

**Meeting Date:** Tuesday 13 October 2020  
**Location:** Online Audio Visual Meeting  
**Time:** 6.30pm

*Committee Meetings will be recorded on audio tape for minute-taking purposes as authorised by the Local Government Act 1993. Committee Meetings will also be webcast.*

**NOTICE OF BUSINESS**

<b>Item</b>	<b>Page</b>
<b>LATE ITEM</b>	
5 INVESTMENT REPORT AS AT 30 SEPTEMBER 2020 .....	1

## **LATE ITEM**

### **5 INVESTMENT REPORT AS AT 30 SEPTEMBER 2020**

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**Report prepared by:** Chief Financial Officer  
**File No.:** GRP/09/5/15 - BP20/1005

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#### **REPORT SUMMARY**

This report details Council's performance of its investment portfolio as at 30 September 2020 and compares it against key benchmarks. The report includes the estimated market valuation of Council's investment portfolio and loan liabilities.

Council's return for the reporting period is 1.91%, which is 1.82% above the benchmark figure of 0.09%.

Income from interest on investments and proceeds from sale of investments totals \$1,042K for the financial year to date, which is \$117K above the 2020/21 year-to-date adopted budget of \$925K.

#### **RECOMMENDATION:**

That Council endorse the Investment Report as at 30 September 2020.

#### **ATTACHMENTS**

There are no attachments for this report.

Report Prepared By:

**Pav Kuzmanovski**  
**Chief Financial Officer**

Report Approved By:

**Steven Kludass**  
**Director - Corporate Services**

## ITEM 5 (continued)

### Discussion

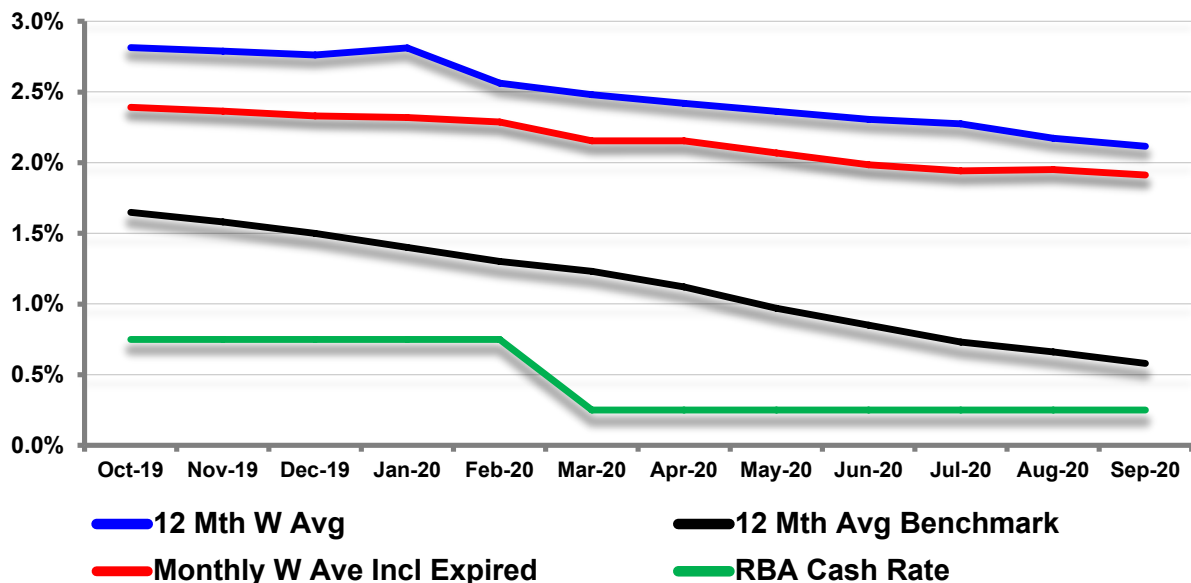
Council's Responsible Accounting Officer is required to report monthly on Council's Investment Portfolio and certify that the Investments are held in accordance with Council's Investment Policy and Section 625 of the Local Government Act.

### Investment Performance Commentary

Council's performance against the benchmark for returns of its investment portfolio for September 2020 and the past 12 months are as follows:

	September	12 Mth	FYTD
<b>Council Return</b>	<b>1.91</b>	<b>2.12</b>	<b>1.93</b>
<b>Benchmark</b>	0.09	<b>0.58</b>	0.10
<b>Variance</b>	<b>1.82</b>	<b>1.54</b>	<b>1.83</b>

### Performance - All Investments



Council's investment portfolio as at 30 September 2020 was as follows:

Cash/Term Deposits	\$121.1M	56.7%
Floating Rate Notes	\$43.8M	20.5%
Fixed Bonds	\$48.6M	22.8%
<b>Total Investments</b>	<b>\$213.5M</b>	

**ITEM 5 (continued)**

Council continues to utilise the Federal Government's current guarantee (\$250K) investing in Term Deposits with a range of Authorised Deposit Taking Institutions (ADI's) on short to medium term investments (generally 30 days to 180 days maturity) where more competitive rates are available.

Whilst Council has moved some of its investment portfolio out to longer terms to lock in future returns, it should be noted that there is approximately \$98.6 million of Council's funds held in Internal Reserves (as at 30 June 2019).

Council's income from investments continues to exceed budgeted expectations, primarily due to Council's cash reserves balances being higher than anticipated.

**Loan Liability**

Council's loan liability as at 30 September was \$1.3 million which represents the balance of two loans which were established under the Local Infrastructure Renewal Scheme (LIRS). Council receives a 3% interest subsidy payment from the OLG twice a year.

1. A \$1.5M 10 year loan drawn down 31 January 2014 at 180 day BBSW +175 basis points for the Children's Play Implementation Plan, which was approved for an LIRS subsidy in Round 2. The interest rate for this loan is reset every six months;
2. A \$1.5M 10 year loan drawn down 1 September 2014 at 4.95% for Phase 2 of the Children's Play Implementation Plan, which was approved for an LIRS subsidy in Round 3.

**ITEM 5 (continued)**

INVESTMENT SUMMARY AS AT 30 SEPTEMBER 2020

Issuer	Investment Name	Investment Rating	Fossil Fuel	Invested at 30-Sep-20 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2020	% of Total Invested	Maturity	Tenor
National Australia Bank	1. NAB Fixed Bond (Covered)	AAA	Y	3,744	2.94	3.09	3.05	1.75	16/03/2023	1826
Suncorp-Metway	2. Suncorp-Metway Floating Rate Note	AAA	N	4,000	1.21	1.69	1.21	1.87	22/06/2021	1826
Australia and New Zealand Banking Group	3. ANZ Fixed Bond	AA-	Y	1,499	3.15	3.13	3.17	0.70	18/01/2023	1826
Australia and New Zealand Banking Group	4. ANZ Fixed Bond	AA-	Y	1,999	1.56	1.55	1.57	0.94	29/08/2024	1827
Australia and New Zealand Banking Group	5. ANZ Fixed Bond	AA-	Y	1,992	1.67	1.66	1.68	0.93	29/08/2024	1805
Australia and New Zealand Banking Group	6. ANZ Fixed Bond	AA-	Y	1,997	1.70	1.70	1.70	0.94	16/01/2025	1827
Australia and New Zealand Banking Group	7. ANZ Fixed Bond	AA-	Y	2,974	1.80	1.80	1.81	1.39	29/08/2024	1612
Australia and New Zealand Banking Group	8. ANZ Floating Rate Note	AA-	Y	4,000	1.28	1.73	1.29	1.87	7/04/2021	1826
Australia and New Zealand Banking Group	9. ANZ Floating Rate Note	AA-	Y	1,500	0.88	1.32	0.88	0.70	18/01/2023	1826
Australia and New Zealand Banking Group	10. ANZ Floating Rate Note	AA-	Y	2,000	1.01	1.52	1.00	0.94	9/05/2023	1826
Australia and New Zealand Banking Group	11. ANZ Floating Rate Note	AA-	Y	2,999	3.14	3.11	3.15	1.40	8/02/2024	1826
Australia and New Zealand Banking Group	12. ANZ Term Deposit	AA-	Y	4,000	1.62	2.12	1.61	1.87	10/11/2022	2557
Australia and New Zealand Banking Group	13. ANZ Term Deposit	AA-	Y	4,000	1.55	2.08	1.56	1.87	15/12/2022	2557
Commonwealth Bank of Australia	14. CBA At Call Account	AA-	Y	12,548	0.24	0.41	0.24	5.88		
Commonwealth Bank of Australia	15. CBA Fixed Bond	AA-	Y	3,988	3.41	3.38	3.41	1.87	25/04/2023	1916
Commonwealth Bank of Australia	16. CBA Fixed Bond	AA-	Y	3,496	3.27	3.26	3.30	1.64	16/08/2023	1826
Commonwealth Bank of Australia	17. CBA Fixed Bond	AA-	Y	3,481	3.23	3.20	3.25	1.63	11/01/2024	1826
National Australia Bank	18. NAB Fixed Bond	AA-	Y	2,998	3.15	3.16	3.16	1.40	12/05/2021	1826
National Australia Bank	19. NAB Fixed Bond	AA-	Y	3,995	3.08	3.09	3.10	1.87	10/02/2023	1918
National Australia Bank	20. NAB Fixed Bond	AA-	Y	2,997	2.95	2.94	2.97	1.40	26/02/2024	1826
National Australia Bank	21. NAB Floating Rate Note	AA-	Y	2,000	1.19	1.69	1.19	0.94	5/11/2020	1827
National Australia Bank	22. NAB Floating Rate Note	AA-	Y	4,000	1.00	1.52	1.00	1.87	16/05/2023	1826
National Australia Bank	23. NAB Floating Rate Note	AA-	Y	2,000	1.03	1.56	1.03	0.94	19/06/2024	1827
National Australia Bank	24. NAB Term Deposit	AA-	Y	4,000	0.98	1.30	0.98	1.87	18/02/2021	265
National Australia Bank	25. NAB Term Deposit	AA-	Y	2,500	1.43	1.43	1.43	1.17	29/01/2021	336
National Australia Bank	26. NAB Term Deposit	AA-	Y	4,000	0.65	1.45	1.12	1.87	25/03/2021	189
National Australia Bank	27. NAB Term Deposit	AA-	Y	4,000	0.98	1.30	0.98	1.87	16/02/2021	263
National Australia Bank	28. NAB Term Deposit	AA-	Y	4,000	0.90	1.44	0.90	1.87	18/03/2021	268
National Australia Bank	29. NAB Term Deposit	AA-	Y	4,000	1.45	1.45	1.45	1.87	16/10/2020	233
National Australia Bank	30. NAB Term Deposit	AA-	Y	4,000	1.43	1.43	1.43	1.87	19/01/2021	326
National Australia Bank	31. NAB Term Deposit	AA-	Y	4,000	3.35	3.35	3.35	1.87	18/09/2023	1827
Westpac Banking Corporation	32. Westpac At Call Account	AA-	Y	13	0.05	0.08	0.05	0.01		
Westpac Banking Corporation	33. Westpac Floating Rate Note	AA-	Y	2,483	3.25	3.24	3.25	1.16	24/04/2024	1917
Westpac Banking Corporation	34. Westpac Term Deposit	AA-	Y	2,000	0.70	1.58	1.34	0.94	21/09/2021	364
Westpac Banking Corporation	35. Westpac Term Deposit	AA-	Y	4,000	3.55	3.55	3.55	1.87	22/02/2022	1825
Westpac Banking Corporation	36. Westpac Term Deposit	AA-	Y	4,000	3.32	3.32	3.32	1.87	9/08/2022	1813
Westpac Banking Corporation	37. Westpac Term Deposit	AA-	Y	2,000	3.38	3.38	3.38	0.94	18/08/2022	1815
Westpac Banking Corporation	38. Westpac Term Deposit	AA-	Y	4,000	1.31	1.83	1.30	1.87	17/02/2022	1826
Westpac Banking Corporation	39. Westpac Term Deposit	AA-	Y	4,000	3.15	3.14	3.14	1.87	2/11/2021	1461
Macquarie Bank	40. Macquarie Bank Fixed Bond	A+	Y	3,999	1.71	1.71	1.72	1.87	12/02/2025	1827
Macquarie Bank	41. Macquarie Bank Term Deposit	A+	Y	2,000	1.70	1.73	1.70	0.94	1/04/2021	364
Suncorp-Metway	42. Suncorp-Metway Floating Rate Note	A+	N	800	1.36	1.71	1.36	0.37	20/10/2020	1827
Suncorp-Metway	43. Suncorp-Metway Floating Rate Note (Covered)	A+	N	1,000	1.07	1.59	1.08	0.47	16/08/2022	1826
Suncorp-Metway	44. Suncorp-Metway Floating Rate Note	A+	N	1,200	1.22	1.23	1.23	0.56	24/04/2025	1823
Bank of Queensland	45. Bank of Queensland Fixed Bond	BBB+	Y	1,992	3.40	3.38	3.41	0.93	16/11/2021	1267
Bank of Queensland	46. Bank of Queensland Floating Rate Note	BBB+	Y	1,200	1.17	1.17	1.17	0.56	14/05/2025	1826
Bank of Queensland	47. Bank of Queensland Term Deposit	BBB+	Y	2,000	2.55	2.55	2.55	0.94	13/06/2024	1827
Bank of Queensland	48. Bank of Queensland Term Deposit	BBB+	Y	4,000	3.10	3.10	3.10	1.87	17/12/2020	1071
Bank of Queensland	49. Bank of Queensland Term Deposit	BBB+	Y	2,000	3.55	3.55	3.55	0.94	12/11/2020	1827
Bank of Queensland	50. Bank of Queensland Term Deposit	BBB+	Y	2,000	3.75	3.75	3.75	0.94	9/12/2021	1823
Bank of Queensland	51. Bank of Queensland Term Deposit	BBB+	Y	4,000	3.50	3.50	3.50	1.87	15/11/2022	1804

**ITEM 5 (continued)**

Issuer	Investment Name	Investment Rating	Fossil Fuel	Invested at 30-Sep-20 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2020	% of Total Invested	Maturity	Tenor
Bendigo and Adelaide Bank	52. Bendigo and Adelaide Bank Fixed Bond	BBB+	N	2,000	3.53	3.51	3.56	0.94	25/01/2023	1826
Bendigo and Adelaide Bank	53. Bendigo and Adelaide Bank Floating Rate Note	BBB+	N	1,998	1.21	1.67	1.21	0.94	25/01/2023	1532
Heritage Bank	54. Heritage Bank Floating Rate Note	BBB+	N	1,400	1.35	1.84	1.34	0.66	29/03/2021	1096
Heritage Bank	55. Heritage Bank Floating Rate Note	BBB+	N	2,001	0.90	1.42	0.90	0.94	12/08/2022	1085
MyState Bank	56. MyState Bank Term Deposit	BBB+	N	2,000	1.65	1.65	1.65	0.94	2/01/2021	291
AMP	57. AMP At Call Account	BBB	Y	395	0.56	0.87	0.63	0.19		
AMP	58. AMP Floating Rate Note	BBB	Y	1,999	1.22	1.72	1.23	0.94	10/09/2021	729
AMP	59. AMP Floating Rate Note	BBB	Y	995	1.50	2.00	1.50	0.47	30/03/2022	917
AMP	60. AMP Term Deposit	BBB	Y	1,000	0.80	1.89	0.80	0.47	30/07/2021	365
Australian Unity Bank	61. Australian Unity Bank Term Deposit	BBB	?	2,000	1.70	1.70	1.70	0.94	11/02/2021	364
Bank Australia	62. Bank Australia Floating Rate Note	BBB	N	1,000	1.38	1.92	1.39	0.47	30/08/2021	1096
Bank Australia	63. Bank Australia Floating Rate Note	BBB	N	2,000	0.99	1.38	1.00	0.94	2/12/2022	1096
Credit Union Australia	64. CUA Floating Rate Note	BBB	N	1,000	1.22	1.66	1.23	0.47	24/10/2024	1827
Credit Union Australia	65. CUA Term Deposit	BBB	N	2,000	3.00	3.00	3.00	0.94	3/12/2020	728
Defence Bank	66. Defence Bank Term Deposit	BBB	N	2,000	1.65	1.65	1.65	0.94	9/02/2021	349
ME Bank	67. ME Bank At Call Account	BBB	N	5,528	0.76	0.80	0.76	2.59		
ME Bank	68. ME Bank Floating Rate Note	BBB	N	1,500	1.36	1.87	1.36	0.70	9/11/2020	1096
ME Bank	69. ME Bank Floating Rate Note	BBB	N	1,600	1.38	1.82	1.39	0.75	16/04/2021	1095
Newcastle Permanent Building Society	70. Newcastle Permanent Building Society Term Deposit	BBB	N	2,000	3.05	3.05	3.05	0.94	27/01/2022	1092
Newcastle Permanent Building Society	71. Newcastle Permanent Building Society Term Deposit	BBB	N	2,000	3.05	3.05	3.05	0.94	10/02/2022	1095
Police & Nurses Limited	72. P&N Bank Term Deposit	BBB	N	1,000	3.50	3.50	3.50	0.47	2/11/2023	1821
Teachers Mutual Bank	73. Teachers Mutual Bank Floating Rate Note	BBB	N	1,400	1.48	1.93	1.48	0.66	2/07/2021	1096
Auswide Bank	74. Auswide Bank Floating Rate Note	BBB-	N	1,500	1.15	1.38	1.16	0.70	17/03/2023	1095
Auswide Bank	75. Auswide Bank Term Deposit	BBB-	N	2,000	1.69	1.69	1.69	0.94	15/02/2022	715
Auswide Bank	76. Auswide Bank Term Deposit	BBB-	N	2,000	0.80	0.80	0.80	0.94	11/02/2021	174
QPCU	77. QBank Floating Rate Note	BBB-	N	1,000	1.52	2.00	1.52	0.47	22/03/2021	1098
QPCU	78. QBank Floating Rate Note	BBB-	N	750	1.60	2.13	1.61	0.35	14/12/2021	1096
QPCU	79. QBank Term Deposit	BBB-	N	1,000	1.70	1.89	1.70	0.47	8/12/2020	362
QPCU	80. QBank Term Deposit	BBB-	N	1,000	1.65	2.18	1.65	0.47	6/05/2021	364
QPCU	81. QBank Term Deposit	BBB-	N	1,000	1.65	1.75	1.65	0.47	1/10/2021	365
WAW Credit Union Co-operative Limited	82. WAW CU Term Deposit	NA	N	2,000	1.80	1.88	1.80	0.94	8/12/2020	362
Coastline Credit Union	83. Coastline CU Term Deposit	NR	?	1,000	1.80	1.99	1.80	0.47	10/12/2020	357
Police Credit Union	84. Police CU (SA) Term Deposit	NR	?	1,000	1.65	1.75	1.65	0.47	8/10/2020	331
Police Credit Union	85. Police CU (SA) Term Deposit	NR	?	1,000	1.75	1.85	1.75	0.47	21/10/2020	349
Queensland Country Bank	86. Queensland Country Bank Term Deposit	NR	?	1,000	1.60	2.08	1.60	0.47	16/03/2021	371
Warwick Credit Union	87. Warwick CU Term Deposit	NR	?	1,000	1.90	2.09	1.90	0.47	10/12/2020	357
				<b>213,460</b>	<b>1.91</b>	<b>2.17</b>	<b>1.94</b>	<b>100</b>		

\*Monthly returns when annualised can appear to exaggerate performance

\*\*Market valuations are indicative prices only, and do not necessarily reflect the price at which a transaction could be entered into.

**Return including Matured/Traded Investments**

**Weighted Average Return**

**Benchmark Return: AusBond Bank Bill Index (%)**

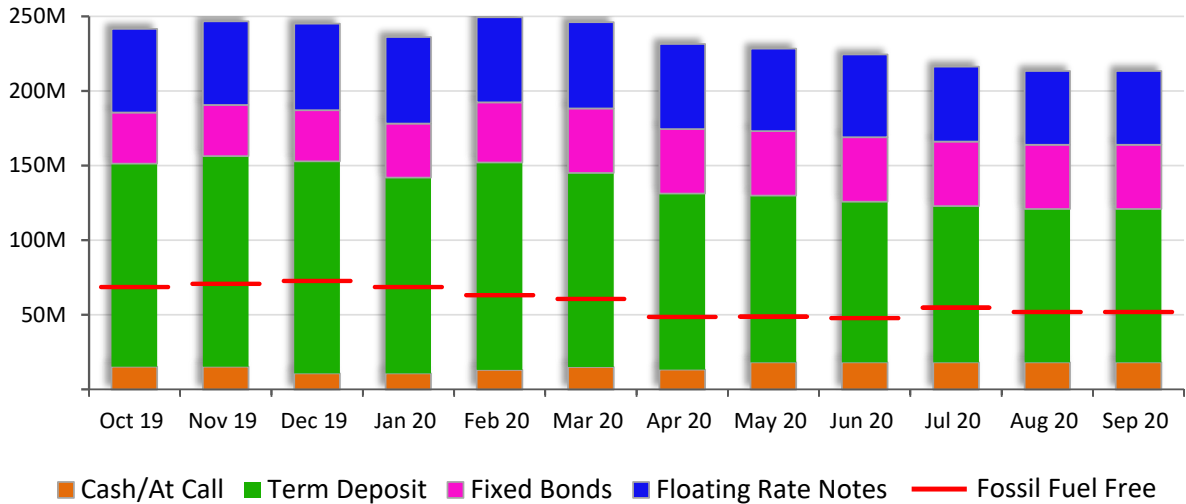
**Variance From Benchmark (%)**

	Sep	12 Mth	EYTD
<b>Return including Matured/Traded Investments</b>	<b>1.91</b>	<b>2.12</b>	<b>1.93</b>
<b>Benchmark Return: AusBond Bank Bill Index (%)</b>	<b>0.09</b>	<b>0.58</b>	<b>0.10</b>
<b>Variance From Benchmark (%)</b>	<b>1.82</b>	<b>1.54</b>	<b>1.83</b>

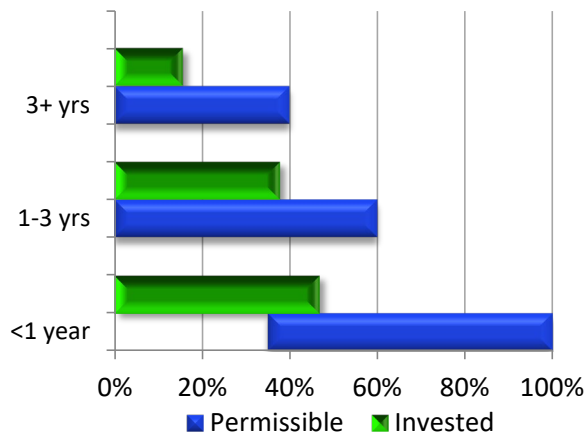
**ITEM 5 (continued)**

**Analysis of investments**

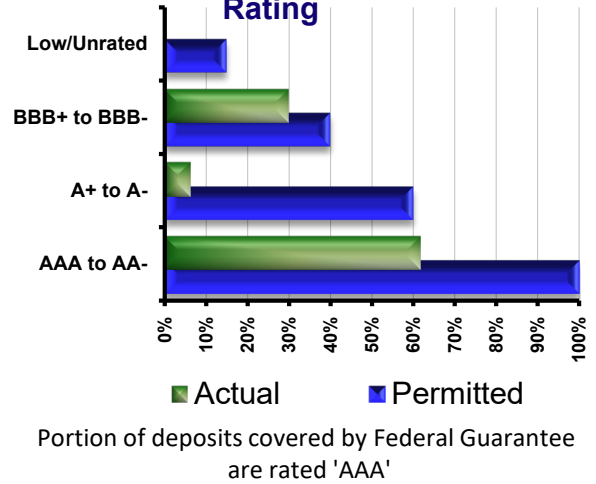
**Total Funds Invested**



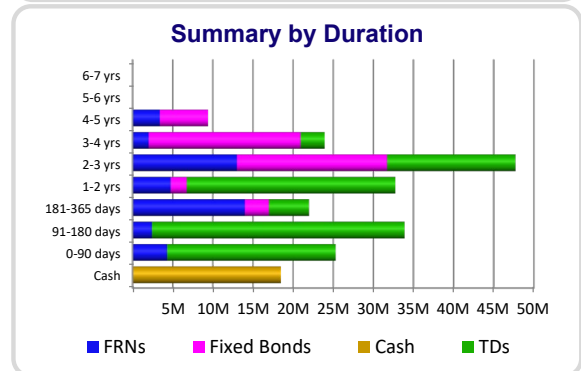
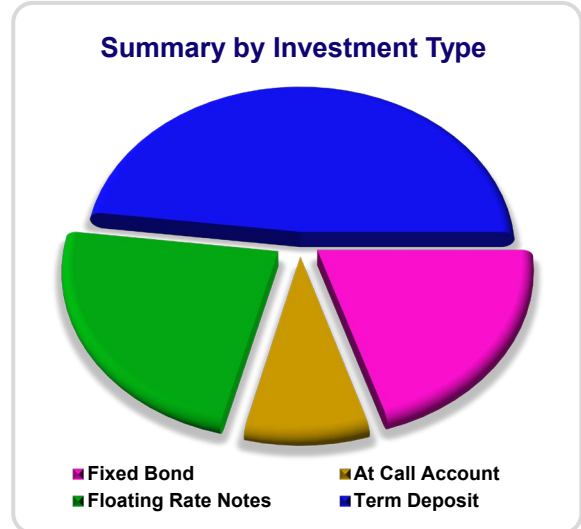
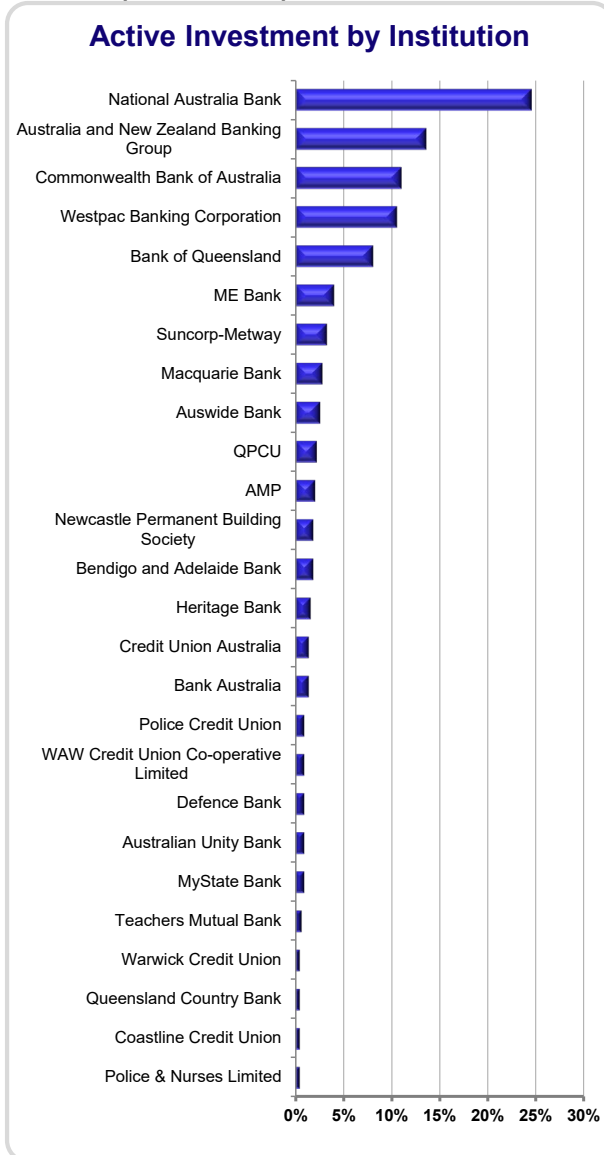
**Policy Limits on Maturities**



**Investment Summary by Rating**



**ITEM 5 (continued)**



	<365 days	>365 days
Cash/TDs	\$75.0M	\$46.0M
FRNs	\$20.7M	\$23.1M
Fixed Bonds	\$3.0M	\$45.6M
	<b>\$98.7M</b>	<b>\$114.8M</b>

**Divestment of Fossil Fuel Aligned Financial Institutions**

As at 30 September 2020, Council had a total amount of \$51.7 million invested in non-fossil fuel aligned financial institutions. A further \$7 million was invested in unrated financial institutions where their 'alignment status' is unclear/undetermined. It is almost certain all of these unrated financial institutions are non-fossil fuel aligned institutions as their lending profiles are almost identical to other unrated institutions. If it assumed those institutions are non-fossil fuel aligned financial institutions, then the total amount is \$58.7 million (27.5% of Council's total investment portfolio).

By way of comparison, Council had \$50.5 million (24.5% of its total investment portfolio) invested in non-fossil fuel aligned financial institutions, as at policy inception on 31 January 2018.



**ITEM 5 (continued)****Financial Implications**

Council's return for the reporting period is 1.91%, which is 1.82% above the benchmark figure of 0.09%. Income from interest on investments and proceeds from sales of investments totals \$1,042K for the period ending 30 September 2020 and is \$117K above the 2020/21 year-to-date adopted budget of \$925K.

**Summary**

Council's investment portfolio continues to perform well with returns well above benchmark. The recommendation in this report is consistent with Section 625 of the Local Government Act, which deals with the investment of surplus funds by Councils.

**Certificate of the Chief Financial Officer (Responsible Accounting Officer)**

I certify that as at the date of this report, the investments listed have been made and are held in compliance with Council's Investment Policy and applicable legislation.

Pav Kuzmanovski  
Chief Financial Officer