia	NAB	NAB	Tcorp	
Principal Borrowed	\$ 2,000,000	\$ 3,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 13,500,000	\$ 58,500,000
Date Obtained	9-Jun-04	31-May-05	31-May-06	21-Feb-07	31-May-07	25-Sep-07	7-Jun-21	
Term (Years)	20	20	20	20	20	20	20	
Interest Rate	6.82%	6.25%	6.37%	6.40%	6.74%	6.85%	2.68%	
Date Due	10-Jun-24	31-May-25	31-May-26	21-Feb-27	31-May-27	25-Sep-27	7-Jun-41	
Annual Commitment	\$ 184,785	\$ 264,921	\$ 891,595	\$ 893,507	\$ 917,390	\$ 925,933	\$ 876,390	\$ 4,954,520
Principal Repaid LTD	\$ 1,659,984	\$ 2,285,450	\$ 6,894,998	\$ 6,555,091	\$ 6,145,783	\$ 5,809,053	\$ 518,038	\$ 29,868,395
Interest Incurred LTD	\$ 1,666,148	\$ 2,218,202	\$ 7,370,525	\$ 7,296,608	\$ 7,615,062	\$ 7,616,970	\$ 358,352	\$ 34,141,867
Principal Outstanding	\$ 340,016	\$ 714,550	\$ 3,105,002	\$ 3,444,909	\$ 3,854,217	\$ 4,190,948	\$ 12,981,962	\$ 28,631,605
Interest Outstanding	\$ 29,554	\$ 80,212	\$ 461,378	\$ 576,552	\$ 753,428	\$ 913,572	\$ 3,669,452	\$ 6,484,148