

<b>CLAUSE</b>	<b>CL07</b>
<b>TITLE</b>	<b>Investments at 30 June 2020</b>
<b>FROM</b>	<b>Vanessa Edwards, Finance Manager</b>
<b>TRIM REF</b>	<b>20/79462</b>

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### **SUMMARY**

This report details Council's investments performance for the year ending 30 June 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, its 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 30 June 2020, Council had received a total of \$834,012 in interest coupon payments and a further \$26,862 interest from its ordinary trading account, giving a total cash received of \$860,874 YTD.

The overall net interest income recognised (when combining both interest received and mark-to-market entries) at 30 June 2020 was \$896,751 against the YTD budget of \$1,283,000. The latter half of the year ending 30 June 2020 has seen considerable market volatility and extremely low interest rate environment as a result of global events including the Covid-19 pandemic which has adversely affected the investment market generally. Council has performed quite well in dealing with these events and has a high quality well diversified portfolio which returned approx. 1.8% across the full year.

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 30 June 2020
- (b) Investment Returns Analysis - 12 Months Annualised

(a) Statement of Funds at 30 June, 2020

**GRIFFITH CITY COUNCIL**  
Statement of Funds Invested under Section 625 of the Local Government Act, 1993  
30 June, 2020

INVESTMENTS

Type	Valuation Balance as at 30 June, 2020	Cash Flows for June, 2020	Non-Cash Valuation Adj's June, 2020	Fund as a Percentage of Total Investments
<b>Cash/Managed Funds</b>				
3.650% BT Institutional Cash Fund	7,726.96	21.16		0.01%
13.420% Perpetual Credit Income Fund	876,901.72	8,408.62		1.60%
0.150% NSW Treasury Corp -Long Term Growth Fund	1,367,738.83		6,232.46	2.49%
0.360% NSW Treasury Corp -Medium Term Growth Fund	4,966,336.83		19,197.57	9.04%
1.580% NSW Treasury Corp - Short Term Income Fund	3,557,479.30	3,160.74	4,389.39	6.47%
1.120% NSW Treasury Corp -Cash Fund	13,524,686.49	6,745.57	1,302.30	24.61%
0.750% UBS Cash Management Trust Account	83,887.10	71.10		0.12%
N/A ANZ Premium Business Saver Account	7,461.67	(12.33)		0.01%
<b>Term Deposits</b>				
1.500% AMP 272 Day Term Deposit Maturity 13/3/20	2,000,000.00	2,465.75		3.64%
1.500% BOQ 3 Yr Term Deposit Maturity 6/12/21	1,051,043.19	2,042.00		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	2,256,897.43	1,878.15		4.11%
0.900% Westpac Bank Notice Saver 31 Day	5,065,645.36	3,993.85		9.22%
2.880% Westpac Fixed/Floating Deposit Maturity 31/8/22	1,000,000.00			1.82%
1.050% St George 1 Yr Term Deposit Maturity 3/5/21	1,539,106.85	1,346.72		2.80%
<b>Bank Bonds/Floating Rate Notes</b>				
1.198% Bendigo Adelaide Bank Floating Rate Note Maturity 18/08/20	1,000,910.00		(360.00)	1.82%
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2.045% Rabo Bank Floating Rate Note Maturity 4/3/21	1,511,640.00	7,731.78	(825.00)	2.75%
1.409% ANZ Bank Floating Rate Note Maturity 7/4/21	1,007,770.00			1.83%
1.385% CBA 5 Year FRN Maturity 12/7/21	1,010,090.00		20.00	1.84%
1.205% Westpac Domestic Note Bond Maturity 7/2/2022	1,518,885.00		840.00	2.76%
1.442% AMP Bank Floating Rate Note Maturity 30/03/22	995,700.00	3,633.87	(20.00)	1.81%
1.982% NAB Floating Rate Note Maturity 26/9/2023	1,518,750.00	5,205.30	1,650.00	2.76%
1.035% CBA 5 Year FRN Maturity 11/01/24	1,019,660.00		1,830.00	1.86%
1.255% Westpac FRN Maturity 24/04/24	1,020,610.00		2,270.00	1.86%
1.250% NSW Treasury Corp Bond 20/3/25	2,569,750.00		7,500.00	4.68%
<b>Total</b>	<b>54,959,586.73</b>	<b>55,411.84</b>	<b>43,666.72</b>	<b>100%</b>

Balance of Griffith City Council Trading Bank Account 14,688,469.24  
GHFL/HHF Bank Account Balances 23,402.89

**Total Cash & Investments at 30/06/2020 69,671,458.86**

INTEREST

Interest Analysis	Actual
Accumulated Interest Brought Forward	793,218.88
Interest received on Griffith Health Facilities Limited Bank Accounts YTD June 2020	34.69
Interest received on CUC Invested Grant Monies YTD June 2020	4,418.78
Investment Interest for the month of June 2020	99,078.56
Current Bank Account Interest for the month of June 2020	-
<b>Total Interest YTD June 2020</b>	<b>896,750.89</b>
<b>Original Estimated Investment Income YTD June</b>	<b>1,283,000.00</b>
Over (Under) Original Estimate	(386,249.11)
Percentage of Original Estimate Raised	69.89%
Percentage of Year at Report Date	100.00%

Fund	Original Estimate YTD	Actual YTD	Percentage of Original Estimate
Ordinary Fund	515,000.00	443,983.42	86.21%
Water Fund	425,000.00	267,912.83	63.04%
Sewerage Fund	180,000.00	98,377.36	54.65%
Waste Fund	160,000.00	84,830.75	53.02%
Western Riverina Library	3,000.00	1,046.53	54.88%
<b>Total</b>	<b>1,283,000.00</b>	<b>896,750.89</b>	<b>69.89%</b>
	Percentage of Year at Report Date	100.00%	

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**

<b>INVESTMENT RETURNS ANALYSIS - 12 MONTH ANNUALISED YIELDS</b>			
<b>Month</b>	<b>Average Funds Invested for the month</b>	<b>Interest Earned</b>	<b>Yield %</b>
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%
Jun-20	\$54,925,615	\$99,079	0.18%
<b>12 Month Annualised Performance</b>			<b>1.80%</b>
<b>Current Year Performance Jul 19 - Jun 20</b>			<b>1.80%</b>
<b>(Cash basis only, net of fees)</b>			