
Investment Report - September 2022

Responsible Officer: Group Manager Corporate and Commercial (Geoff Ward)

Recommendation

That Council receive and note the Investments for September 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 30 September 2022.

Finance

RBA cash rate

At the RBA's 7 September 2022 meeting, it was decided to increase the cash rate by 50 basis points to 2.35%. The Board is committed to returning inflation to the 2–3 per cent range over time. September's increase in interest rates is designed to achieve this goal and they have stated further increases are likely to be required over the period ahead. The 90-day average bank bill swap rate (BBSW) has increased to 3.09%.

Cash and Investment Portfolio as at 30 September 2022

As at 30 September 2022 the Cheque Account had a balance of \$605,710 and other funds invested in by Council has a balance \$38,668,722. The total portfolio balance as at 30 September 2022 is \$39,274,432.

Weighted Average Return for September 2022

The weighted average return on funds invested for the month of September 2022 was 1.99%. This represents an increase of 51 basis point compared to the July 2022 result (1.48%) and is 110 basis points below Council's benchmark (the average 90-day BBSW rate of 3.09%) (Refer: Graph D2 - Attachment D).

Interest Earned for September 2022

Total interest revenue of \$60,401.54.

Interest earned compared to the original budget is \$131,097 above the pro-rata budget (Refer: Attachment A).

Ethical Holdings as at 30 September 2022

Current holdings in Ethical Financial Institutions equals \$11,998,904 or 31.03% of the total portfolio. 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

Investments are to be made 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.

Council has been advised of minor breaches to our investment policy. These were brought to our attention by NSW Treasury Corporation and were the result of errors in the existing process. The workpapers were not designed to analyse both the portfolio limits and single entity exposure limits as needed. The investment procedure has since been updated to include a comprehensive analysis of all investment options to ensure all future investments comply with Council's Investment policy. Staff are investigating the breach and will furnish a report to the Audit Risk and Improvement Committee regarding the matter.

Conclusion

A report on investments is required to be submitted to Council. As at 30 September 2022, cash and investments total \$39,274,432 and the average rate of return is estimated at 1.99%.

Attachments

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

Funds Invested With	S & P Local Long Term Rating	Product Name	Ethical ADIs	Lodgement Date	Maturity Date	% of Portfolio	30 Sept 22 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		6.90	2,668,722.02	1.95	5,399.07	14,111.05
Bank of Queensland	BBB+	TD	Yes	20/10/2020	18/10/2022	1.29	500,000.00	0.80	328.77	1,008.22
Commonwealth Bank of Australia	AA-	TD	No	5/10/2021	4/10/2022	2.59	1,000,000.00	0.36	295.89	907.40
Westpac Banking Corporation	AA-	TD	No	12/10/2021	11/10/2022	1.29	500,000.00	0.40	164.38	504.11
Westpac Banking Corporation	AA-	TD	Yes	19/10/2021	18/10/2022	2.59	1,000,000.00	0.46	378.08	1,159.45
Westpac Banking Corporation	AA-	TD	No	26/10/2021	25/10/2022	1.29	500,000.00	0.49	201.37	617.53
Judo Bank	BBB-	TD	Yes	2/11/2021	1/11/2022	1.29	500,000.00	1.01	415.07	1,272.88
Summerland Credit Union	UNRATED	TD	Yes	9/11/2021	6/12/2022	1.29	500,000.00	0.65	267.12	819.18
AMP Bank	BBB	TD	No	16/11/2021	8/11/2022	1.29	500,000.00	1.00	410.96	1,260.27
AMP Bank	BBB	TD	No	16/11/2021	15/11/2022	1.29	500,000.00	1.00	410.96	1,260.27
ME Bank	BBB+	TD	No	23/11/2021	22/11/2022	2.59	1,000,000.00	0.65	534.25	1,638.36
Auswide Bank Ltd	BBB+	TD	Yes	30/11/2021	29/11/2022	2.59	1,000,000.00	0.80	657.53	2,016.44
Judo Bank	BBB-	TD	Yes	30/11/2021	22/11/2022	1.29	500,000.00	1.10	452.05	1,386.30
AMP Bank	BBB	TD	No	30/11/2021	29/11/2022	1.29	500,000.00	1.00	410.96	1,260.27
Westpac Banking Corporation	AA-	TD	No	7/12/2021	6/12/2022	2.59	1,000,000.00	0.58	476.71	1,461.92
ING Bank Aust Ltd	A	TD	No	7/12/2021	13/12/2022	2.59	1,000,000.00	0.60	493.15	1,512.33
Westpac Banking Corporation	AA-	TD	No	4/1/2022	4/1/2023	1.29	500,000.00	0.68	279.45	856.99
National Australia Bank Limited	AA-	TD	No	11/1/2022	10/1/2023	2.59	1,000,000.00	0.65	534.25	1,638.36
Commonwealth Bank of Australia	AA-	TD	Yes	18/1/2022	18/1/2023	2.59	1,000,000.00	0.50	410.96	1,260.27
Westpac Banking Corporation	AA-	TD	No	16/2/2022	16/2/2023	2.59	1,000,000.00	0.95	780.82	2,394.52
Westpac Banking Corporation	AA-	TD	Yes	22/2/2022	22/2/2023	2.59	1,000,000.00	0.88	723.29	2,218.08
Westpac Banking Corporation	AA-	TD	Yes	23/2/2022	7/3/2023	2.59	1,000,000.00	0.94	772.60	2,369.32
Westpac Banking Corporation	AA-	TD	Yes	23/2/2022	14/3/2023	2.59	1,000,000.00	0.94	772.60	2,369.32
Westpac Banking Corporation	AA-	TD	No	23/2/2022	28/3/2023	1.29	500,000.00	0.94	386.30	1,184.66
ING Bank Aust Ltd	A	TD	No	1/3/2022	28/2/2023	2.59	1,000,000.00	0.80	657.53	2,016.44
Westpac Banking Corporation	AA-	TD	No	8/3/2022	8/3/2023	2.59	1,000,000.00	1.00	821.92	2,520.55
ING Bank Aust Ltd	A	TD	No	5/4/2022	4/4/2023	2.59	1,000,000.00	1.68	1,380.82	4,234.52
Bank of Queensland	BBB+	TD	Yes	19/4/2022	19/4/2023	2.59	1,000,000.00	1.90	1,561.64	4,789.04

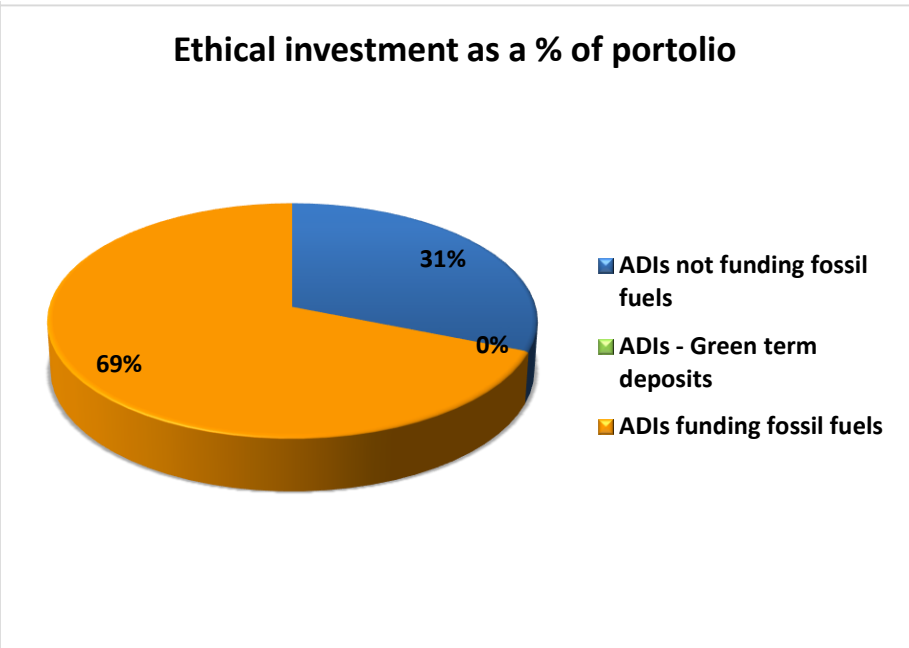
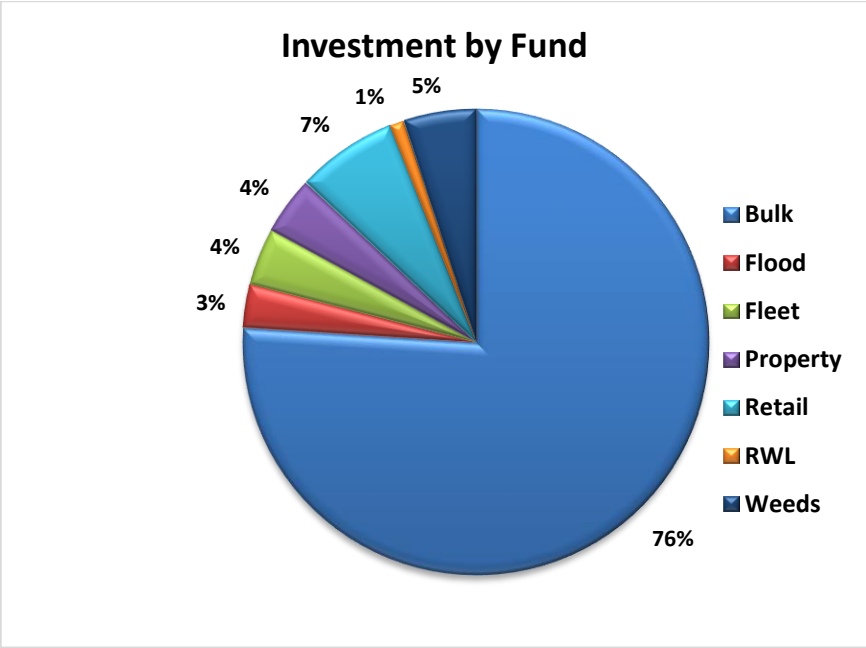
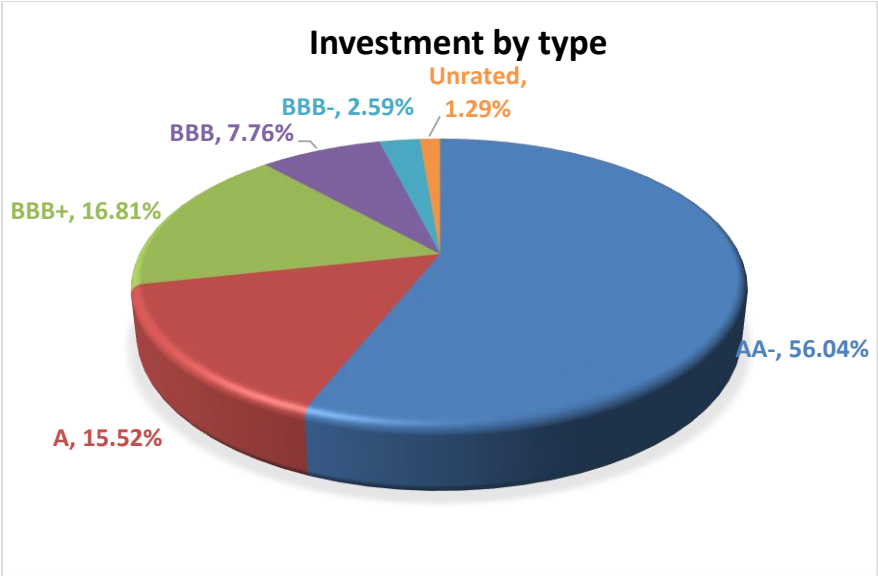
MyState Bank Limited	BBB+	TD	Yes	29/4/2022	2/5/2023	2.59	1,000,000.00	2.60	2,136.99	6,553.42	
Commonwealth Bank of Australia	AA-	TD	No	29/4/2022	2/5/2023	2.59	1,000,000.00	2.72	2,235.62	6,855.89	
Commonwealth Bank of Australia	AA-	TD	No	3/5/2022	2/5/2023	2.59	1,000,000.00	2.74	2,252.05	6,906.30	
Commonwealth Bank of Australia	AA-	TD	No	10/5/2022	10/5/2023	2.59	1,000,000.00	3.01	2,473.97	7,586.85	
Bank Of Queensland	BBB+	TD	Yes	31/5/2022	6/6/2023	2.59	1,000,000.00	3.20	2,630.14	8,065.75	
Commonwealth Bank of Australia	AA-	TD	No	14/6/2022	13/6/2023	2.59	1,000,000.00	3.89	3,197.26	9,804.93	
Commonwealth Bank of Australia	AA-	TD	No	28/6/2022	28/6/2023	2.59	1,000,000.00	3.95	3,246.58	9,956.16	
ING Bank Aust Ltd	A	TD	No	29/6/2022	4/7/2023	3.88	1,500,000.00	4.00	4,931.51	15,123.29	
ING Bank Aust Ltd	A	TD	No	30/6/2022	30/6/2023	3.88	1,500,000.00	4.05	4,993.15	15,312.33	
Bank of Queensland	BBB+	TD	Yes	2/8/2022	1/8/2023	1.29	500,000.00	3.85	1,582.19	3,164.38	
Westpac Banking Corporation	AA-	TD	No	23/8/2022	23/8/2023	5.17	2,000,000.00	4.13	6,789.04	8,825.75	
AMP Bank	BBB	TD	No	13/9/2022	13/9/2023	1.29	500,000.00	4.30	1,060.27	1,060.27	
AMP Bank	BBB	TD	No	20/9/2022	19/9/2023	2.59	1,000,000.00	4.50	1,356.16	1,356.16	
MyState Bank Limited	BBB+	TD	Yes	27/9/2022	26/9/2023	1.29	500,000.00	4.62	253.15	253.15	
MATURED TDs									884.93	4,749.18	
							100.00	38,668,722.02	1.9903	60,401.54	165,621.87

Total Investment Holdings

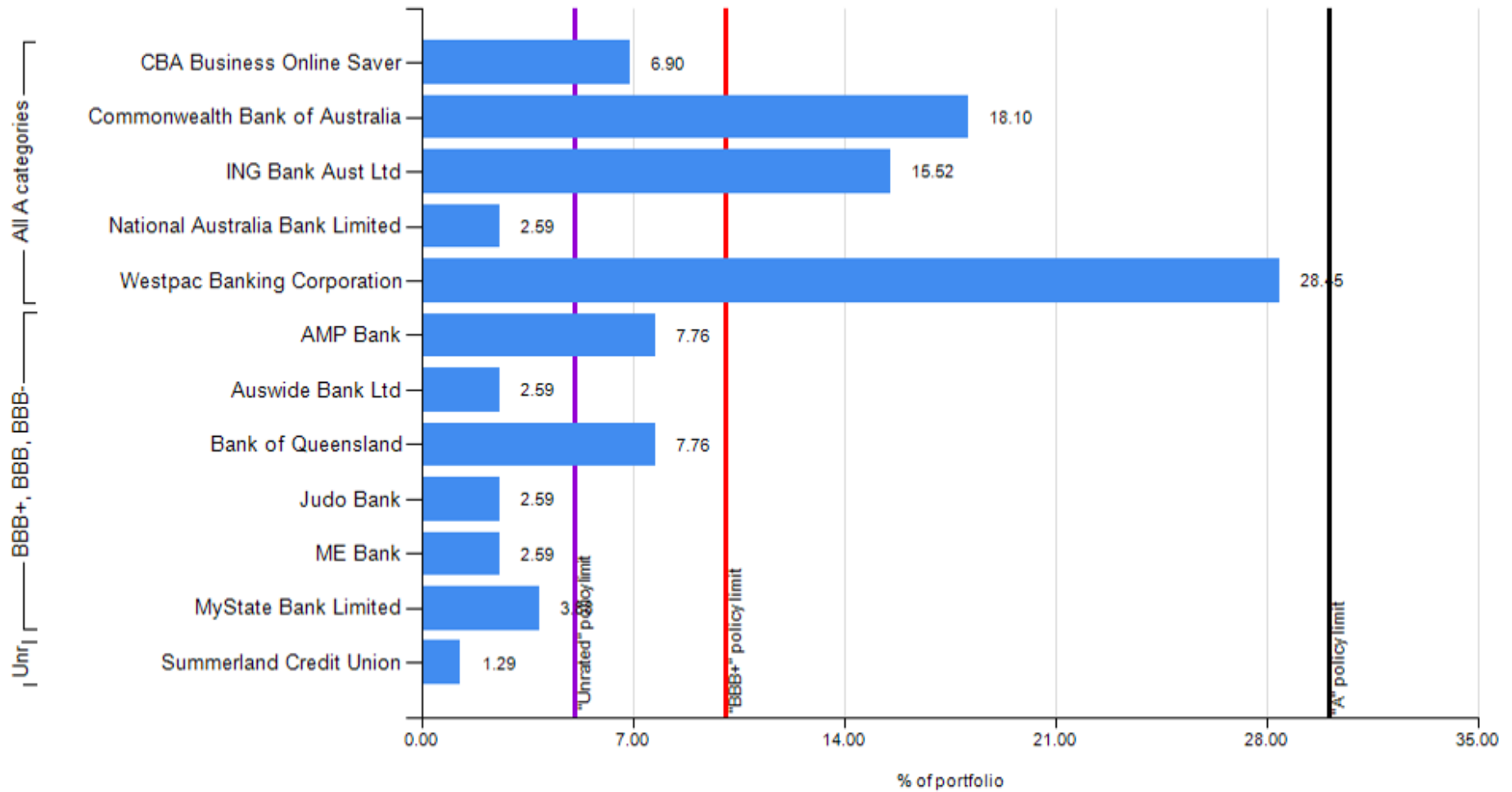
100.00	38,668,722.02	60,401.54	165,621.87
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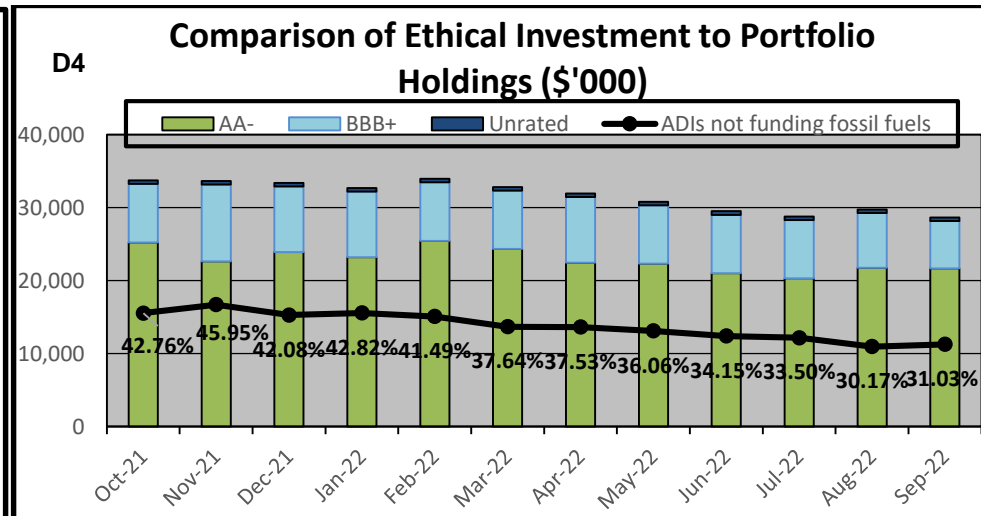
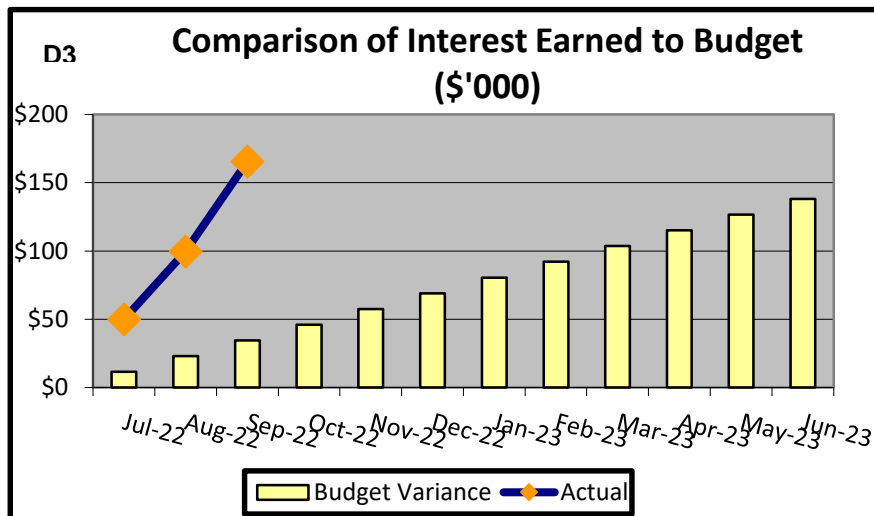
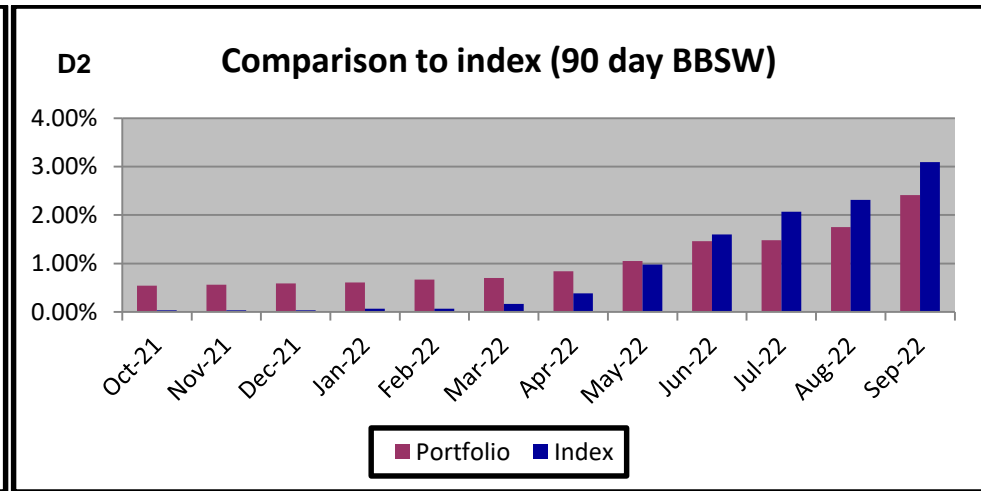
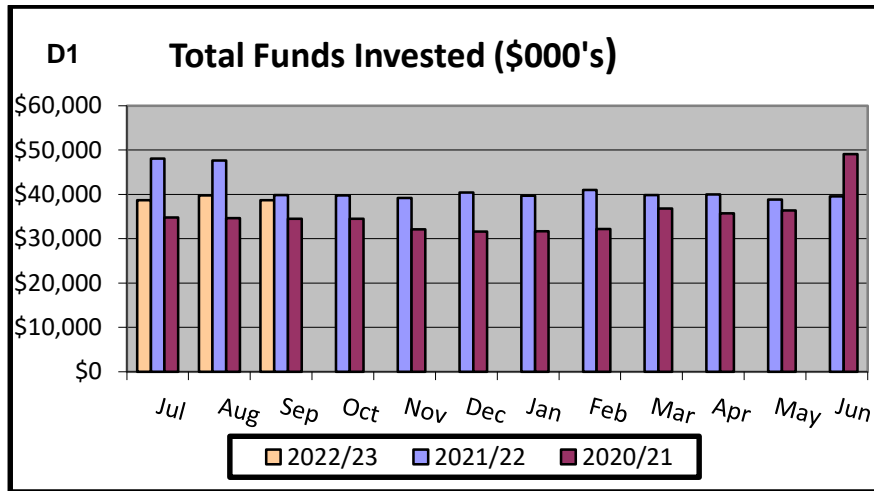
Total YTD Interest	165,621.87
Budget Interest @ 30 September 2022	34,525.00
Budget variance	131,096.87

(Excludes Cheque Account)



Investment by Institution





Summary of indebtedness as at 30 September 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	\$ 6,126,457	\$ 518,038	\$ 30,185,799
Interest Incurred LTD	\$ 1,666,148	\$ 2,218,202	\$ 7,370,525	\$ 7,296,608	\$ 7,615,062	\$ 7,762,533	\$ 358,352	\$ 34,287,430
Principal Outstanding	\$ 340,016	\$ 714,550	\$ 3,105,002	\$ 3,444,909	\$ 3,854,217	\$ 3,873,544	\$ 12,981,962	\$ 28,314,202
Interest Outstanding	\$ 29,554	\$ 80,212	\$ 461,378	\$ 576,552	\$ 753,428	\$ 768,009	\$ 3,669,452	\$ 6,338,585