
Investments - July 2023

Responsible Officer: Finance Manager (Jonathan Patino)

Recommendation

That Council receive and note the Investments for July 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 July 2023.

Finance Report

The RBA cash rate is 4.1%

At the RBA's 4th July 2023 meeting it was decided that the cash rate would remain at 4.1%. The Australian economy is experiencing a period of below-trend growth and this is expected to continue for a while. A significant source of uncertainty continues to be the outlook for household consumption. The combination of higher interest rates and cost-of-living pressures is leading to a substantial slowing in household spending. While housing prices are rising again and some households have substantial savings buffers, others are experiencing a painful squeeze on their finances.

Growth in the Australian economy has slowed and conditions in the labour market have eased, although they remain very tight. Firms report that labour shortages have lessened, yet job vacancies and advertisements are still at very high levels. Labour force participation is at a record high and the unemployment rate remains close to a 50-year low. Wages growth has picked up in response to the tight labour market and high inflation.

The 90-day average bank bill swap rate (BBSW) is 4.26%.

Total funds invested is \$37,628,593

This includes term investments and cheque account balance.

Weighted Average Return is 4.21%

This represents an increase of 13 basis point compared from the June 2023 result (4.08%) and is 5 basis points below Council's benchmark (the average 90-day BBSW rate of 4.26%) (Refer: Graph D2 - Attachment D).

Interest earned is \$147,526

Interest earned compared to the original budget is \$49,284 above the pro-rata budget. (Refer: Attachment A).

Cheque account balance is \$453,892

'Weel' Credit Card account balance is \$17,941

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 \$4,269,070 (11.96% 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 July 2023, investments total \$37,628,593 and the average rate of return is estimated at 4.21%.

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

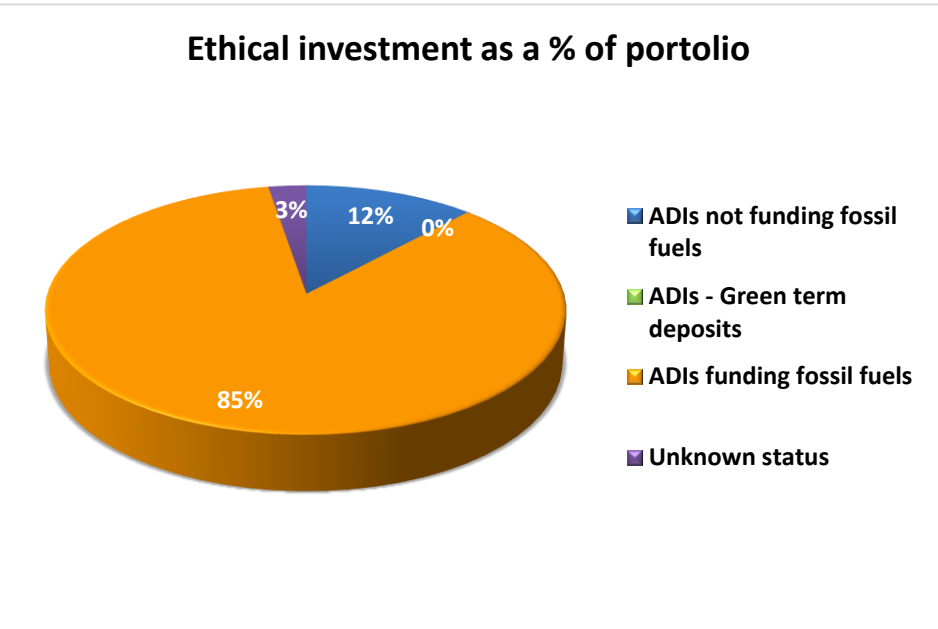
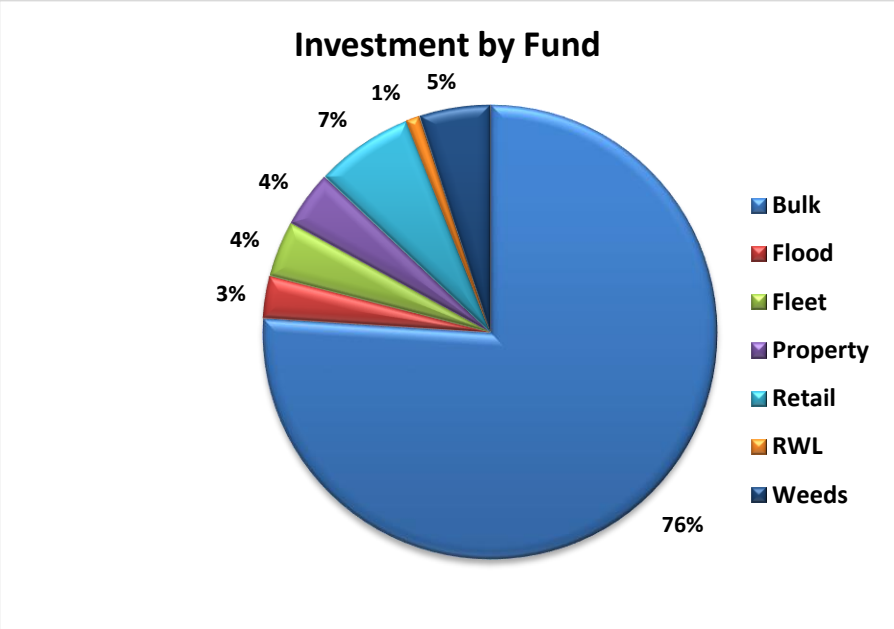
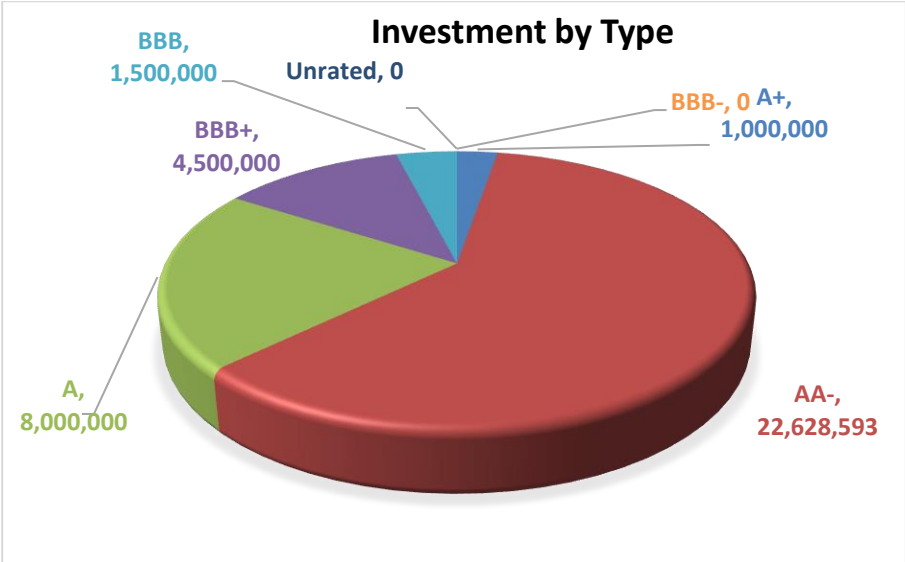
Funds Invested With	S & P Local Long Term Rating	Product Name	Ethical ADIs	Lodgement Date	Maturity Date	% of Portfolio	31 July 23 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		18.94	7,128,593.49	1.95	26,549.34	26,549.34
Bank of Queensland	BBB+	TD	Yes	2/8/2022	1/8/2023	1.33	500,000.00	3.85	1,634.93	1,634.93
Westpac Banking Corporation	AA-	TD	No	23/8/2022	23/8/2023	5.32	2,000,000.00	4.13	7,015.34	7,015.34
AMP Bank	BBB	TD	No	13/9/2022	13/9/2023	1.33	500,000.00	4.30	1,826.03	1,826.03
AMP Bank	BBB	TD	No	20/9/2022	19/9/2023	2.66	1,000,000.00	4.50	3,821.92	3,821.92
MyState Bank Limited	BBB+	TD	Yes	27/9/2022	26/9/2023	1.33	500,000.00	4.62	1,961.92	1,961.92
Westpac Banking Corporation	AA-	TD	No	11/10/2022	10/10/2023	2.66	1,000,000.00	4.30	3,652.05	3,652.05
Commonwealth Bank of Australia	AA-	TD	No	18/10/2022	17/10/2023	2.66	1,000,000.00	4.42	3,753.97	3,753.97
Westpac Banking Corporation	AA-	TD	No	25/10/2022	24/10/2023	1.33	500,000.00	4.57	1,940.68	1,940.68
National Australia Bank Limited	AA-	TD	No	10/11/2022	14/11/2023	1.33	500,000.00	4.42	1,876.99	1,876.99
Commonwealth Bank of Australia	AA-	TD	No	22/11/2022	21/11/2023	2.66	1,000,000.00	4.52	3,838.90	3,838.90
Westpac Banking Corporation	AA-	TD	No	29/11/2022	28/11/2023	3.99	1,500,000.00	4.39	5,592.74	5,592.74
Westpac Banking Corporation	AA-	TD	No	6/12/2022	5/12/2023	2.66	1,000,000.00	4.29	3,643.56	3,643.56
ING Bank Aust Ltd	A	TD	No	8/3/2023	12/3/2024	2.66	1,000,000.00	4.98	4,229.59	4,229.59
Westpac Banking Corporation	AA-	TD	No	8/3/2023	12/9/2023	2.66	1,000,000.00	4.56	3,872.88	3,872.88
Macquarie Bank Limited	A+	TD	No	22/3/2023	19/3/2024	2.66	1,000,000.00	4.69	3,983.29	3,983.29
ING Bank Aust Ltd	A	TD	No	28/3/2023	26/3/2024	2.66	1,000,000.00	4.60	3,906.85	3,906.85
ING Bank Aust Ltd	A	TD	No	4/4/2023	2/4/2024	5.32	2,000,000.00	4.68	7,949.59	7,949.59
Bank of Queensland	BBB+	TD	Yes	19/4/2023	24/10/2023	2.66	1,000,000.00	4.70	3,991.78	3,991.78
National Australia Bank Limited	AA-	TD	No	2/5/2023	6/2/2024	5.32	2,000,000.00	4.53	7,694.79	7,694.79
MyState Bank Limited	BBB+	TD	Yes	2/5/2023	31/10/2023	2.66	1,000,000.00	4.82	4,093.70	4,093.70
National Australia Bank Limited	AA-	TD	No	10/5/2023	23/1/2024	5.32	2,000,000.00	4.70	7,983.56	7,983.56
National Australia Bank Limited	AA-	TD	No	23/5/2023	27/2/2024	2.66	1,000,000.00	4.83	4,102.19	4,102.19
Bank of Queensland	BBB+	TD	Yes	6/6/2023	5/3/2024	3.99	1,500,000.00	5.15	6,560.96	6,560.96
ING Bank Aust Ltd	A	TD	No	27/6/2023	25/6/2024	2.66	1,000,000.00	5.62	4,773.15	4,773.15
ING Bank Aust Ltd	A	TD	No	4/7/2023	2/7/2024	7.97	3,000,000.00	5.67	13,048.77	13,048.77
National Australia Bank	AA-	TD	N/A	26/7/2023	7/5/2024	2.66	1,000,000.00	5.43	892.60	892.60
MATURED TDs									3,333.70	3,333.70

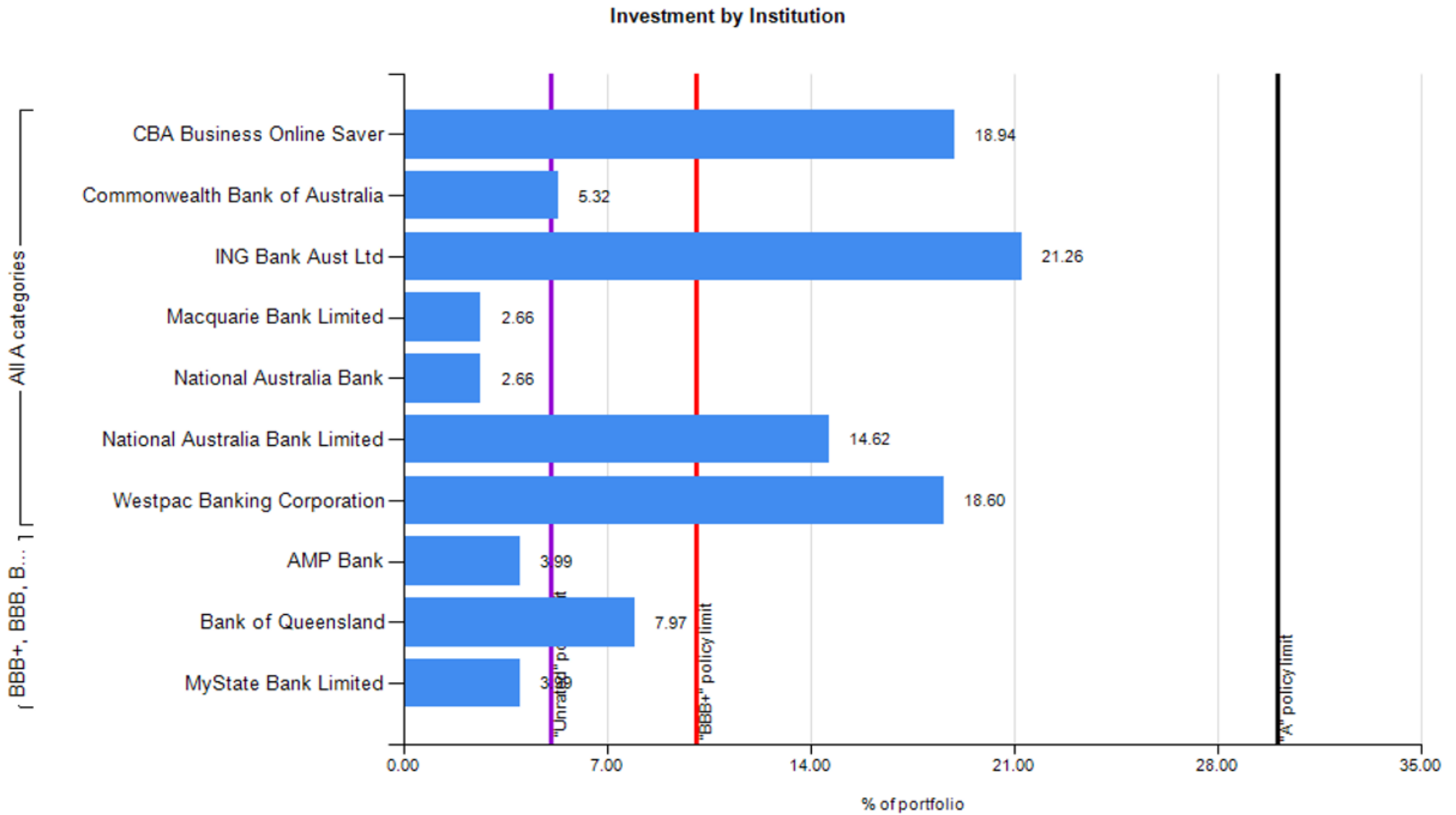
	100.00	37,628,593.49	4.21	147,525.78	147,525.78
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Total Investment Holdings	100.00	37,628,593.49		147,525.78	147,525.78
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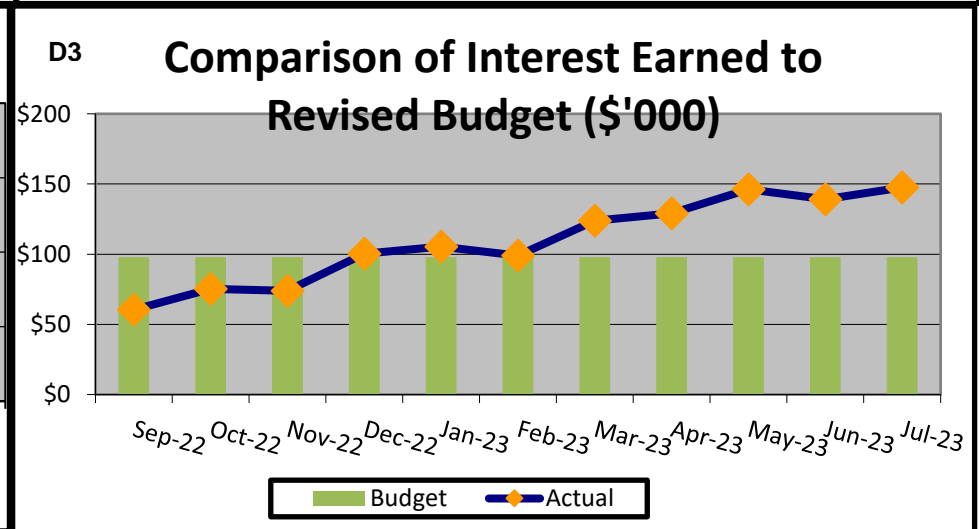
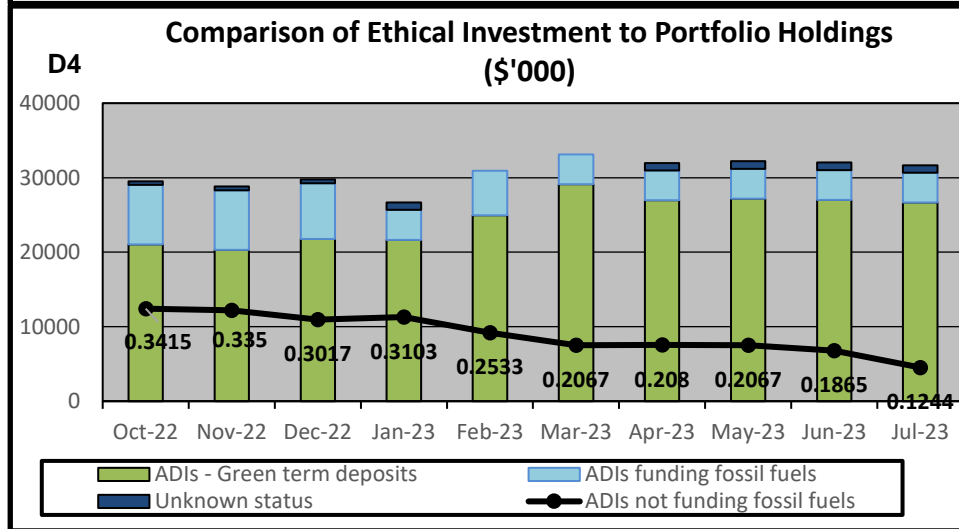
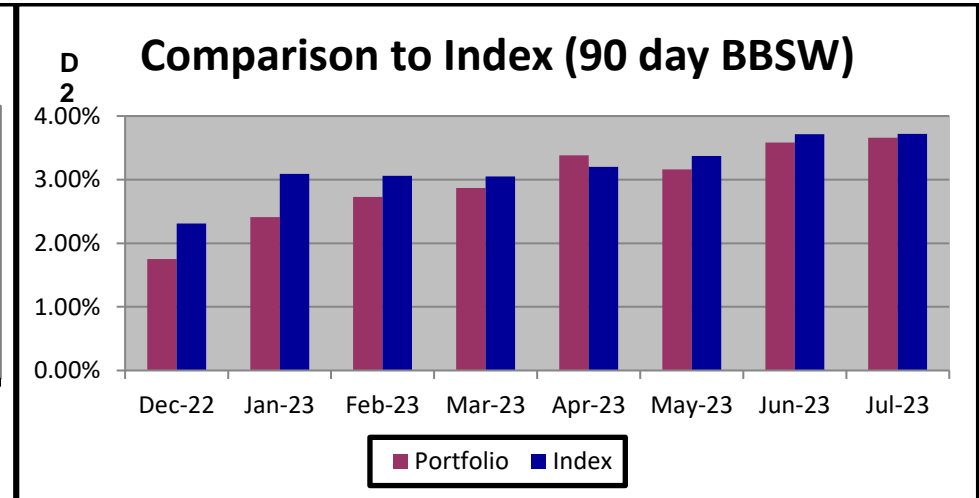
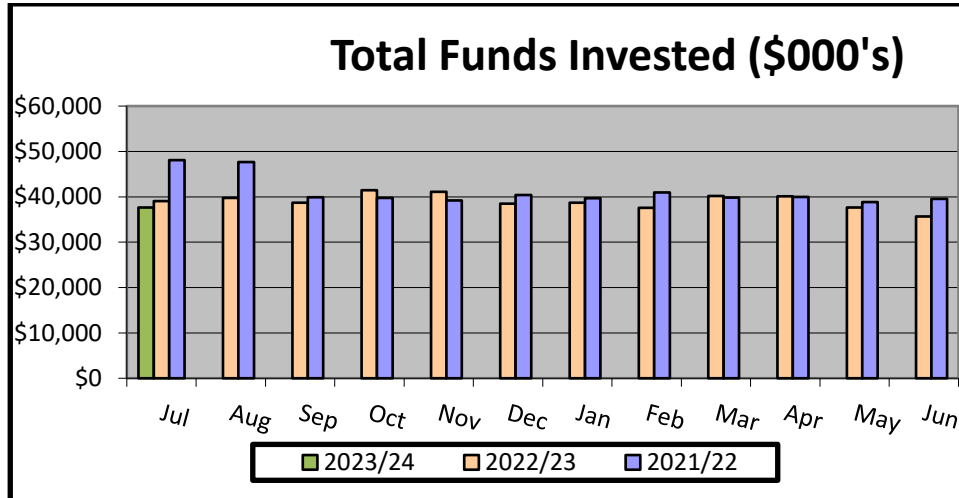
Deposits with Australian Deposit-taking institutions (ADI) are Government.
 Guaranteed for balances totalling up to \$250,000 per customer, per institution.

Total YTD Interest	147,525.78
Budget Interest @ 31 July 2023	98,241.67
Budget variance	49,284.11





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



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	1,824,326	2,509,141	7,599,814	7,237,651	6,814,624	6,457,066	1,050,052	33,492,675
Interest Incurred LTD	1,686,591	2,259,431	7,557,303	7,507,706	7,863,610	7,894,890	702,728	35,472,258
Principal Outstanding	175,674	490,859	2,400,186	2,762,349	3,185,376	3,542,935	12,449,948	25,007,326
Interest Outstanding	9,111	38,983	274,600	365,454	504,880	635,653	3,325,076	5,153,756