
Investments - November 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 November 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 November 2023.

- **Finance Report**

The RBA cash rate is 4.35%

At the RBA's 7th November 2023 meeting the board decided to raise the cash rate by 25 basis points to 4.35%. The Board had held interest rates steady since June following an increase of 4 percentage points since May last year. It had judged that higher interest rates were working to establish a more sustainable balance between supply and demand in the economy. Furthermore, it had noted that the impact of the more recent rate rises would continue to flow through the economy. It had therefore decided that it was appropriate to hold rates steady to provide time to assess the impact of the increase in interest rates so far.

Returning inflation to target within a reasonable timeframe remains the Board's priority. High inflation makes life difficult for everyone and damages the functioning of the economy. It erodes the value of savings, hurts household budgets, makes it harder for businesses to plan and invest, and worsens income inequality. And if high inflation were to become entrenched in people's expectations, it would be much more costly to reduce later, involving even higher interest rates and a larger rise in unemployment.

The 90-day average bank bill swap rate (BBSW) is 4.38%.

Total funds invested is \$34,318,872

This excludes cheque account and Weel balances.

Weighted Average Return is 4.54%

This represents an increase of 12 basis points compared to the October 2023 result (4.42%) and is 41 basis points above Council's benchmark (the average 90-day BBSW rate of 4.13%) (Refer: Graph D2 - Attachment D).

Interest earned is \$142,779

Interest earned compared to the original budget is \$236,094 above the pro-rata budget. (Refer: Attachment A).

Cheque account balance is \$1,026,843

Weel account balance is \$11,837

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.

Investments with institutions that do not support the fossil fuel industry is \$5,500,000 (16.04% 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 30 November 2023, investments total \$34,318,872 and the average rate of return is estimated at 4.54%.

Attachments

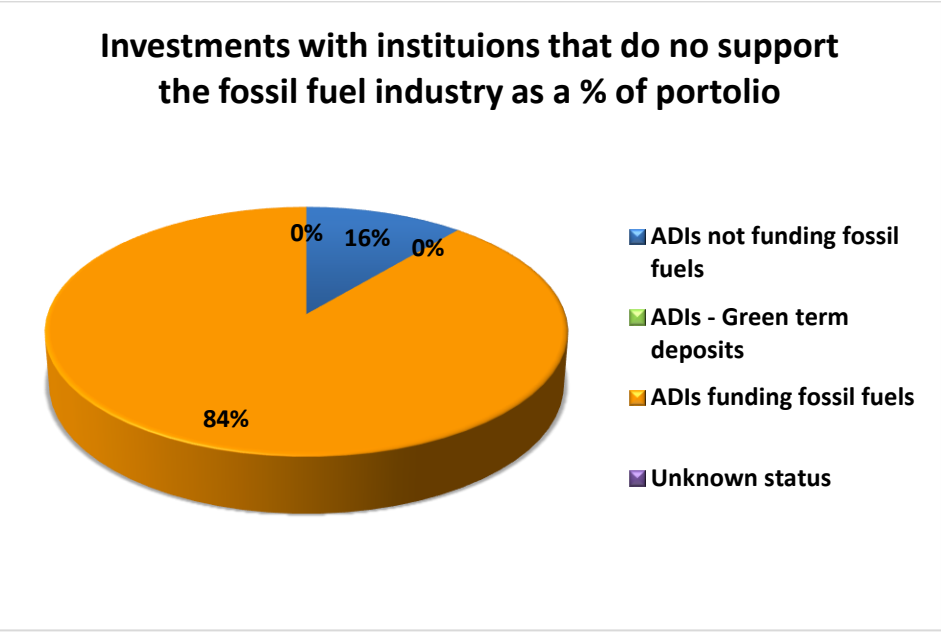
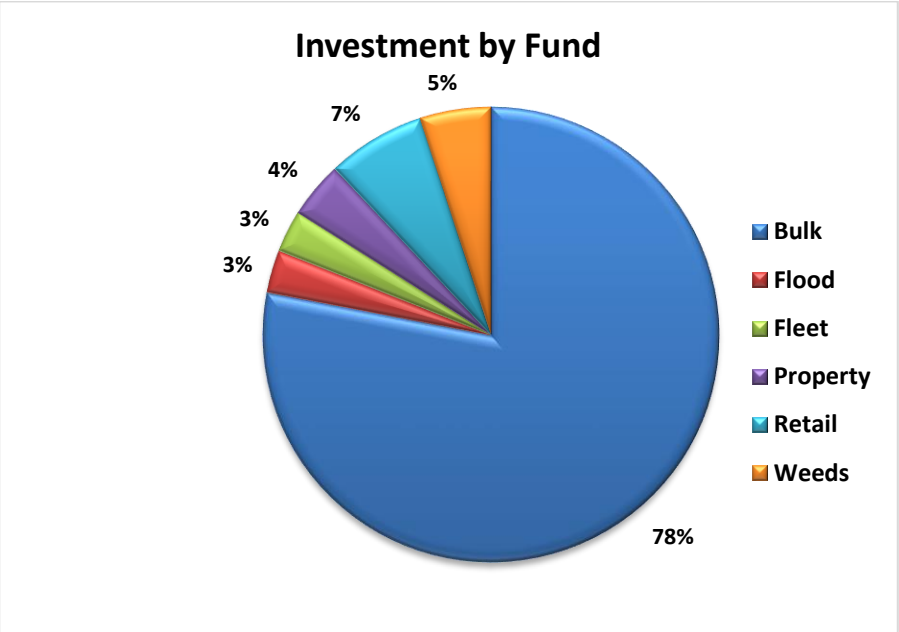
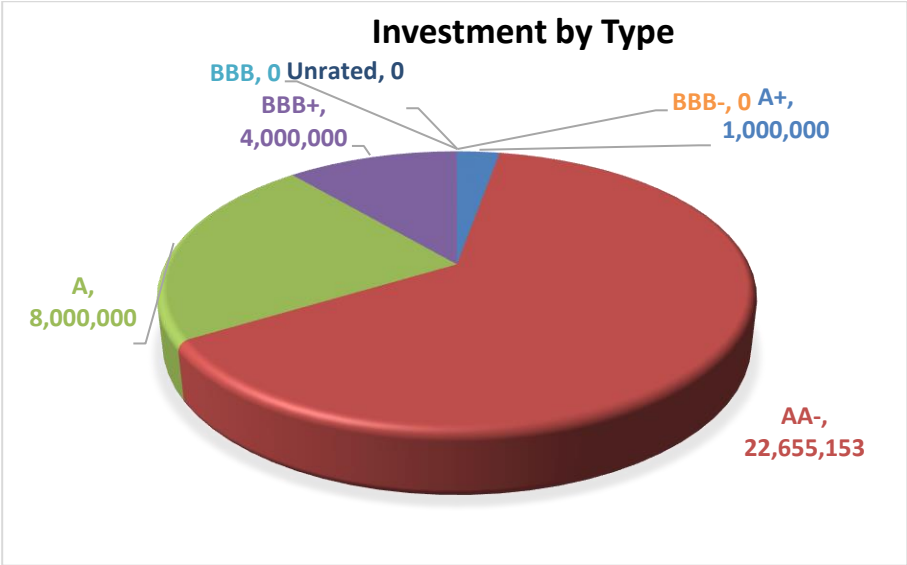
- A. Investment analysis
- B. Investment by type
- C. Investment by Institution
- D. Total funds invested - comparisons
- E. Summary of indebtedness

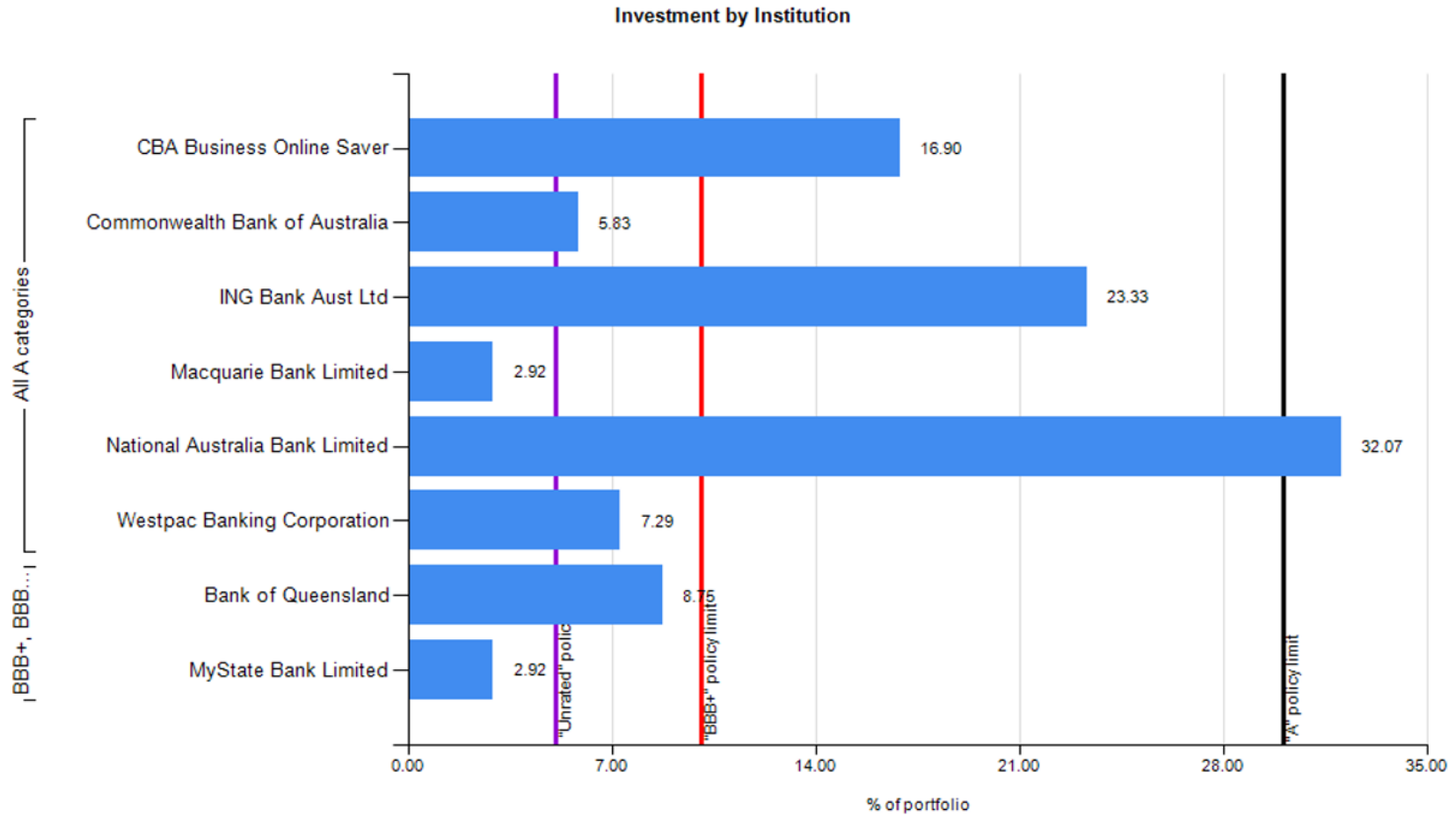
Investment analysis report

Attachment A

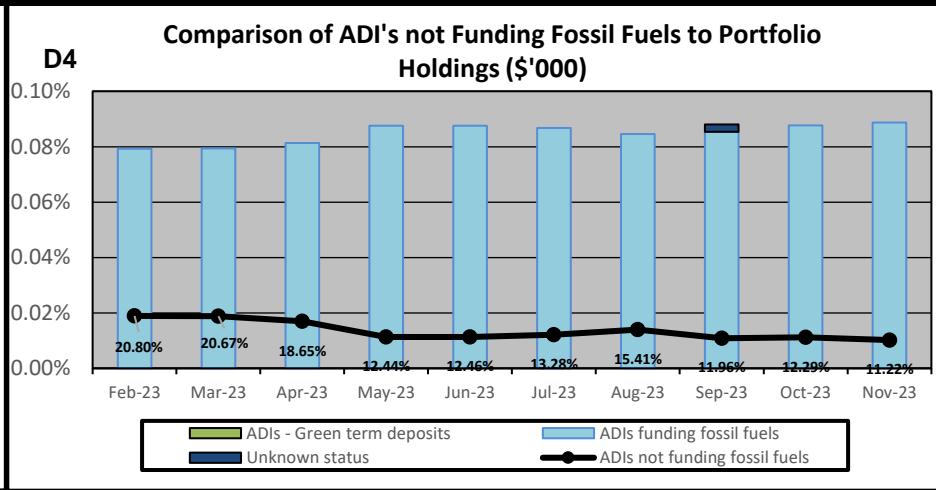
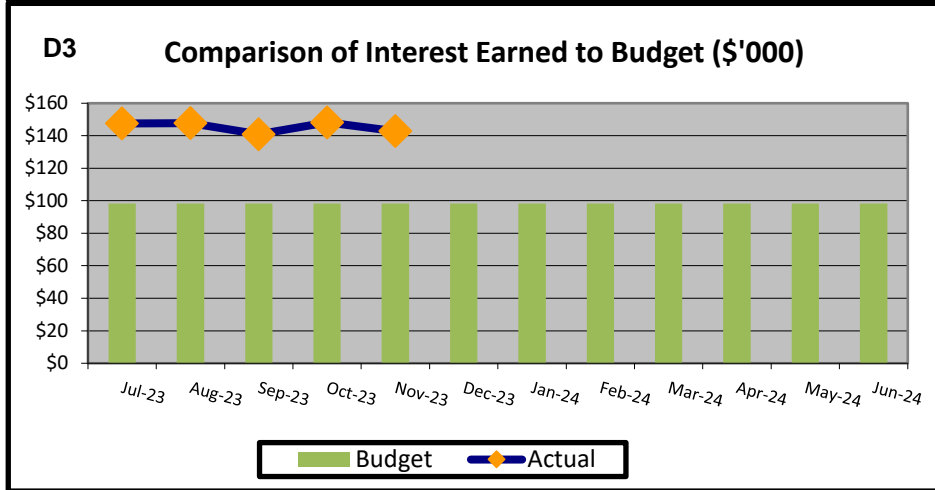
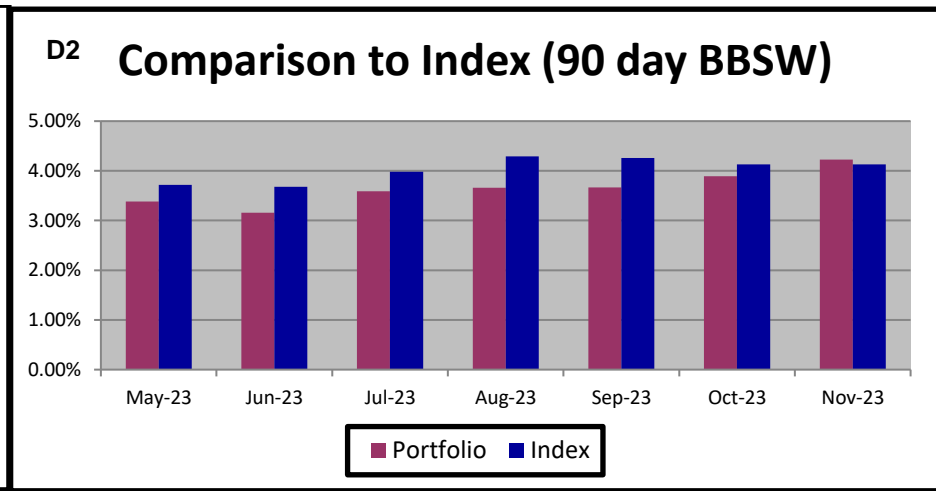
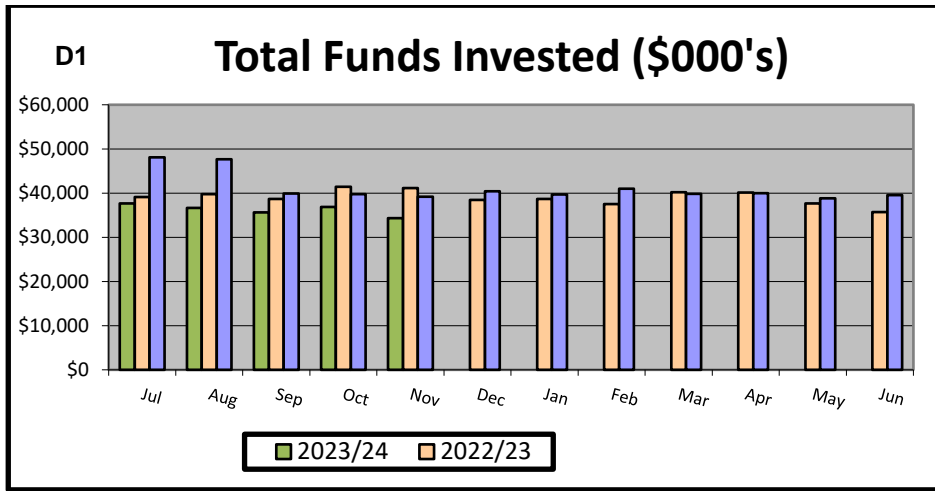
Investment Analysis

Funds Invested With	S & P Local Long Term Rating	Product Name	Not Fossil Fuel Al	Lodgement Date	Maturity Date	% of Portfolio	30 November 23 Balance	Rate of Retu	Monthly Interest†	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		16.90	5,818,872.41	1.95	21,888.66	115,268.93
Westpac Banking Corporation	AA-	TD	No	6/12/2022	5/12/2023	2.92	1,000,000.00	4.29	3,526.03	17,982.74
ING Bank Aust Ltd	A	TD	No	8/3/2023	12/3/2024	2.92	1,000,000.00	4.98	4,093.15	20,875.07
Macquarie Bank Limited	A+	TD	No	22/3/2023	19/3/2024	2.92	1,000,000.00	4.69	3,854.79	19,659.45
ING Bank Aust Ltd	A	TD	No	28/3/2023	26/3/2024	2.92	1,000,000.00	4.60	3,780.82	19,282.19
ING Bank Aust Ltd	A	TD	No	4/4/2023	2/4/2024	5.83	2,000,000.00	4.68	7,693.15	39,235.07
National Australia Bank Limited	AA-	TD	No	2/5/2023	6/2/2024	5.83	2,000,000.00	4.53	7,446.58	37,977.53
National Australia Bank Limited	AA-	TD	No	10/5/2023	23/1/2024	5.83	2,000,000.00	4.70	7,726.03	39,402.74
National Australia Bank Limited	AA-	TD	No	23/5/2023	27/2/2024	2.92	1,000,000.00	4.83	3,969.86	20,246.30
Bank of Queensland	BBB+	TD	Yes	6/6/2023	5/3/2024	4.37	1,500,000.00	5.15	6,349.32	32,381.51
ING Bank Aust Ltd	A	TD	No	27/6/2023	25/6/2024	2.92	1,000,000.00	5.62	4,619.18	23,557.81
ING Bank Aust Ltd	A	TD	No	4/7/2023	2/7/2024	8.75	3,000,000.00	5.67	13,980.82	69,904.11
National Australia Bank Limited	AA-	TD	No	26/7/2023	7/5/2024	2.92	1,000,000.00	5.43	4,463.01	19,042.19
Bank of Queensland	BBB+	TD	Yes	1/8/2023	30/4/2024	1.46	500,000.00	5.40	2,219.18	9,024.66
Commonwealth Bank of Australia	AA-	TD	No	23/8/2023	22/8/2024	5.83	2,000,000.00	5.47	8,991.78	29,972.60
National Australia Bank Limited	AA-	TD	No	13/9/2023	17/9/2024	4.37	1,500,000.00	5.18	6,386.30	16,817.26
National Australia Bank Limited	AA-	TD	No	19/9/2023	17/9/2024	2.92	1,000,000.00	5.22	4,290.41	10,440.00
National Australia Bank Limited	AA-	TD	No	17/10/2023	16/7/2024	2.92	1,000,000.00	5.07	4,167.12	6,250.68
Bank of Queensland	BBB+	TD	Yes	24/10/2023	14/5/2024	2.92	1,000,000.00	5.15	4,232.88	5,361.64
National Australia Bank Limited	AA-	TD	No	24/10/2023	30/1/2024	4.37	1,500,000.00	4.87	6,004.11	7,605.21
MyState Bank Limited	BBB+	TD	Yes	31/10/2023	4/6/2024	2.92	1,000,000.00	5.22	4,290.41	4,433.42
Westpac Banking Corporation	AA-	TD	Yes	28/11/2023	3/12/2024	4.37	1,500,000.00	5.44	670.68	670.68
MATURED TDs									8,134.93	161,910.41
						100.00	34,318,872.41	4.54	142,779.21	727,302.22
Total Investment Holdings						100.00	34,318,872.41		142,779.21	727,302.22
									Total YTD Interest	727,302.22
Deposits with Australian Deposit-taking institutions (ADI) are Government.									Budget Interest @ 30 November 2023	491,208.00
Guaranteed for balances totalling up to \$250,000 per customer, per institution.									Budget variance	236,094.22





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	\$ 2,626,220	\$ 7,968,956	\$ 7,237,651	\$ 7,165,758	\$ 6,798,972	\$ 1,050,052	\$ 34,671,936
Interest Incurred LTD	\$ 1,686,591	\$ 2,274,812	\$ 7,633,959	\$ 7,507,706	\$ 7,971,171	\$ 8,015,950	\$ 702,728	\$ 35,792,916
Principal Outstanding	\$ 175,674	\$ 373,780	\$ 2,031,044	\$ 2,762,349	\$ 2,834,242	\$ 3,201,029	\$ 12,449,948	\$ 23,828,065
Interest Outstanding	\$ 9,111	\$ 23,601	\$ 197,944	\$ 365,454	\$ 397,319	\$ 514,593	\$ 3,325,076	\$ 4,833,098