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## Investments - January 2025

Responsible Officer: Group Manager Organisational Services (Helen McNeil)

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### Recommendation

That Council receive and note the Investments for January 2025.

### 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 2025.

### Finance Report

BANK ACCOUNT SUMMARY	TOTAL
Cheque Account Balance	\$215,090
Weel Account Balance – Cuscal Ltd (Pre-paid Corporate Cards)	\$41,844
<b>TOTAL</b>	<b>\$256,934</b>

INVESTMENT SUMMARY	TOTAL
Business Online Saver Account Balance	\$4,705,570
Term Deposits with Institutions not supporting the Fossil Fuel Industry <i>The assessment of Ethical Financial Institutions is undertaken using <a href="http://www.marketforces.org.au">www.marketforces.org.au</a> which is an affiliate project of the Friends of the Earth Australia (Refer: Graph C4 - Attachment C).</i>	\$1,500,000 5.51% of current holdings
Other Term Deposits	\$21,000,000
<b>Total Funds Invested</b> <i>Excluding Cheque Account and Weel Balance</i>	<b>\$27,205,570</b>

OTHER INVESTMENT INFORMATION	TOTAL
<p><b>Interest Earned</b></p> <p><i>Interest earned compared to the original budget is \$265,062 above the pro-rata budget. (Refer: Attachment A).</i></p>	\$117,222
<p><b>Weighted Average Return</b></p> <p><i>This represents a decrease of 22 basis points compared from the December 2024 result (4.72%) and is 24 basis points above Council's benchmark (the average 90-day BBSW rate of 4.26%) (Refer: Graph C2 - Attachment C).</i></p>	4.50%
<p><b>RBA Cash Rate</b></p>	4.35%
<p><b>The 90-day average bank bill swap rate (BBSW)</b></p>	4.26%

At the RBA's 10 December 2024 meeting the board decided to leave the cash rate unchanged at 4.35%.

### Governance

- **Finance**

Council has an existing term deposit of \$1.5M with Judo Bank which has a credit rating of BBB. Council's investment policy has a maximum limit for investments with individual entities (institutions) according to the credit rating. Investments rated BBB have a maximum single entity exposure of 5% of the total portfolio. At present the investment with Judo Bank accounts for 5.51% of the portfolio due to a reduction in the overall portfolio balance (\$27.2M at 31 January 2025 compared to \$31.1M at 31 October 2024). When the investment was made in October 2024, it represented 4.81% of the total portfolio at the time.

Council's investment policy (see below) foreshadows that occasional non-conformances with investment limits and thresholds will occur. The purpose of highlighting this to Council is for transparency.

While the policy includes an objective to realign the portfolio within three months, given the investment is due to mature in April 2025, it is proposed that Finance staff will redeem the term deposit upon maturity and realign the portfolio at that time.

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### 13. Threshold breaches

- 13.1 This policy imposes limits and thresholds in relation to the acquisition and holding of investments. However, due to changes in the amount of Council's investment portfolio over time, situations may occur where these limitations or thresholds are breached.
- 13.2 Where limitations or thresholds are breached due to a change in the overall size of the total investment portfolio, or a possible change in ratings of the financial institutions, the following process will apply:
- i). Immediate forced sale of the investments in breach of the limits or thresholds will not be required unless, in the General Manager's opinion, such sale is necessary to protect the value of the overall investment portfolio.
  - ii). Immediate freeze on acquisitions of new investments in the relevant category, until the portfolio can be effectively managed back to align with the requirements of this policy.
  - iii). The objective will be to manage the portfolio back in accordance with the policy limits, within three months from the date the portfolio first exceeds the limit or threshold.

#### • 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 2025, investments total \$27,205,570 and the average rate of return is estimated at 4.50%.

### Attachments

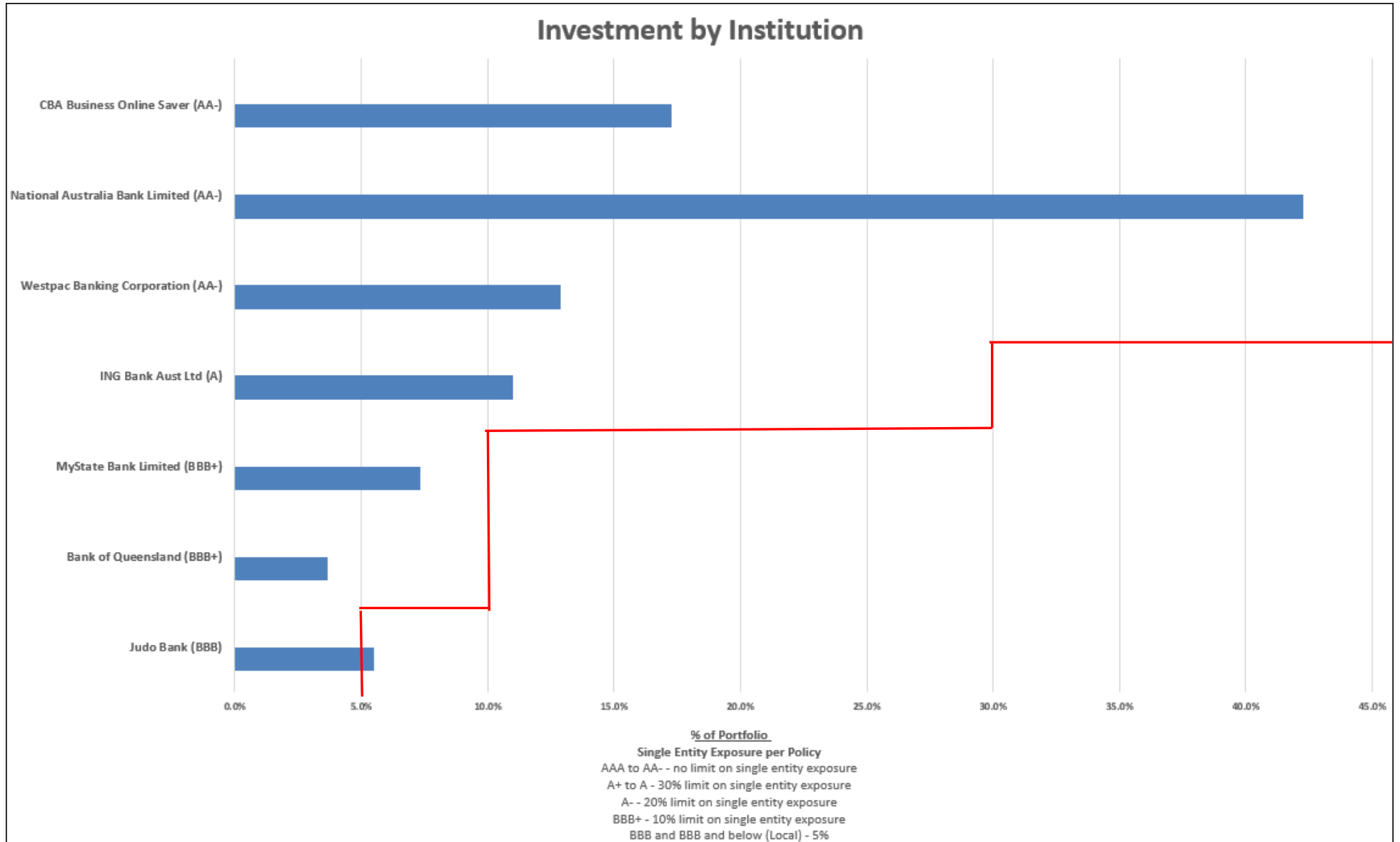
- A. Investment analysis
- B. Investment by Institution
- C. Total funds invested - comparisons
- D. Summary of indebtedness

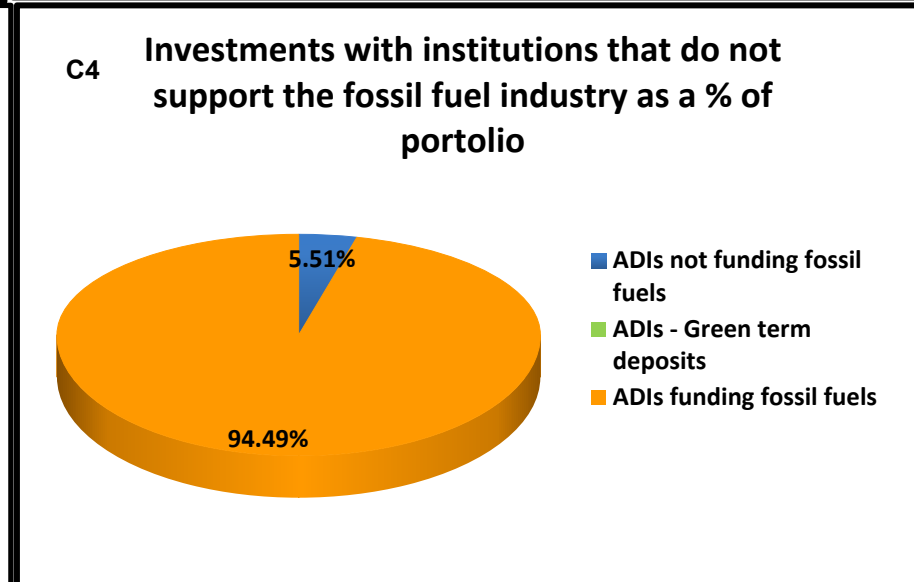
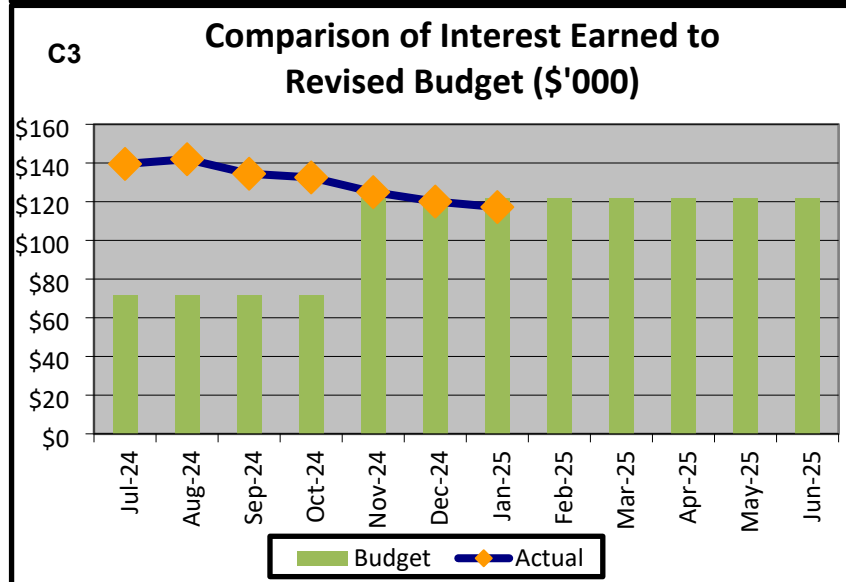
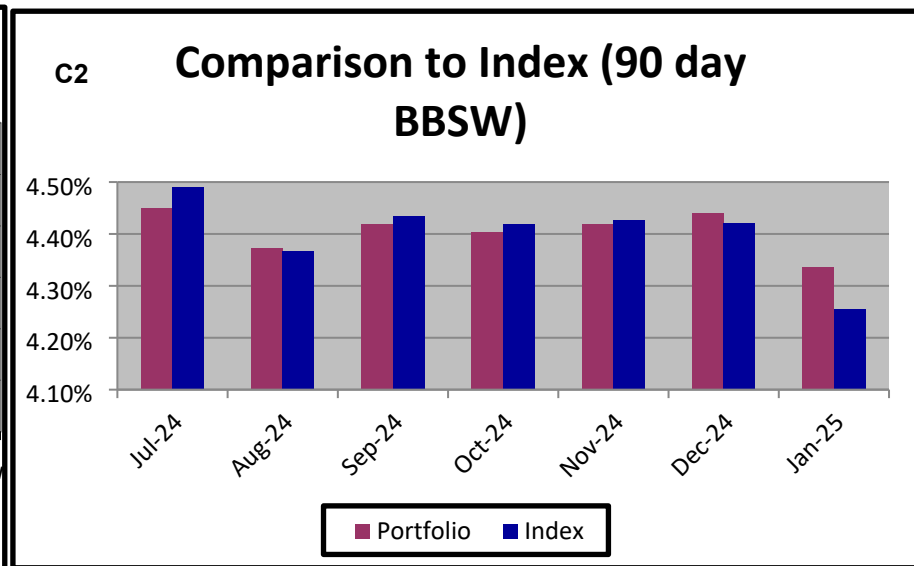
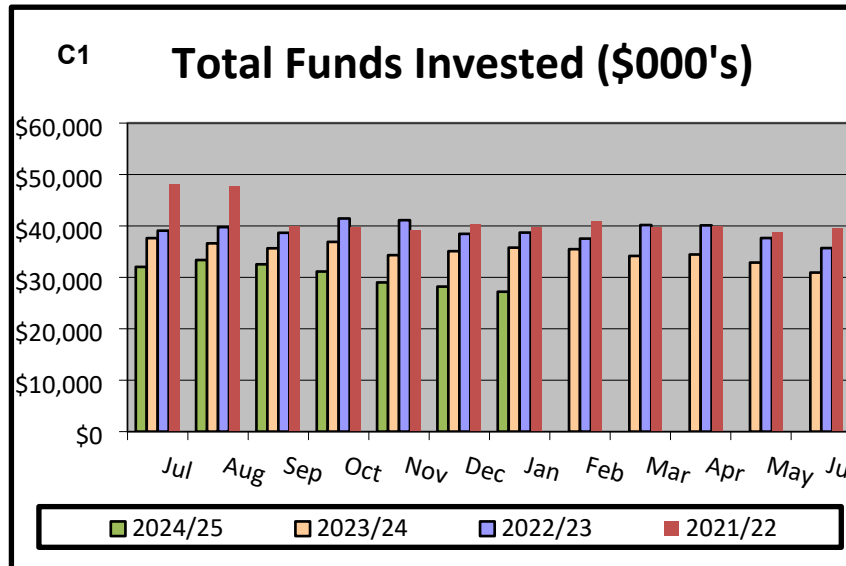
Investment analysis report

Attachment A

Investment Analysis										
Funds Invested With	S & P Local Long Term Rating	Product Name	Not Fossil Fuel ADIs	Lodgement Date	Maturity Date	% of Portfolio	31 Jan Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		17.30	4,705,569.55	1.95	19,762.23	148,349.57
ING Bank Aust Ltd	A	TD	No	25/6/2024	1/7/2025	3.68	1,000,000.00	5.25	4,458.90	30,924.66
ING Bank Aust Ltd	A	TD	No	2/7/2024	8/7/2025	7.35	2,000,000.00	5.43	9,223.56	63,672.33
National Australia Bank Limited	AA-	TD	No	17/9/2024	1/4/2025	5.51	1,500,000.00	4.97	6,331.64	27,981.78
National Australia Bank Limited	AA-	TD	No	17/9/2024	23/9/2025	3.68	1,000,000.00	4.87	4,136.16	18,279.18
National Australia Bank Limited	AA-	TD	No	24/9/2024	15/4/2025	5.51	1,500,000.00	4.97	6,331.64	26,552.05
Judo Bank	BBB	TD	No	15/10/2024	22/4/2025	5.51	1,500,000.00	5.05	6,433.56	22,621.23
National Australia Bank Limited	AA-	TD	No	22/10/2024	29/4/2025	3.68	1,000,000.00	5.02	4,263.56	14,028.49
National Australia Bank Limited	AA-	TD	No	29/10/2024	6/3/2025	5.51	1,500,000.00	4.97	6,331.64	19,403.42
National Australia Bank Limited	AA-	TD	No	5/11/2024	13/5/2025	7.35	2,000,000.00	5.02	8,527.12	24,206.03
Westpac Banking Corporation	AA-	TD	No	20/11/2024	18/2/2025	7.35	2,000,000.00	4.93	8,374.25	19,720.00
Westpac Banking Corporation	AA-	TD	Yes	3/12/2024	11/3/2025	5.51	1,500,000.00	4.95	6,306.16	12,205.48
MyState Bank Limited	BBB+	TD	No	17/12/2024	17/6/2025	7.35	2,000,000.00	5.12	8,696.99	12,905.21
National Australia Bank Limited	AA-	TD	No	18/12/2024	25/3/2025	5.51	1,500,000.00	5.02	6,395.34	9,283.56
National Australia Bank Limited	AA-	TD	No	14/1/2025	20/5/2025	5.51	1,500,000.00	4.92	3,639.45	3,639.45
Bank of Queensland	BBB+	TD	No	21/1/2025	24/6/2025	3.68	1,000,000.00	4.90	1,476.71	1,476.71
MATURED TDs									6,533.15	436,522.74
						<b>100.00</b>	<b>27,205,569.55</b>	<b>4.50</b>	<b>117,222.09</b>	<b>891,771.90</b>
<b>Total Investment Holdings</b>						<b>100.00</b>	<b>27,205,569.55</b>		<b>117,222.09</b>	<b>891,771.90</b>
									Total YTD Interest	<b>891,771.90</b>
Deposits with Australian Deposit-taking institutions (ADI) are Government.									Budget Interest @ 31 January 2025	<b>650,791.68</b>
Guaranteed for balances totalling up to \$250,000 per customer, per institution.									Budget variance	<b>240,980.22</b>

**Attachment B**





## Attachment D

### Summary of indebtedness

Information	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6	Loan #7	Loan #8	Total
Institution	CBA	CBA	Dexia	NAB	NAB	Tcorp	Westpac	
Total Loan Funding	\$ 3,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 13,500,000	\$ 30,000,000	\$ 56,550,000
Loan Facility Drawdown	N/A	N/A	N/A	N/A	N/A	N/A	\$ 50,000	\$ 50,000
Date Obtained	31-May-05	31-May-06	21-Feb-07	31-May-07	25-Sep-07	7-Jun-21	18-Oct-24	
Term (Years)	20	20	20	20	20	20	20*	
Interest Rate	6.25%	6.37%	6.40%	6.74%	6.85%	2.68%	5.39%	
Line Fee Interest Rate	N/A	N/A	N/A	N/A	N/A	N/A	0.40%	
Date Due	31-May-25	31-May-26	21-Feb-27	31-May-27	25-Sep-27	7-Jun-41	TBD*	
Annual Commitment	\$ 264,921	\$ 891,595	\$ 893,507	\$ 917,390	\$ 925,933	\$ 876,390	TBD*	\$ 4,769,735
Principal Repaid LTD	\$ 2,871,543	\$ 8,743,274	\$ 8,346,604	\$ 7,903,083	\$ 7,517,163	\$ 1,875,107	\$ -	\$ 37,256,774
Interest Incurred LTD	\$ 2,294,410	\$ 7,751,237	\$ 7,739,240	\$ 8,151,235	\$ 8,223,692	\$ 1,192,258	\$ 30,035	\$ 35,382,107
Principal Outstanding	\$ 128,457	\$ 1,256,727	\$ 1,653,396	\$ 2,096,917	\$ 2,482,838	\$ 11,624,893	\$ 50,000	\$ 19,293,227
Interest Outstanding	\$ 4,003	\$ 80,666	\$ 133,920	\$ 217,255	\$ 306,850	\$ 2,835,546	TBD*	\$ 3,578,241
<p>* Loan 8 is due to be repaid over a 20 year period once fully drawdown. The interest rate above applies to the principal amount drawdown, while the line fee applies to the approved loan funding of \$30M. Interest is repaid on a quarterly basis. Due to the the structure of this loan facility, the annual committment and total interest outstanding are not known at this time.</p>								