
Investments - January 2024

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

Recommendation

That Council receive and note the Investments for January 2024.

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 January 2024.

Finance Report

The RBA cash rate is 4.35%

At the RBA's 5th December 2023 meeting (note: the board did not meet in January) the board decided to leave the cash rate unchanged at 4.35% following a period of four months where it had held interest rates steady.

While the economy has been experiencing a period of below-trend growth, it was stronger than expected over the first half of the year. Underlying inflation was higher than expected at the time of the August forecasts, including across a broad range of services.

Conditions in the labour market had eased but remained tight. Housing prices were continuing to rise across the country as was the number of new mortgages. Given this, the Board judged that the risk of inflation remaining higher for longer had risen and an increase in interest rates was therefore warranted to be more assured that inflation would return to target in a reasonable timeframe.

The 90-day average bank bill swap rate (BBSW) is 4.34%.

Total funds invested is \$35,778,872

This excludes cheque account and Weel balances.

Weighted Average Return is 4.70%

This represents an increase of 25 basis point compared from the December 2023 result (4.45%) and is 57 basis points above Council's benchmark (the average 90-day BBSW rate of 4.34%) (Refer: Graph D2 - Attachment D).

Interest earned is \$149,275

Interest earned compared to the original budget is \$310,588 above the pro-rata budget. (Refer: Attachment A).

Cheque account balance is \$668,942

Weel account balance is \$18,838

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 \$6,500,000 (18.17% 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 January 2024, investments total \$35,778,872 and the average rate of return is estimated at 4.70%.

Attachments

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

Investment Analysis

Funds Invested With	S & P Local Long Term Rating	Product Name	Not Fossil Fuel	Lodgement Date	Maturity Date	% of Portfolio	31 January 24 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call	At call	14.75	5,278,872.41	1.95	25,028.22	138,553.35
ING Bank Aust Ltd	A	TD	No	8/3/2023	12/3/2024	2.79	1,000,000.00	4.98	4,229.59	29,334.25
Macquarie Bank Limited	A+	TD	No	22/3/2023	19/3/2024	2.79	1,000,000.00	4.69	3,983.29	27,626.03
ING Bank Aust Ltd	A	TD	No	28/3/2023	26/3/2024	2.79	1,000,000.00	4.60	3,906.85	27,095.89
ING Bank Aust Ltd	A	TD	No	4/4/2023	2/4/2024	5.59	2,000,000.00	4.68	7,949.59	55,134.25
National Australia Bank Limited	AA-	TD	No	2/5/2023	6/2/2024	5.59	2,000,000.00	4.53	7,694.79	53,367.12
National Australia Bank Limited	AA-	TD	No	23/5/2023	27/2/2024	2.79	1,000,000.00	4.83	4,102.19	28,450.68
Bank of Queensland	BBB+	TD	Yes	6/6/2023	5/3/2024	4.19	1,500,000.00	5.15	6,560.96	45,503.42
ING Bank Aust Ltd	A	TD	No	27/6/2023	25/6/2024	2.79	1,000,000.00	5.62	4,773.15	33,104.11
ING Bank Aust Ltd	A	TD	No	4/7/2023	2/7/2024	8.38	3,000,000.00	5.67	14,446.85	98,797.81
National Australia Bank Limited	AA-	TD	No	26/7/2023	7/5/2024	2.79	1,000,000.00	5.43	4,611.78	28,265.75
Bank of Queensland	BBB+	TD	Yes	1/8/2023	30/4/2024	1.40	500,000.00	5.40	2,293.15	13,610.96
Commonwealth Bank of Australia	AA-	TD	No	23/8/2023	22/8/2024	5.59	2,000,000.00	5.47	9,291.51	48,555.62
National Australia Bank Limited	AA-	TD	No	13/9/2023	17/9/2024	4.19	1,500,000.00	5.18	6,599.18	30,015.62
National Australia Bank Limited	AA-	TD	No	19/9/2023	17/9/2024	2.79	1,000,000.00	5.22	4,433.42	19,306.85
National Australia Bank Limited	AA-	TD	No	17/10/2023	16/7/2024	2.79	1,000,000.00	5.07	4,306.03	14,862.74
Bank of Queensland	BBB+	TD	Yes	24/10/2023	14/5/2024	2.79	1,000,000.00	5.15	4,373.97	14,109.59
MyState Bank Limited	BBB+	TD	Yes	31/10/2023	4/6/2024	2.79	1,000,000.00	5.22	4,433.42	13,300.27
Westpac Banking Corporation	AA-	TD	Yes	28/11/2023	3/12/2024	4.19	1,500,000.00	5.44	6,930.41	14,531.51
Westpac Banking Corporation	AA-	TD	Yes	5/12/2023	5/9/2024	2.79	1,000,000.00	5.23	4,441.92	8,310.68
National Australia Bank Limited	AA-	TD	No	23/1/2024	22/10/2024	2.79	1,000,000.00	5.12	1,262.47	1,262.47
National Australia Bank Limited	AA-	TD	No	23/1/2024	25/6/2024	2.79	1,000,000.00	5.02	1,237.81	1,237.81
National Australia Bank Limited	AA-	TD	No	30/1/2024	29/10/2024	4.19	1,500,000.00	5.07	416.71	416.71
ING Bank Aust Ltd	A	TD	No	30/1/2024	5/3/2024	2.79	1,000,000.00	4.46	244.38	244.38
Commonwealth Bank of Australia	AA-	TD	No	30/1/2024	2/4/2024	2.79	1,000,000.00	4.62	253.15	253.15
MATURED TDs									11,469.73	253,028.77
						100.00	35,778,872.41	4.70	149,274.52	998,279.79

Total Investment Holdings **100.00** **35,778,872.41** **4.70** **149,274.52** **998,279.79**

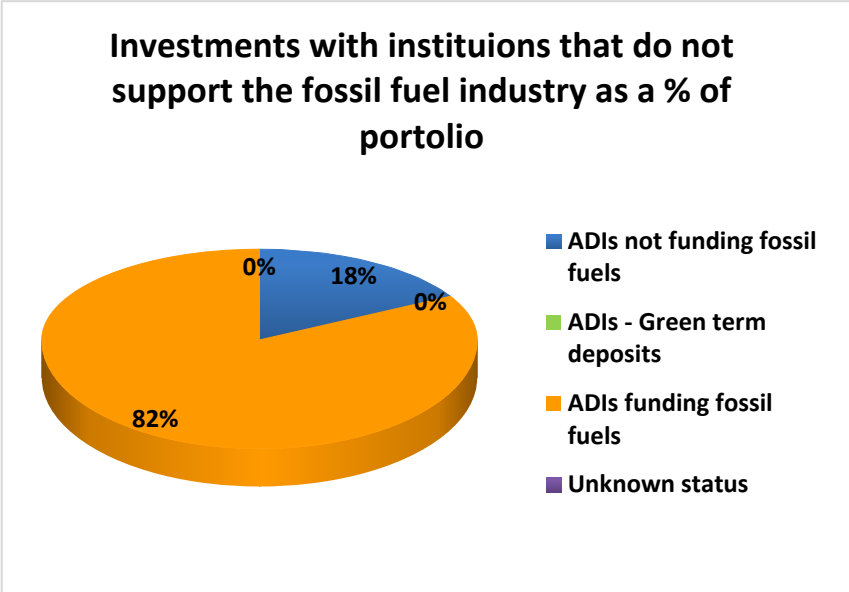
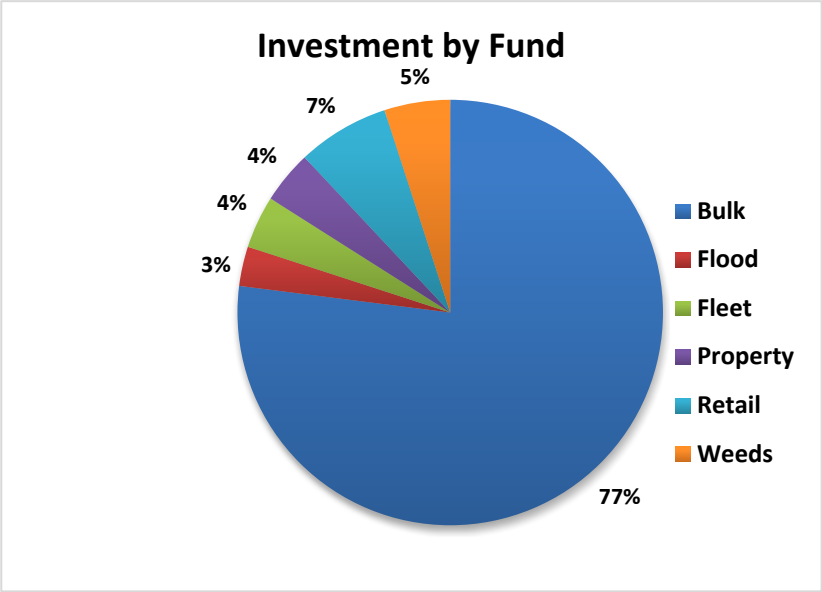
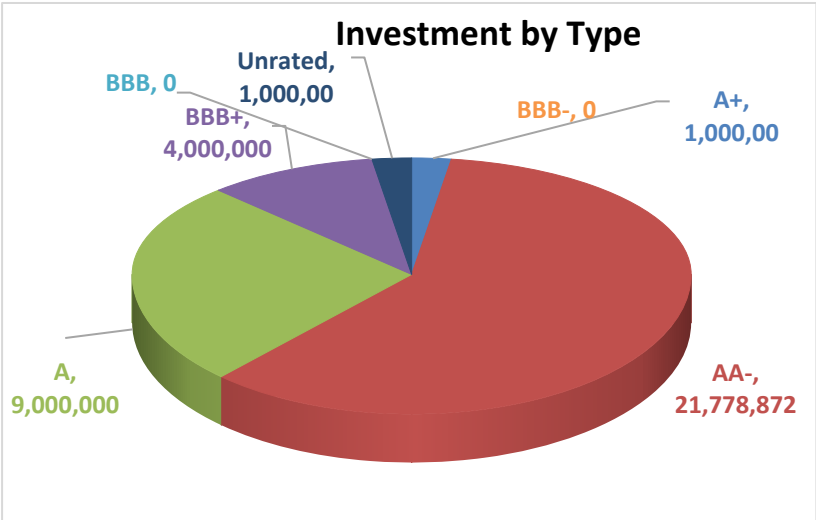
Total YTD Interest **998,279.79**

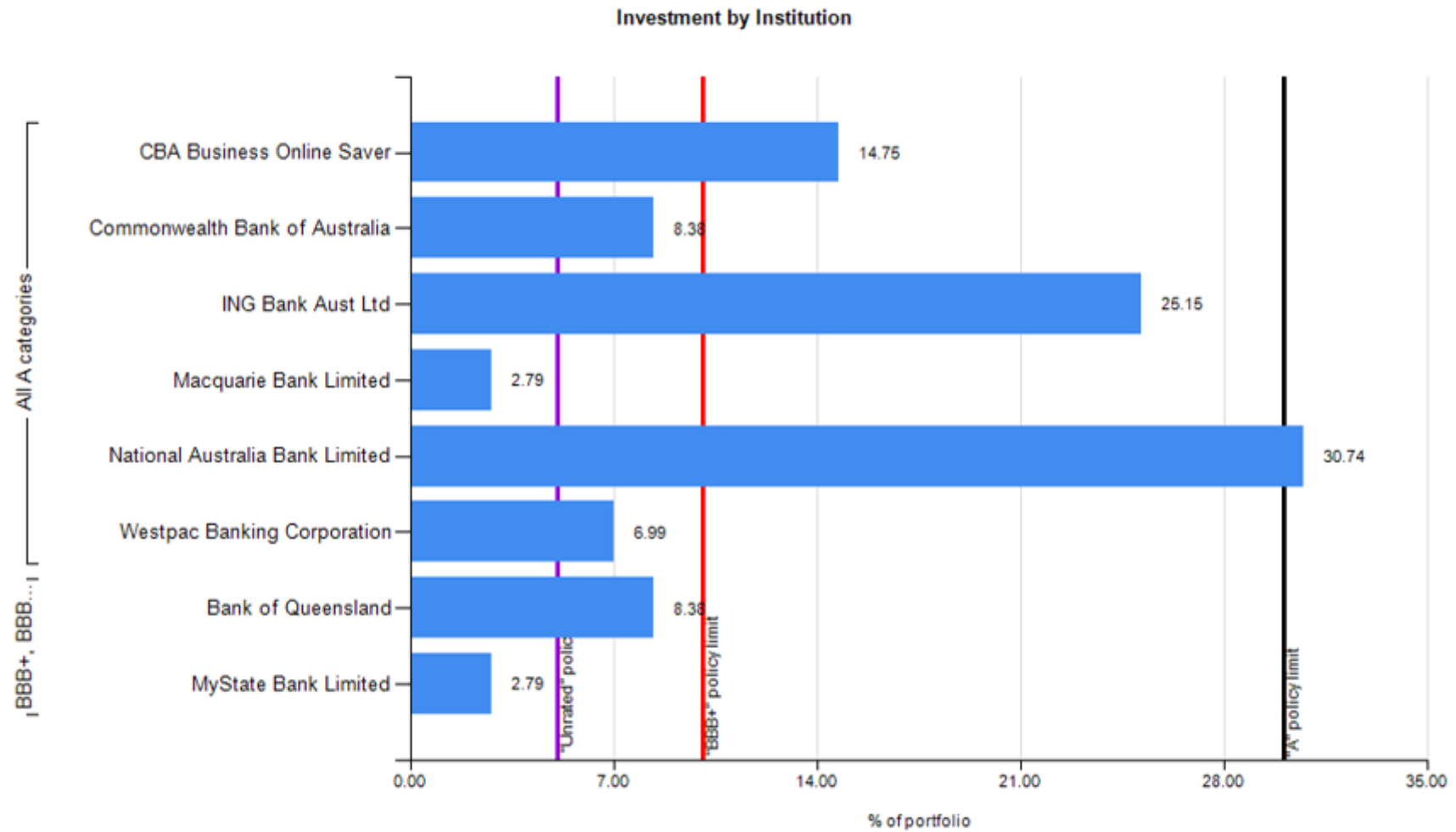
Yes

Deposits with Australian Deposit-taking institutions (ADI) are Government.
Guaranteed for balances totalling up to \$250,000 per customer, per institution.

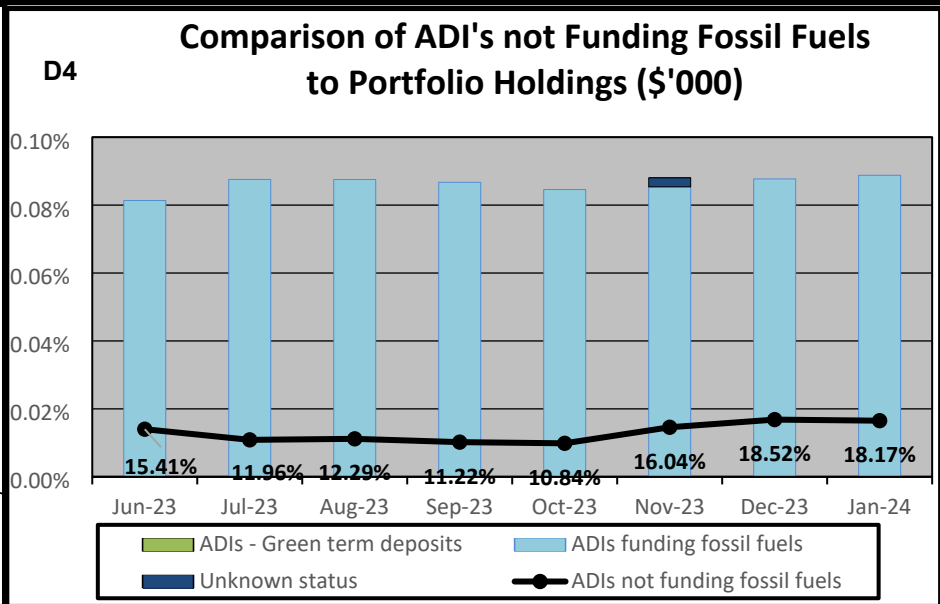
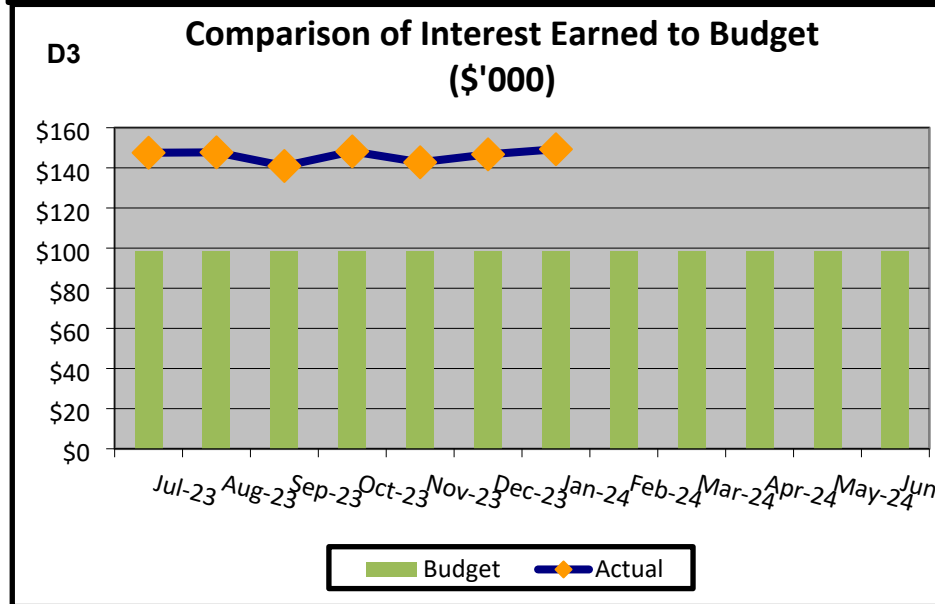
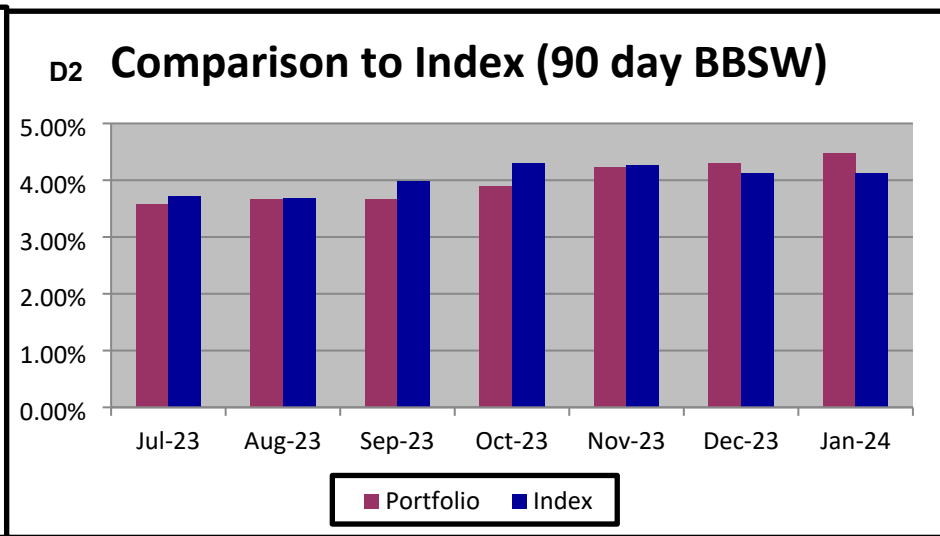
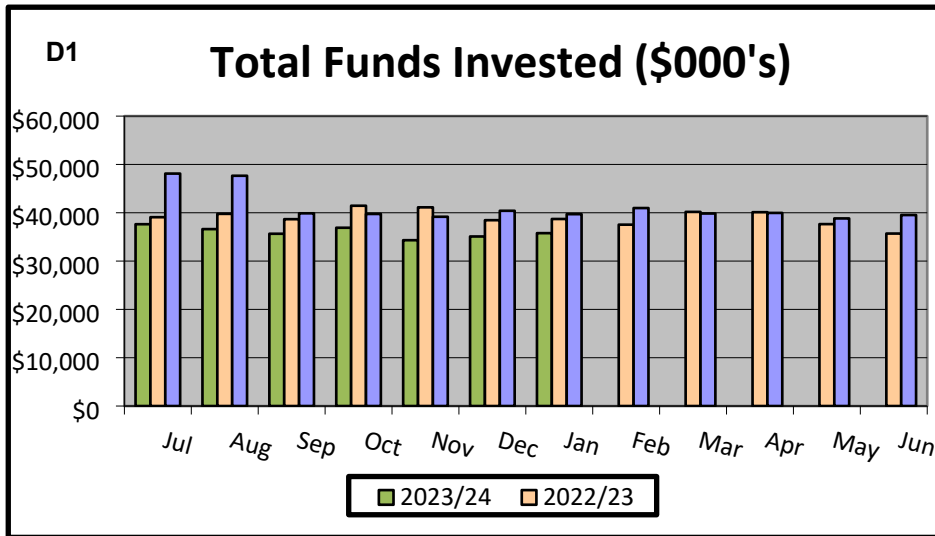
Budget Interest @ 31 January 2024 **687,692.00**
Budget variance **310,587.79**

Attachment B





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	\$ 1,910,646	\$ 2,626,220	\$ 7,968,956	\$ 7,595,346	\$ 7,165,758	\$ 6,798,972	\$ 1,321,418	\$ 35,387,317
Interest Incurred LTD	\$ 1,692,663	\$ 2,274,812	\$ 7,633,959	\$ 7,596,840	\$ 7,971,171	\$ 8,015,950	\$ 869,557	\$ 36,054,952
Principal Outstanding	\$ 89,354	\$ 373,780	\$ 2,031,044	\$ 2,404,654	\$ 2,834,242	\$ 3,201,029	\$ 12,178,582	\$ 23,112,684
Interest Outstanding	\$ 3,039	\$ 23,601	\$ 197,944	\$ 276,320	\$ 397,319	\$ 514,593	\$ 3,158,247	\$ 4,571,062