
Investments - September 2023

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

Report Author: Finance Manager (Jonathan Patino)

Recommendation

That Council receive and note the Investments for September 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 30 September 2023.

Finance Report

The RBA cash rate is 4.1%

At the RBA's 5th September 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 4.13%.

Total funds invested is \$36,141,745

This includes term investments and cheque account balance.

Weighted Average Return is 4.47%

This represents an increase of 26 basis point compared from the July 2023 result (4.21%) and is 34 basis points above Council's benchmark (the average 90-day BBSW rate of 4.13%) (Refer: Graph D2 - Attachment D).

Interest earned is \$140,929

Interest earned compared to the original budget is \$42,688 above the pro-rata budget. (Refer: Attachment A).

Cheque account balance is \$486,593

Weel account balance is \$31,930

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 \$4,000,000 (11.22% 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).

As reported in agenda item 9.3 of the Business Paper, a review of Council's ethical holdings will be undertaken in conjunction with the review of the investments policy.

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 30 September 2023, investments total \$35,655,152 and the average rate of return is estimated at 4.47%.

Attachment

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