

CLAUSE **CL05**

TITLE **Investments at 31 May 2020**

FROM **Vanessa Edwards, Finance Manager**

TRIM REF **20/55165**

SUMMARY

This report details Council's investments performance for the May 2020.

RECOMMENDATION

The report be noted by Council.

REPORT

In accordance with Section 212 of the Local Government (General) Regulation 2005, it is hereby certified that the investments detailed in the attached schedules have been made in accordance with Section 625 of the Local Government Act 1993, it's Regulations and Council's current Investment Policy and Strategy which were last amended and adopted on 13 February 2018. Management is striving to continuously build up cash and investment returns to ensure ongoing financial stability and liquidity into the future.

OPTIONS

Not applicable

POLICY IMPLICATIONS

The actions taken comply with Council's current investment policy and strategy, and the Ministerial Order as provided by the NSW Office of Local Government.

FINANCIAL IMPLICATIONS

As at the 31 May 2020, Council had received a total of \$778,600 in interest coupon payments and a further \$26,862 interest from its ordinary trading account, giving a total cash received of \$805,462 YTD.

The overall net interest income recognised (when combining both interest received and mark-to-market entries) at 31 May 2020 was \$797,671 against the YTD budget of \$1,176,065.

Council has a mix of growth and fixed income investments in the portfolio and at certain times growth assets are exposed to equity market fluctuations (volatility) and may incur valuation reductions that can impact on reported profits. These are long term assets and Council has no intention of divesting any of these assets when at cyclical lows and therefore crystallising any losses. Invariably, these assets will regain and increase their values and they make up a valuable diversity in Council's portfolio overall.

Council is operating in an ongoing, very low interest rate environment and it is difficult to obtain higher yields on investments whilst maintaining appropriate diversification of investments. Council's investments are diversified primarily across TCorp Managed Funds, term deposits, fixed income bonds and floating rate notes which are largely determined by the restrictions in place by the Minister's Order. Council's investments are diversified, all highly rated and of high quality.

LEGAL/STATUTORY IMPLICATIONS

Section 212 of the Local Government (General) Regulation 2005.

ENVIRONMENTAL IMPLICATIONS

Not applicable

COMMUNITY IMPLICATIONS

Not applicable

LINK TO STRATEGIC PLAN

This item links to Council's Strategic Plan item: C1- Provide clear and transparent communication to the local community on matters in which it is concerned.

CONSULTATION

Senior Management Team

ATTACHMENTS

- (a) Statement of Funds at 31 May 2020
- (b) Investment Returns Analysis - 12 Months Annualised

(a) Statement of Funds at 31 May, 2020

GRIFFITH CITY COUNCIL
Statement of Funds Invested under Section 625 of the Local Government Act, 1993
31 May, 2020

INVESTMENTS


| Type | Valuation Balance as at 31 May, 2020 | Cash Flows for May, 2020 | Non-Cash Valuation Adj's May, 2020 | Fund as a Percentage of Total Investments |
|---|--|--------------------------------|---|--|
| Cash/Managed Funds | | | | |
| 3.530% BT Institutional Cash Fund | 7,705.80 | 20.43 | | 0.01% |
| 12.080% Perpetual Credit Income Fund | 868,493.10 | 7,543.93 | | 1.58% |
| -0.300% NSW Treasury Corp -Long Term Growth Fund | 1,361,506.37 | | 37,051.65 | 2.48% |
| -0.030% NSW Treasury Corp -Medium Term Growth Fund | 4,947,139.26 | | 79,302.88 | 9.01% |
| 1.360% NSW Treasury Corp - Short Term Income Fund | 3,549,920.17 | 4,755.78 | 7,903.74 | 6.47% |
| 1.060% NSW Treasury Corp -Cash Fund | 13,516,638.62 | 8,370.98 | 5,932.70 | 24.62% |
| 0.750% UBS Cash Management Trust Account | 63,816.00 | 68.72 | | 0.12% |
| N/A ANZ Premium Business Saver Account | 7,474.00 | (12.23) | | 0.01% |
| Term Deposits | | | | |
| 2.200% AMP 272 Day Term Deposit Maturity 13/3/20 | 2,000,000.00 | 3,463.01 | | 3.64% |
| 1.500% BOQ 3 Yr Term Deposit Maturity 6/12/21 | 1,051,043.19 | 2,642.00 | | 1.91% |
| 2.750% ING 2 Yr Term Deposit Maturity 7/12/20 | 1,500,000.00 | 3,437.50 | | 2.73% |
| 2.800% NAB 2 Yr Term Deposit Maturity 2/11/2020 | 2,000,000.00 | 4,673.06 | | 3.64% |
| 0.950% Westpac Bank Notice Saver 60 Day | 2,255,019.28 | 1,824.16 | | 4.11% |
| 0.900% Westpac Bank Notice Saver 31 Day | 5,061,651.51 | 3,893.78 | | 9.22% |
| 2.860% Westpac Fixed/Floating Deposit Maturity 31/8/22 | 1,000,000.00 | 4,263.29 | | 1.82% |
| 1.050% St George 1 Yr Term Deposit Maturity 3/5/21 | 1,539,106.85 | 1,453.57 | | 2.80% |
| Bank Bonds/Floating Rate Notes | | | | |
| 1.198% Bendigo Adelaide Bank Floating Rate Note Maturity 18/08/20 | 1,001,270.00 | 4,931.51 | (470.00) | 1.82% |
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| 2.045% Rabo Bank Floating Rate Note Maturity 4/3/21 | 1,512,465.00 | | (570.00) | 2.76% |
| 1.409% ANZ Bank Floating Rate Note Maturity 7/4/21 | 1,007,770.00 | | 250.00 | 1.84% |
| 1.385% CBA 5 Year FRN Maturity 12/7/21 | 1,010,070.00 | | 550.00 | 1.84% |
| 1.205% Westpac Domestic Note Bond Maturity 7/2/2022 | 1,518,045.00 | 7,508.22 | 1,965.00 | 2.77% |
| 1.442% AMP Bank Floating Rate Note Maturity 30/03/22 | 995,720.00 | | 2,760.00 | 1.81% |
| 1.955% NAB Floating Rate Note Maturity 26/9/2023 | 1,517,100.00 | | 5,700.00 | 2.76% |
| 1.035% CBA 5 Year FRN Maturity 11/01/24 | 1,017,830.00 | | 2,860.00 | 1.85% |
| 1.255% Westpac FRN Maturity 24/04/24 | 1,018,340.00 | | 3,360.00 | 1.86% |
| 1.250% NSW Treasury Corp Bond 20/3/25 | 2,562,250.00 | | 2,000.00 | 4.67% |
| Total | 54,891,644.15 | 63,769.22 | 148,125.97 | 100% |
| Balance of Griffith City Council Trading Bank Account | 14,666,506.90 | | | |
| GHFL/HHF Bank Account Balances | 73,401.64 | | | |
| Total Cash & Investments at 31/05/2020 | 69,631,552.69 | | | |

INTEREST

| Interest Analysis | Actual |
|--|---------------------|
| Accumulated Interest Brought Forward | 581,323.67 |
| Interest received on Griffith Health Facilities Limited Bank Accounts YTD May 2020 | 33.44 |
| Interest received on CUC Invested Grant Monies YTD May 2020 | 4,418.78 |
| Investment Interest for the month of May 2020 | 211,895.19 |
| Current Bank Account Interest for the month of May 2020 | - |
| Total Interest YTD May 2020 | 797,671.08 |
| Original Estimated Investment Income YTD May | 1,176,065.00 |
| Over (Under) Original Estimate | (378,393.92) |
| Percentage of Original Estimate Raised | 67.83% |
| Percentage of Year at Report Date | 91.67% |

| Fund | Original Estimate YTD | Actual YTD | Percentage of Original Estimate |
|--|-----------------------|-------------------|---------------------------------------|
| Ordinary Fund | 472,087.00 | 389,446.21 | 82.49% |
| Water Fund | 389,565.00 | 241,555.96 | 62.01% |
| Sewerage Fund | 165,000.00 | 88,699.14 | 53.76% |
| Waste Fund | 146,663.00 | 76,485.23 | 52.15% |
| Western Riverina Library | 2,750.00 | 1,484.54 | 53.98% |
| Total | 1,176,065.00 | 797,671.08 | 67.83% |
| Percentage of Year at Report Date | | 91.67% | |

In accordance with Section 212 of the Local Government (General) Regulation 2005, I hereby certify that the investments detailed above are made in accordance with the Local Government Act, its regulations and Council's investment policy adopted on 13 February, 2018.


 RESPONSIBLE ACCOUNTING OFFICER

(b) Investments Returns Analysis - 12 month Annualised Yields

| INVESTMENT RETURNS ANALYSIS - 12 MONTH ANNUALISED YIELDS | | | |
|--|--------------------------------------|-----------------|--------------|
| Month | Average Funds Invested for the month | Interest Earned | Yield % |
| Jun-19 | \$47,802,605 | \$330,418 | 0.69% |
| Jul-19 | \$46,637,995 | \$207,370 | 0.44% |
| Aug-19 | \$46,716,295 | \$44,773 | 0.10% |
| Sep-19 | \$46,742,849 | \$110,181 | 0.24% |
| Oct-19 | \$46,786,900 | \$72,777 | 0.16% |
| Nov-19 | \$48,120,087 | \$171,255 | 0.36% |
| Dec-19 | \$49,164,264 | -\$8,768 | -0.02% |
| Jan-20 | \$48,993,476 | \$243,452 | 0.50% |
| Feb-20 | \$52,038,689 | -\$74,495 | -0.14% |
| Mar-20 | \$54,682,685 | -\$542,985 | -0.99% |
| Apr-20 | \$54,530,850 | \$330,902 | 0.61% |
| May-20 | \$54,784,570 | \$211,895 | 0.39% |
| 12 Month Annualised Performance | | | 2.32% |
| Current Year Performance Jul 19 - May 20 | | | 1.62% |
| (Cash basis only, net of fees) | | | |