

Meeting Date: Tuesday 9 February 2021
Location: Online Audio Visual Meeting
Time: 6.45pm

*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

Item	Page
LATE ITEM	
6 INVESTMENT REPORT AS AT 31 JANUARY 2021	1

LATE ITEM**6 INVESTMENT REPORT AS AT 31 JANUARY 2021**

Report prepared by: Chief Financial Officer
File No.: GRP/21/8 - BP21/41

REPORT SUMMARY

This report details Council's performance of its investment portfolio as at 31 January 2021 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 1.73%, which is 1.72% above the benchmark figure of 0.01%.

Income from interest on investments and proceeds from sale of investments totals \$2,294K for the financial year to date, which is \$136K above the 2020/21 year-to-date adopted budget of \$2,158K.

RECOMMENDATION:

That Council endorse the Investment Report as at 31 January 2021.

ATTACHMENTS

There are no attachments for this report.

Report Prepared By:

Pav Kuzmanovski
Chief Financial Officer

Report Approved By:

Marnie Mitchell
Acting Director - Corporate Services

ITEM 6 (continued)

Discussion

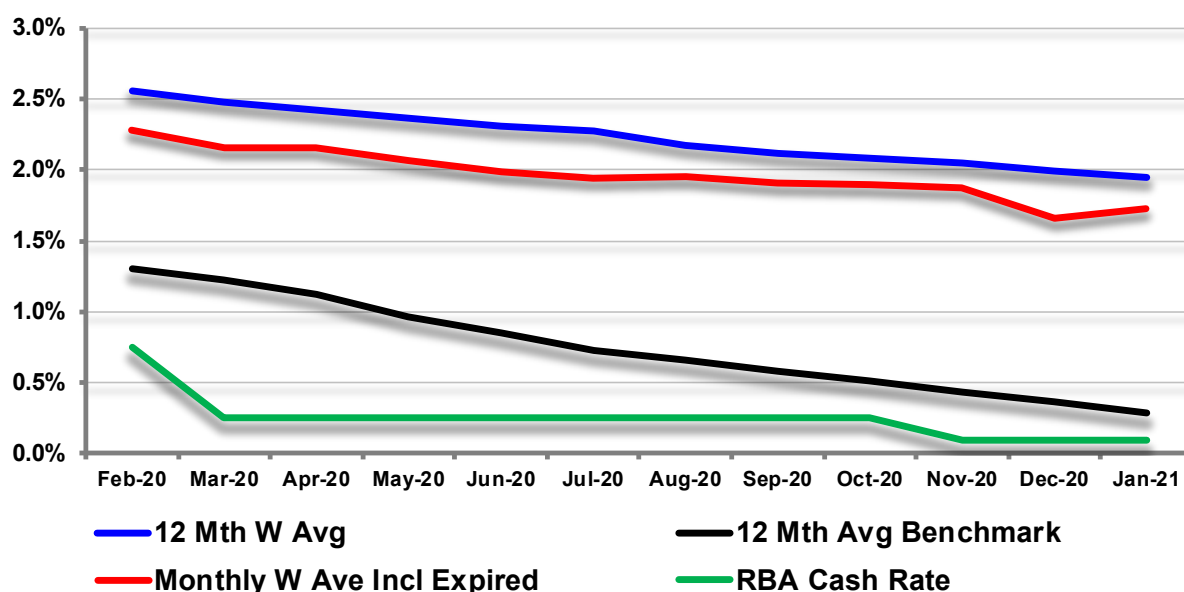
Council's Responsible Accounting Officer is required to report monthly on Council's Investment Portfolio and certify that the Investments are held in accordance with Council's Investment Policy and Section 625 of the Local Government Act.

Investment Performance Commentary

Council's performance against the benchmark for returns of its investment portfolio for January 2021 and the past 12 months are as follows:

	Jan	12 Mth	FYTD
Council Return	1.73	1.95	1.84
Benchmark	0.01	0.29	0.08
Variance	1.72	1.66	1.76

Performance - All Investments



Council's investment portfolio as at 31 January 2021 was as follows:

Cash/Term Deposits	\$117.5M	57.1%
Floating Rate Notes	\$39.5M	19.2%
Fixed Bonds	\$48.6M	23.6%
Total Investments	\$205.7M	

ITEM 6 (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 \$100.8 million of Council's funds held in Internal Reserves (as at 30 June 2020).

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 31 January 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 6 (continued)

INVESTMENT SUMMARY AS AT 31 JANUARY 2021

Issuer	Investment Name	Investment Rating	Fossil Fuel	Invested at 31-Jan-21 \$000's	Annualised Period Return (%)	12 Month Average Return on Current Investments	Return since 01 July 2020	% of Total Invested	Maturity	Tenor
Bank of Queensland	1. Bank of Queensland Floating Rate Note	AAA	Y	1,200	1.10	1.15	1.15	0.58	14/05/2025	1826
National Australia Bank	2. NAB Fixed Bond (Covered)	AAA	Y	3,745	3.10	3.09	3.08	1.82	16/03/2023	1826
Suncorp-Metway	3. Suncorp-Metway Floating Rate Note	AAA	N	4,000	1.11	1.41	1.19	1.94	22/06/2021	1826
Australia and New Zealand Banking Group	4. ANZ Fixed Bond	AA-	Y	1,499	3.20	3.16	3.17	0.73	18/01/2023	1826
Australia and New Zealand Banking Group	5. ANZ Fixed Bond	AA-	Y	1,999	1.56	1.55	1.56	0.97	29/08/2024	1827
Australia and New Zealand Banking Group	6. ANZ Fixed Bond	AA-	Y	1,993	1.67	1.66	1.67	0.97	29/08/2024	1805
Australia and New Zealand Banking Group	7. ANZ Fixed Bond	AA-	Y	1,997	1.50	1.68	1.67	0.97	16/01/2025	1827
Australia and New Zealand Banking Group	8. ANZ Fixed Bond	AA-	Y	2,976	1.80	1.79	1.79	1.45	29/08/2024	1612
Australia and New Zealand Banking Group	9. ANZ Floating Rate Note	AA-	Y	4,000	1.22	1.46	1.27	1.94	7/04/2021	1826
Australia and New Zealand Banking Group	10. ANZ Floating Rate Note	AA-	Y	1,500	0.83	1.04	0.86	0.73	18/01/2023	1826
Australia and New Zealand Banking Group	11. ANZ Floating Rate Note	AA-	Y	2,000	0.93	1.22	0.97	0.97	9/05/2023	1826
Australia and New Zealand Banking Group	12. ANZ Floating Rate Note	AA-	Y	2,999	3.13	3.11	3.14	1.46	8/02/2024	1826
Australia and New Zealand Banking Group	13. ANZ Term Deposit	AA-	Y	4,000	1.53	1.82	1.58	1.94	10/11/2022	2557
Australia and New Zealand Banking Group	14. ANZ Term Deposit	AA-	Y	4,000	1.48	1.77	1.54	1.94	15/12/2022	2557
Commonwealth Bank of Australia	15. CBA At Call Account	AA-	Y	12,527	0.12	0.18	-0.02	6.09		
Commonwealth Bank of Australia	16. CBA Fixed Bond	AA-	Y	3,990	3.41	3.39	3.42	1.94	25/04/2023	1916
Commonwealth Bank of Australia	17. CBA Fixed Bond	AA-	Y	3,496	3.28	3.26	3.29	1.70	16/08/2023	1826
Commonwealth Bank of Australia	18. CBA Fixed Bond	AA-	Y	3,483	3.28	3.24	3.24	1.69	11/01/2024	1826
National Australia Bank	19. NAB Fixed Bond	AA-	Y	2,999	3.16	3.15	3.14	1.46	12/05/2021	1826
National Australia Bank	20. NAB Fixed Bond	AA-	Y	3,996	3.08	3.09	3.09	1.94	10/02/2023	1918
National Australia Bank	21. NAB Fixed Bond	AA-	Y	2,997	2.95	2.94	2.96	1.46	26/02/2024	1826
National Australia Bank	22. NAB Floating Rate Note	AA-	Y	4,000	0.92	1.22	0.97	1.94	16/05/2023	1826
National Australia Bank	23. NAB Floating Rate Note	AA-	Y	2,000	0.93	1.26	1.00	0.97	19/06/2024	1827
National Australia Bank	24. NAB Term Deposit	AA-	Y	4,000	0.98	1.12	0.98	1.94	18/02/2021	265
National Australia Bank	25. NAB Term Deposit	AA-	Y	4,000	0.65	1.09	0.85	1.94	25/03/2021	189
National Australia Bank	26. NAB Term Deposit	AA-	Y	4,000	0.98	1.12	0.98	1.94	16/02/2021	263
National Australia Bank	27. NAB Term Deposit	AA-	Y	4,000	0.90	1.17	0.90	1.94	18/03/2021	268
National Australia Bank	28. NAB Term Deposit	AA-	Y	4,000	0.60	1.14	0.96	1.94	16/10/2021	365
National Australia Bank	29. NAB Term Deposit	AA-	Y	4,000	0.45	1.34	1.29	1.94	11/01/2022	357
National Australia Bank	30. NAB Term Deposit	AA-	Y	4,000	3.35	3.35	3.35	1.94	18/09/2023	1827
National Australia Bank	31. NAB Term Deposit	AA-	Y	2,000	0.50	0.50	0.50	0.97	2/12/2021	364
Westpac Banking Corporation	32. Westpac At Call Account	AA-	Y	13	0.04	0.06	0.05	0.01		
Westpac Banking Corporation	33. Westpac Floating Rate Note	AA-	Y	2,485	3.25	3.23	3.21	1.21	24/04/2024	1917
Westpac Banking Corporation	34. Westpac Term Deposit	AA-	Y	2,000	0.70	1.26	0.97	0.97	21/09/2021	364
Westpac Banking Corporation	35. Westpac Term Deposit	AA-	Y	4,000	3.55	3.55	3.55	1.94	22/02/2022	1825
Westpac Banking Corporation	36. Westpac Term Deposit	AA-	Y	4,000	3.32	3.32	3.32	1.94	9/08/2022	1813
Westpac Banking Corporation	37. Westpac Term Deposit	AA-	Y	2,000	3.38	3.38	3.38	0.97	18/08/2022	1815
Westpac Banking Corporation	38. Westpac Term Deposit	AA-	Y	4,000	1.23	1.53	1.28	1.94	17/02/2022	1826
Westpac Banking Corporation	39. Westpac Term Deposit	AA-	Y	4,000	3.14	3.14	3.14	1.94	2/11/2021	1461
Macquarie Bank	40. Macquarie Bank Fixed Bond	A+	Y	3,999	1.71	1.71	1.71	1.94	12/02/2025	1827
Macquarie Bank	41. Macquarie Bank Term Deposit	A+	Y	2,000	1.70	1.71	1.70	0.97	1/04/2021	364
Suncorp-Metway	42. Suncorp-Metway Floating Rate Note (Covered)	A+	N	1,000	0.99	1.30	1.05	0.49	16/08/2022	1826
Suncorp-Metway	43. Suncorp-Metway Floating Rate Note	A+	N	1,200	1.09	1.21	1.21	0.58	24/04/2025	1823
Bank of Queensland	44. Bank of Queensland Fixed Bond	BBB+	Y	1,995	3.41	3.42	3.42	0.97	16/11/2021	1267
Bank of Queensland	45. Bank of Queensland Term Deposit	BBB+	Y	2,000	2.55	2.55	2.55	0.97	13/06/2024	1827
Bank of Queensland	46. Bank of Queensland Term Deposit	BBB+	Y	4,000	0.50	2.67	2.36	1.94	16/09/2021	273
Bank of Queensland	47. Bank of Queensland Term Deposit	BBB+	Y	2,000	0.50	2.79	2.24	0.97	13/05/2021	182
Bank of Queensland	48. Bank of Queensland Term Deposit	BBB+	Y	2,000	3.75	3.75	3.75	0.97	9/12/2021	1823
Bank of Queensland	49. Bank of Queensland Term Deposit	BBB+	Y	4,000	3.50	3.50	3.50	1.94	15/11/2022	1804

ITEM 6 (continued)

Issuer	Investment Name	Investment Rating	Fossil Fuel	Invested at 31-Jan-21 \$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	50. Bendigo and Adelaide Bank Fixed Bond	BBB+	N	2,000	3.60	3.55	3.55	0.97	25/01/2023	1826
Bendigo and Adelaide Bank	51. Bendigo and Adelaide Bank Floating Rate Note	BBB+	N	1,998	1.16	1.39	1.19	0.97	25/01/2023	1532
Heritage Bank	52. Heritage Bank Floating Rate Note	BBB+	N	1,400	1.25	1.54	1.33	0.68	29/03/2021	1096
Heritage Bank	53. Heritage Bank Floating Rate Note	BBB+	N	2,001	0.83	1.12	0.87	0.97	12/08/2022	1085
MyState Bank	54. MyState Bank Term Deposit	BBB+	N	2,000	1.65	1.65	1.65	0.97	2/02/2021	322
AMP	55. AMP At Call Account	BBB	Y	396	0.51	0.69	0.57	0.19		
AMP	56. AMP Floating Rate Note	BBB	Y	2,000	1.15	1.42	1.21	0.97	10/09/2021	729
AMP	57. AMP Floating Rate Note	BBB	Y	996	1.41	1.70	1.48	0.48	30/03/2022	917
AMP	58. AMP Term Deposit	BBB	Y	1,000	0.80	1.40	0.80	0.49	30/07/2021	365
Australian Unity Bank	59. Australian Unity Bank Term Deposit	BBB	?	2,000	1.70	1.70	1.70	0.97	11/02/2021	364
Bank Australia	60. Bank Australia Floating Rate Note	BBB	N	1,000	1.40	1.64	1.40	0.49	30/08/2021	1096
Bank Australia	61. Bank Australia Floating Rate Note	BBB	N	2,000	0.92	1.17	0.97	0.97	2/12/2022	1096
Credit Union Australia	62. CUA Floating Rate Note	BBB	N	1,000	1.17	1.40	1.21	0.49	24/10/2024	1827
Defence Bank	63. Defence Bank Term Deposit	BBB	N	2,000	1.65	1.65	1.65	0.97	9/02/2021	349
ME Bank	64. ME Bank At Call Account	BBB	N	5,541	0.70	0.75	0.74	2.69		
ME Bank	65. ME Bank Floating Rate Note	BBB	N	1,600	1.33	1.55	1.37	0.78	16/04/2021	1095
Newcastle Permanent Building Society	66. Newcastle Permanent Building Society Term Deposit	BBB	N	2,000	3.05	3.05	3.05	0.97	27/01/2022	1092
Newcastle Permanent Building Society	67. Newcastle Permanent Building Society Term Deposit	BBB	N	2,000	3.05	3.05	3.05	0.97	10/02/2022	1095
Police & Nurses Limited	68. P&N Bank Term Deposit	BBB	N	1,000	3.50	3.50	3.50	0.49	2/11/2023	1821
Teachers Mutual Bank	69. Teachers Mutual Bank Floating Rate Note	BBB	N	1,400	1.40	1.66	1.46	0.68	2/07/2021	1096
Auswide Bank	70. Auswide Bank Floating Rate Note	BBB-	N	1,500	1.06	1.28	1.13	0.73	17/03/2023	1095
Auswide Bank	71. Auswide Bank Term Deposit	BBB-	N	2,000	1.69	1.69	1.69	0.97	15/02/2022	715
Auswide Bank	72. Auswide Bank Term Deposit	BBB-	N	2,000	0.80	0.80	0.80	0.97	11/02/2021	174
QPCU	73. QBank Floating Rate Note	BBB-	N	1,000	1.42	1.71	1.49	0.49	22/03/2021	1098
QPCU	74. QBank Floating Rate Note	BBB-	N	750	1.53	1.82	1.59	0.36	14/12/2021	1096
QPCU	75. QBank Term Deposit	BBB-	N	1,000	0.50	1.50	1.36	0.49	15/12/2021	372
QPCU	76. QBank Term Deposit	BBB-	N	1,000	1.65	1.88	1.65	0.49	6/05/2021	364
QPCU	77. QBank Term Deposit	BBB-	N	1,000	1.65	1.65	1.65	0.49	1/10/2021	365
WAW Credit Union Co-operative Limited	78. WAW CU Term Deposit	NA	N	2,000	0.80	1.63	1.51	0.97	15/12/2021	372
Coastline Credit Union	79. Coastline CU Term Deposit	NR	?	1,000	0.55	1.59	1.44	0.49	16/12/2021	371
Police Credit Union	80. Police CU (SA) Term Deposit	NR	?	1,000	0.86	1.39	1.20	0.49	13/04/2021	187
Queensland Country Bank	81. Queensland Country Bank Term Deposit	NR	?	1,000	1.60	1.70	1.60	0.49	16/03/2021	371
Warwick Credit Union	82. Warwick CU Term Deposit	NR	?	1,000	0.70	1.70	1.56	0.49	11/03/2021	91
				205,670	1.74	1.97	1.85	100		

*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 (%)

	Jan	12 Mth	FYTD
Weighted Average Return	1.73	1.95	1.84
Benchmark Return: AusBond Bank Bill Index (%)	0.01	0.29	0.08
Variance From Benchmark (%)	1.72	1.66	1.76

Investment Income

	\$000's
This Period	302
Financial Year To Date	2,294
Budget Profile	2,158
Variance from Budget - \$	136

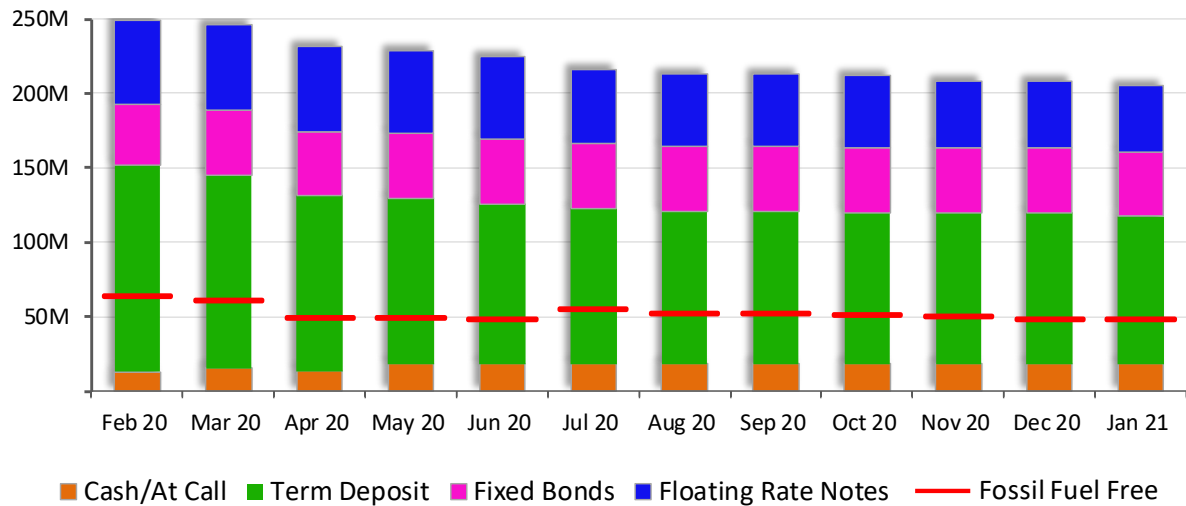
Fossil Fuel Free (000's)

Yes	47,390
No	152,280
Unknown	6,000

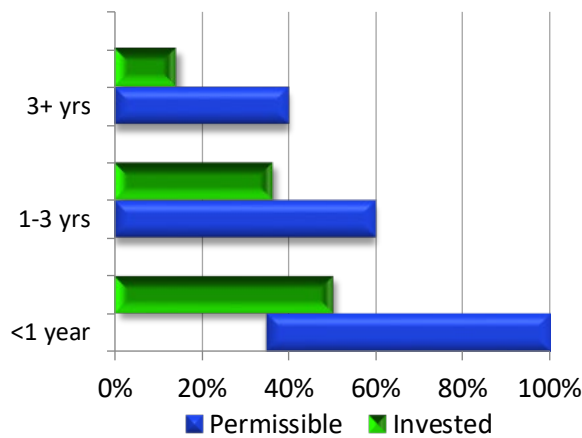
ITEM 6 (continued)

Analysis of investments

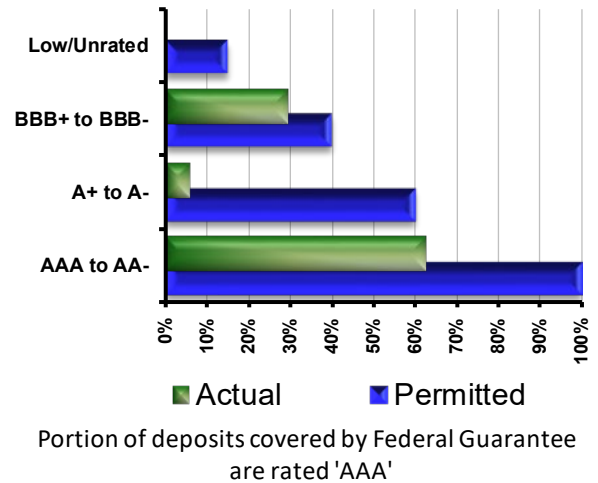
Total Funds Invested



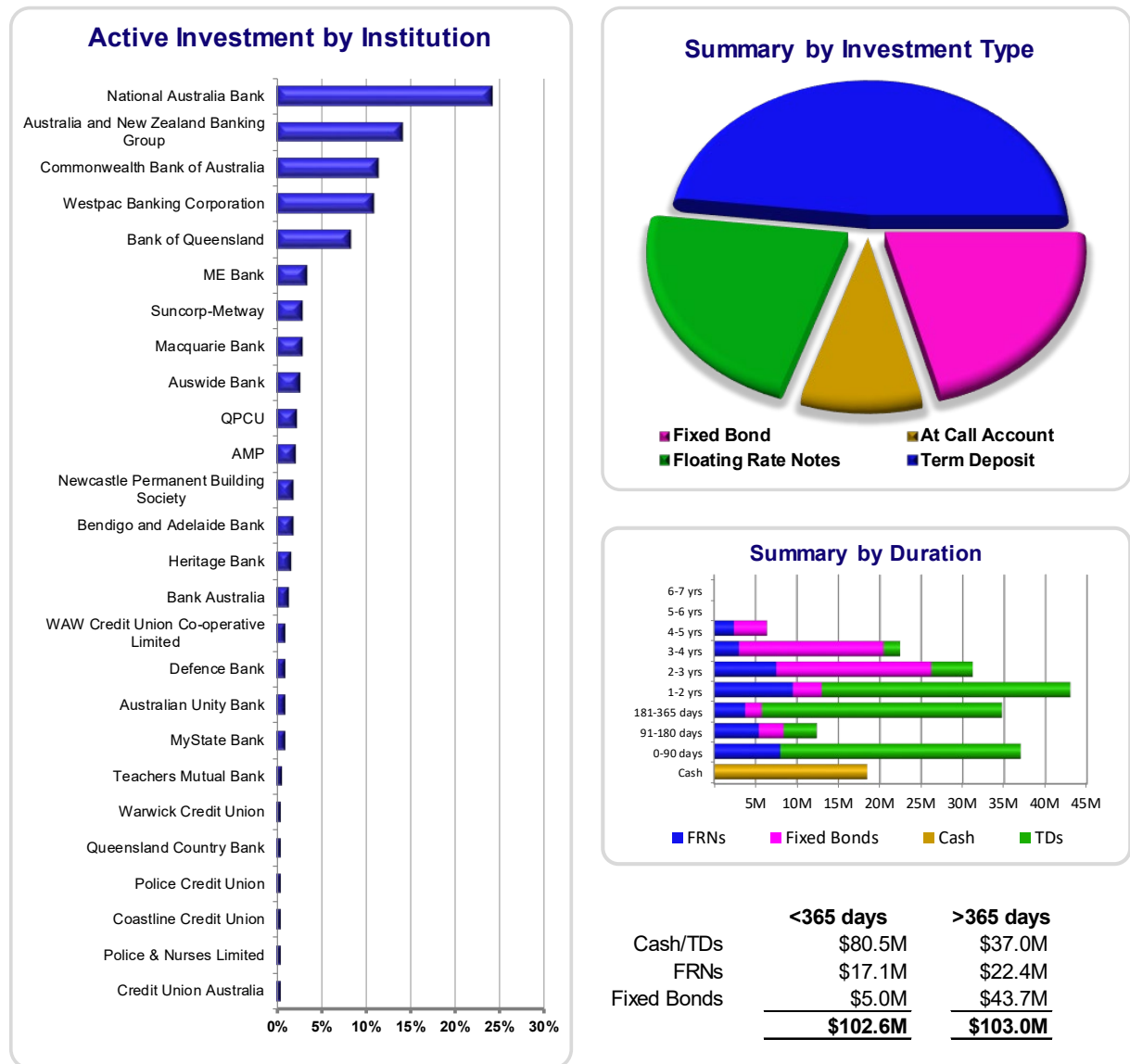
Policy Limits on Maturities



Investment Summary by Rating



ITEM 6 (continued)



Divestment of Fossil Fuel Aligned Financial Institutions

As at 31 January 2021, Council had a total amount of \$47.4 million invested in non-fossil fuel aligned financial institutions. A further \$6 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 is assumed those institutions are non-fossil fuel aligned financial institutions, then the total amount is \$53.4 million (26% 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 6 (continued)**Financial Implications**

Council's return for the reporting period is 1.73%, which is 1.72% above the benchmark figure of 0.01%. Income from interest on investments and proceeds from sales of investments totals \$2,294K for the period ending 31 January 2021 and is \$136K above the 2020/21 year-to-date adopted budget of \$2,158K.

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