
Investments - May 2023

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

Recommendation

That Council receive and note the Investments for May 2023.

Background

Clause 212 of the *Local Government (General) Regulation 2021* ('Regulation') and Council's 'Investments' policy require that a report detailing Council's investments be provided. This report has been prepared as at 31 May 2023.

Finance Report

The RBA cash rate is 3.85%

At the RBA's 2nd May 2023 meeting it was decided to increase the cash rate by 25 basis points to 3.85%. Members noted that inflation was still very high but had peaked, consumption growth was forecast to remain subdued for some time, and the unemployment rate was low and expected to rise gradually. Members judged that the forecasts were still consistent with the economy remaining on the narrow path on which inflation comes down steadily and the unemployment rate increases but remains below pre-pandemic levels.

Members reaffirmed the Board's determination to do what is required to bring inflation back to target, while emphasising that it is still seeking to traverse the narrow path. Members also agreed that further increases in interest rates may still be required, but that this would depend on how the economy and inflation evolve.

The 90-day average bank bill swap rate (BBSW) is 3.98%.

Total funds invested is \$37,647,829

This includes term investments and cheque account balance.

Weighted Average Return is 4.19%

This represents an increase of 48 basis point compared to the April 2023 result (3.71%) and is 21 basis points above Council's benchmark (the average 90-day BBSW rate of 3.98%) (Refer: Graph D2 - Attachment D).

Interest earned is \$146,231

Interest earned compared to the original budget is \$67,342 above the pro-rata budget. (Refer: Attachment A).

Cheque account balance is \$148,455

Weel account balance is \$25,016

This is a bank account with Cuscal Limited and is used to hold funds for a prepaid credit card app that is now in use by all corporate card holders at Rous.

Ethical holdings is \$4,999,632 (13.28% of current holdings)

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

In accordance with section 212(1)(b) of the Regulation, the Responsible Accounting Officer (currently the Finance Manager) certifies the investments identified in this report have been made in accordance with section 625 of the *Local Government Act 1993*, section 212 of the Regulation, and the provisions of Council's 'Investments' policy.

Conclusion

A report on investments is required to be submitted to Council. As at 31 May 2023, investments total \$37,647,829 and the average rate of return is estimated at 4.19%.

Attachments

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

Investment analysis report
Attachment A

Funds Invested With	S & P Local Long Term Rating	Product Name	Ethical ADIs	Lodgement Date	Maturity Date	% of Portfolio	31 May 23 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		13.67	5,147,829.03	1.95	26,741.48	115,818.99
Bank Of Queensland	BBB+	TD	Yes	31/5/2022	6/6/2023	2.66	1,000,000.00	3.20	2,717.81	29,369.86
Commonwealth Bank of Australia	AA-	TD	No	14/6/2022	13/6/2023	2.66	1,000,000.00	3.89	3,303.84	35,702.74
Commonwealth Bank of Australia	AA-	TD	No	28/6/2022	28/6/2023	2.66	1,000,000.00	3.95	3,354.79	36,253.42
ING Bank Aust Ltd	A	TD	No	29/6/2022	4/7/2023	3.98	1,500,000.00	4.00	5,095.89	55,068.49
ING Bank Aust Ltd	A	TD	No	30/6/2022	30/6/2023	3.98	1,500,000.00	4.05	5,159.59	55,756.85
Bank of Queensland	BBB+	TD	Yes	2/8/2022	1/8/2023	1.33	500,000.00	3.85	1,634.93	15,980.14
Westpac Banking Corporation	AA-	TD	No	23/8/2022	23/8/2023	5.31	2,000,000.00	4.13	7,015.34	63,816.99
AMP Bank	BBB	TD	No	13/9/2022	13/9/2023	1.33	500,000.00	4.30	1,826.03	15,373.97
AMP Bank	BBB	TD	No	20/9/2022	19/9/2023	2.66	1,000,000.00	4.50	3,821.92	31,315.07
MyState Bank Limited	BBB+	TD	Yes	27/9/2022	26/9/2023	1.33	500,000.00	4.62	1,961.92	15,632.05
Westpac Banking Corporation	AA-	TD	No	11/10/2022	10/10/2023	2.66	1,000,000.00	4.30	3,652.05	27,449.32
Commonwealth Bank of Australia	AA-	TD	No	18/10/2022	17/10/2023	2.66	1,000,000.00	4.42	3,753.97	27,367.67
Westpac Banking Corporation	AA-	TD	No	25/10/2022	24/10/2023	1.33	500,000.00	4.57	1,940.68	13,710.00
National Australia Bank Limited	AA-	TD	No	10/11/2022	14/11/2023	1.33	500,000.00	4.42	1,876.99	12,291.23
Commonwealth Bank of Australia	AA-	TD	No	22/11/2022	21/11/2023	2.66	1,000,000.00	4.52	3,838.90	23,652.60
Westpac Banking Corporation	AA-	TD	No	29/11/2022	28/11/2023	3.98	1,500,000.00	4.39	5,592.74	33,195.62
Westpac Banking Corporation	AA-	TD	No	6/12/2022	5/12/2023	2.66	1,000,000.00	4.29	3,643.56	20,803.56
National Australia Bank Limited	AA-	TD	No	6/12/2022	6/6/2023	1.33	500,000.00	4.08	1,732.60	9,892.60
Summerland Credit Union	UNRATED	TD	No	13/12/2022	13/6/2023	2.66	1,000,000.00	4.47	3,796.44	20,819.18
Commonwealth Bank of Australia	AA-	TD	Yes	18/1/2023	25/7/2023	2.66	1,000,000.00	4.32	3,669.04	15,859.73
ING Bank Aust Ltd	A	TD	No	8/3/2023	12/3/2024	2.66	1,000,000.00	4.98	4,229.59	11,597.26
Westpac Banking Corporation	AA-	TD	No	8/3/2023	12/9/2023	2.66	1,000,000.00	4.56	3,872.88	10,619.18

Macquarie Bank Limited	A+	TD	No	22/3/2023	19/3/2024	2.66	1,000,000.00	4.69	3,983.29	9,123.01
ING Bank Aust Ltd	A	TD	No	28/3/2023	26/3/2024	2.66	1,000,000.00	4.60	3,906.85	8,191.78
ING Bank Aust Ltd	A	TD	No	4/4/2023	2/4/2024	5.31	2,000,000.00	4.68	7,949.59	14,873.42
Bank of Queensland	BBB+	TD	Yes	19/4/2023	24/10/2023	2.66	1,000,000.00	4.70	3,991.78	5,536.99
National Australia Bank Limited	AA-	TD	No	2/5/2023	6/2/2024	5.31	2,000,000.00	4.53	7,446.58	7,446.58
MyState Bank Limited	BBB+	TD	Yes	2/5/2023	31/10/2023	2.66	1,000,000.00	4.82	3,961.64	3,961.64
National Australia Bank Limited	AA-	TD	No	10/5/2023	23/1/2024	5.31	2,000,000.00	4.70	5,665.75	5,665.75
National Australia Bank Limited	AA-	TD	No	23/5/2023	27/2/2024	2.66	1,000,000.00	4.83	1,190.96	1,190.96
MATURED TDs									3,901.10	251,441.10
						100.00	37,647,829.03	4.19	146,230.52	1,004,777.76

Total Investment Holdings

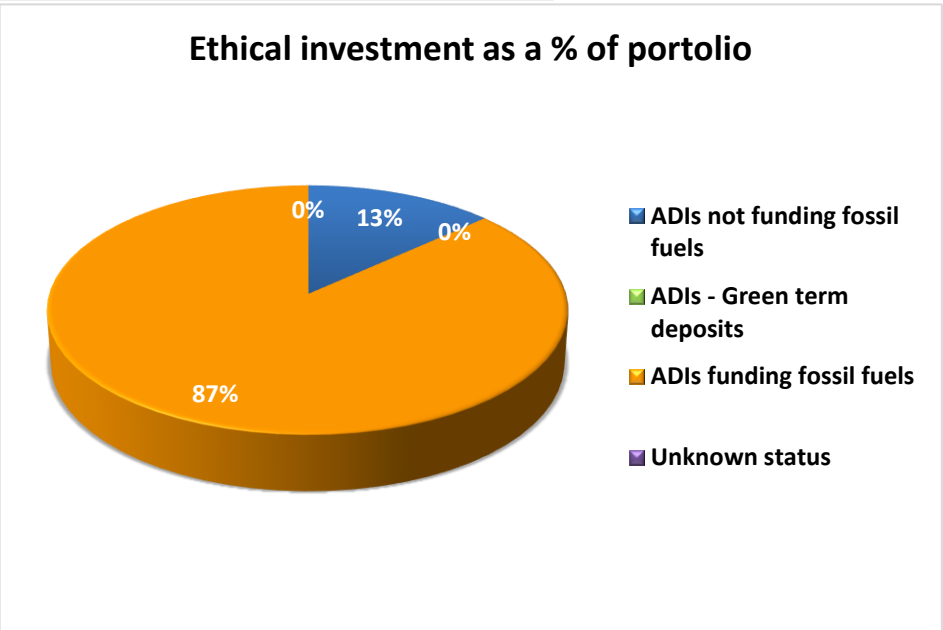
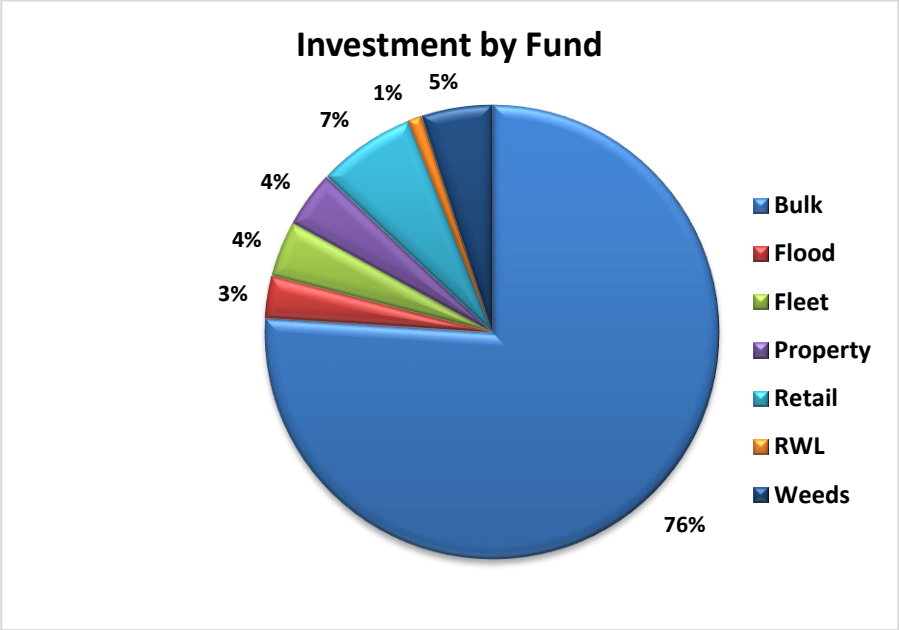
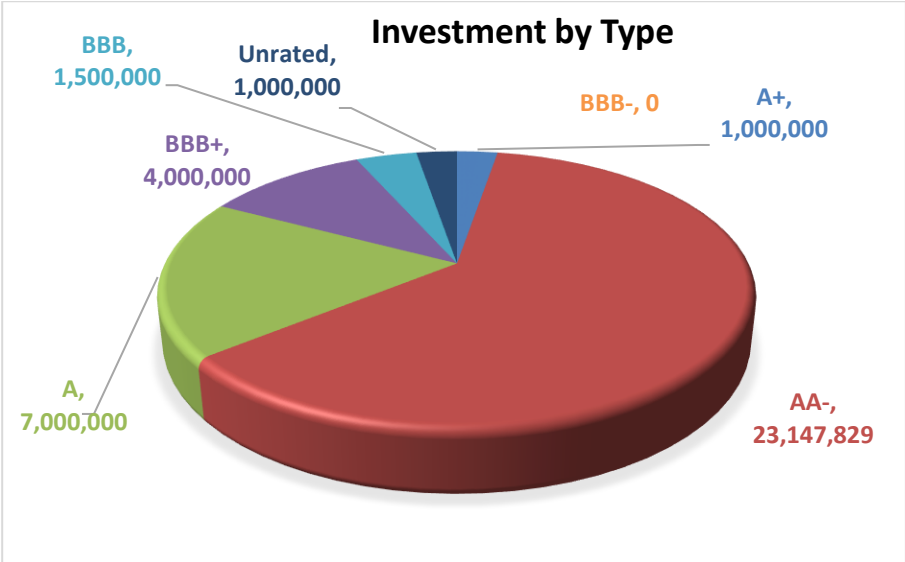
100.00	37,647,829.03	146,230.52	1,004,777.76
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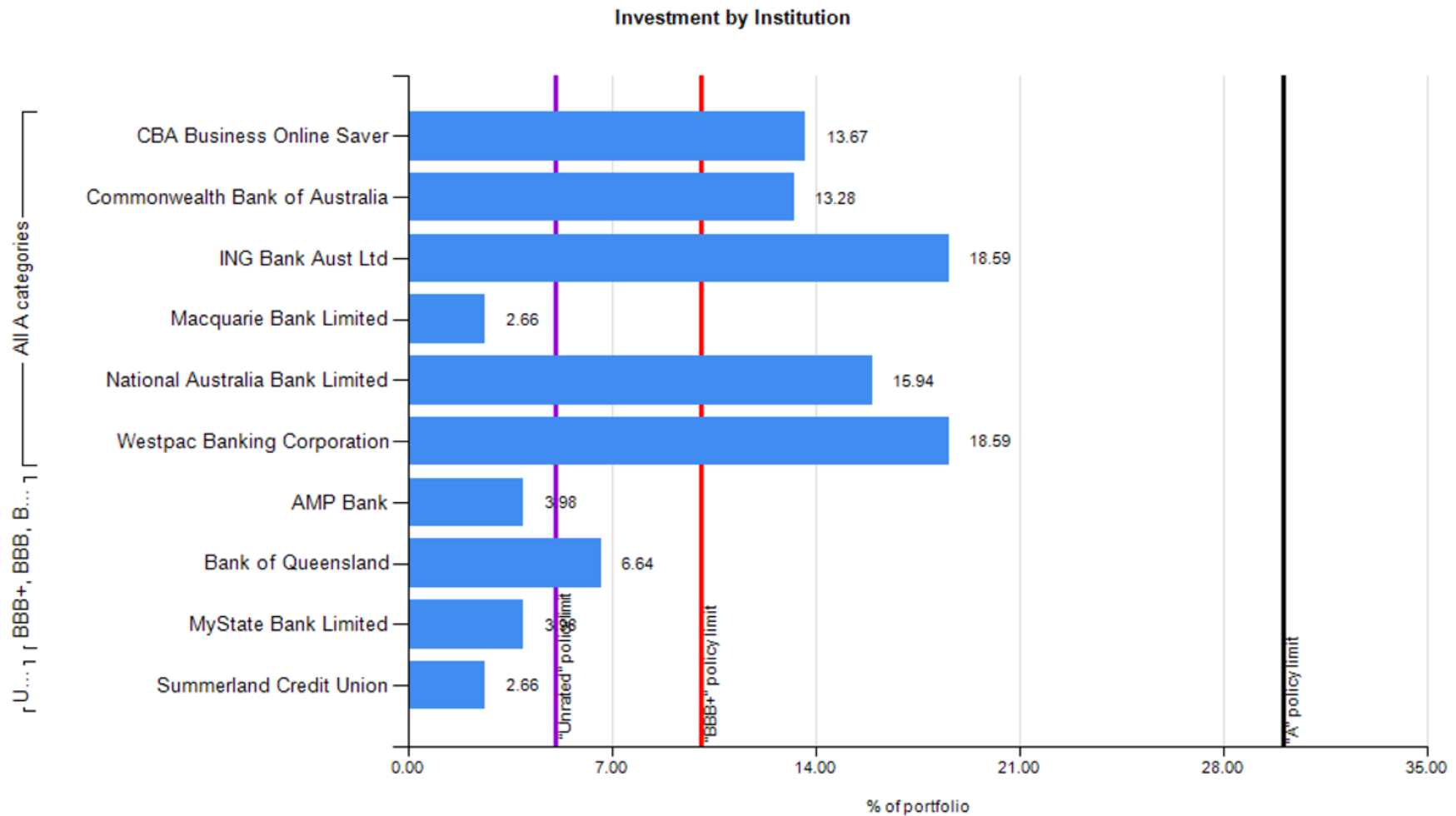
Total YTD Interest	1,004,777.76
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Budget Interest @ 31 May 2023	937,436.00
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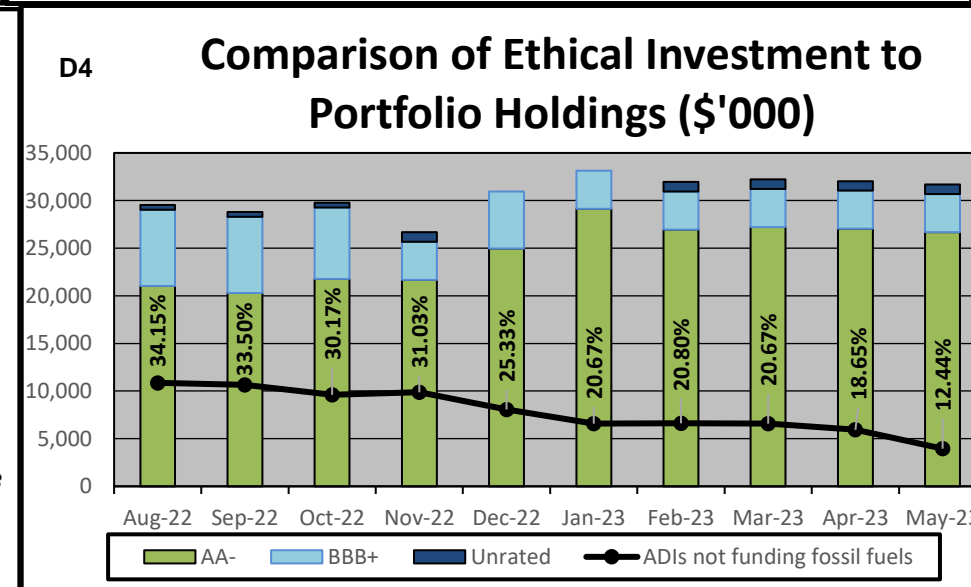
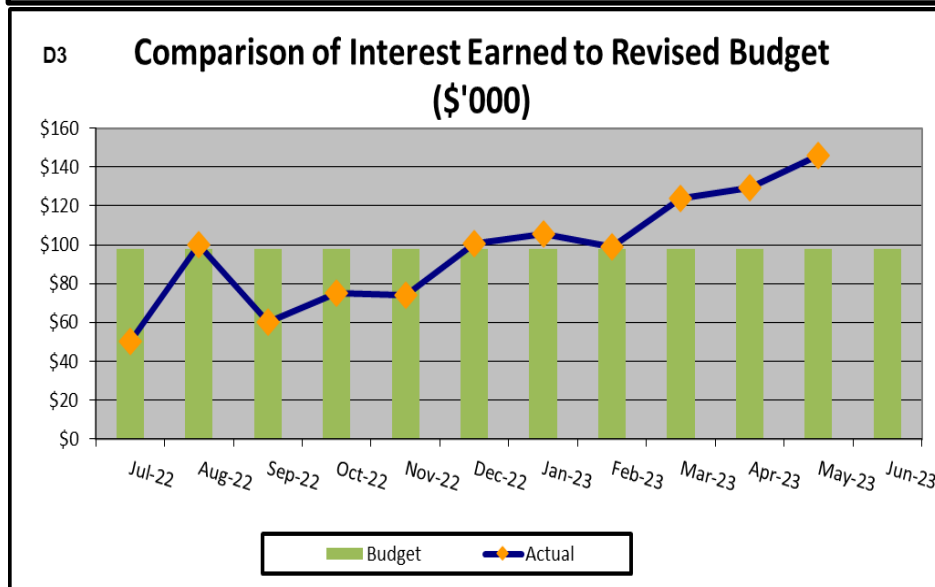
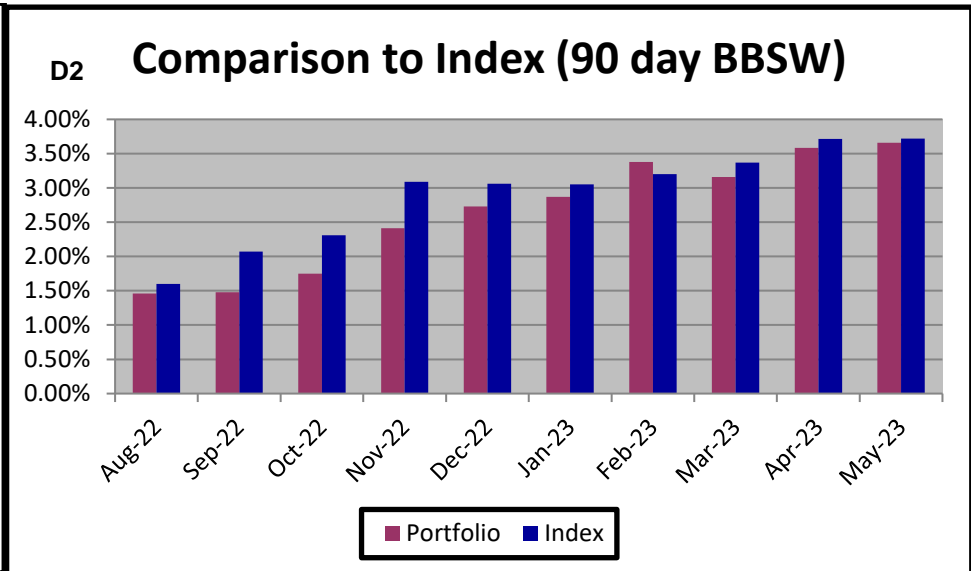
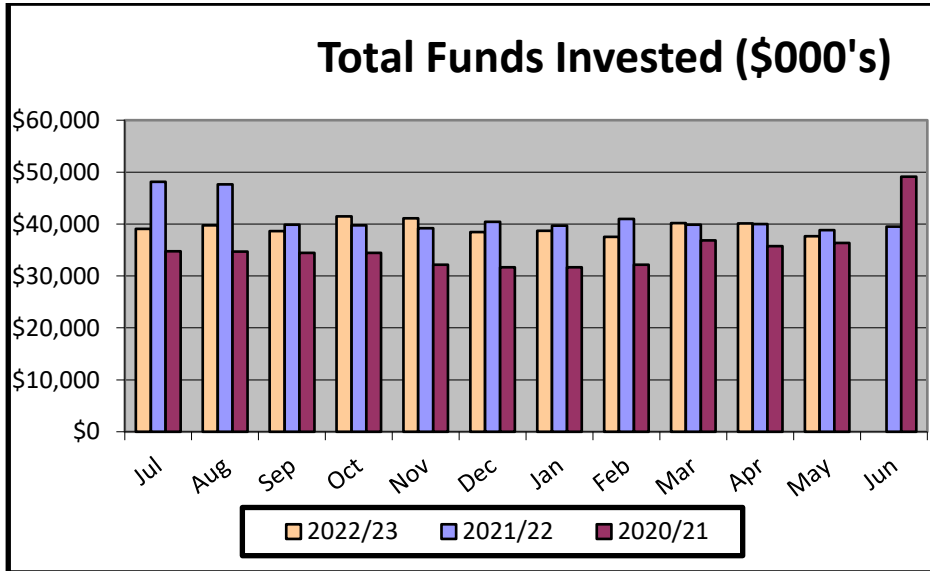
Budget variance	67,341.76
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Deposits with Australian Deposit-taking institutions (ADI) are Government.
Guaranteed for balances totalling up to \$250,000 per customer, per institution.





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



Attachment E

Summary of indebtedness

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	\$1,740,750	\$2,509,141	\$7,599,814	\$6,889,553	\$6,814,624	\$6,457,066	\$782,275	\$32,793,223
Interest Incurred LTD	\$1,677,774	\$2,259,431	\$7,557,303	\$7,408,975	\$7,863,610	\$7,894,890	\$532,311	\$35,194,294
Principal Outstanding	\$259,250	\$490,859	\$2,400,186	\$3,110,447	\$3,185,376	\$3,542,935	\$12,717,725	\$25,706,778
Interest Outstanding	\$17,927	\$38,983	\$274,600	\$464,185	\$504,880	\$635,653	\$3,495,494	\$5,431,720