

## 1. INVESTMENT REPORT AS AT 31 MARCH, 2018

### Introduction

Under the Local Government Act 1993 and Local Government (General) Regulation 2005, the Responsible Accounting Officer is required to report on Council's Investment portfolio on a monthly basis.

### Background

The report is submitted monthly to Council.

### Issues

- Investments are in accordance with Office of Local Government Guidelines and Council's Investment Policy.
- Councillors' roles as resource allocators and policy directors are satisfied.
- Funds are invested in accordance with identified cash flow requirements.

### Assessment

#### **a) Legal Implications Including Directives and Guidelines**

Local Government Act, 1993

Local Government (General) Regulation, 2005

The management of Council's Investments is delegated by the General Manager to the Director of Finance and Corporate Strategy.

#### **b) Financial Implications/Considerations**

The 2017/18 Budget estimates the total Investment Revenue as \$410,590 which represents an estimated return of 2.5% and is split proportionally across General, Water and Sewer Funds and changes on a monthly basis in accordance with cash flow requirements.

The market value of Council's Investments held as at 31 March, 2018 is **\$22,568,716**.

#### **c) Policy Provisions – Council Policy and Practice**

Policy C73 – Investment Policy adopted 11 March 2015;

Ministerial Investment Order – 12<sup>th</sup> January 2011.

#### **d) Strategic Implications – Implications for Long Term Plans/Targets**

Delivery Program / Operational Plan – 4.3.1.5 Provide monthly cash balances and detailed quarterly financial reports to Council.

**1. INVESTMENT REPORT AS AT 31 MARCH, 2018 (Cont.)**

**Investment Portfolio**

Council's current Investment Portfolio is as follows:

Financial Institution	Bank Rating	Investment Type/Maturity Date	Investment Rating	Current Rate	Term	Amount (\$)	Comment
<b>Cash &amp; At Call</b>							
Commonwealth Bank	AA-	Business Online Saver - at call	A-1+	1.20%	N/A	<b>1,246,041.50</b>	S&P Short Term
Commonwealth Bank	AA-	Business Online Saver - at call	A-1+	1.20%	N/A	<b>95,441.63</b>	S&P Short Term
<b>TOTAL</b>						<b>1,341,483.13</b>	
<b>Percentage of Total Portfolio</b>						<b>5.94%</b>	
<b>Average Investment Yield (annualised)</b>						<b>1.20%</b>	
<b>Term Deposits</b>							
CBA	AA-	Term Deposit - 06/04/2018	A-1+	1.75%	30 Days	<b>1,000,000.00</b>	S&P Short Term
NAB	AA-	Term Deposit - 10/04/2018	A-1+	2.51%	153 Days	<b>1,000,000.00</b>	S&P Short Term
NAB	AA-	Term Deposit - 24/04/2018	A-1+	2.54%	181 Days	<b>1,000,000.00</b>	S&P Short Term
NAB	AA-	Term Deposit - 09/05/2018	A-1+	2.54%	273 Days	<b>1,000,000.00</b>	S&P Short Term
AMP Bank	A1	Term Deposit - 16/05/2018	A-1+	2.60%	273 Days	<b>1,000,000.00</b>	S&P Short Term
CBA	AA-	Term Deposit - 23/05/2018	A-1+	2.57%	273 Days	<b>1,000,000.00</b>	S&P Short Term
NAB	AA-	Term Deposit - 23/05/2018	A-1+	2.56%	271 Days	<b>1,000,000.00</b>	S&P Short Term
CBA	AA-	Term Deposit - 30/05/2018	A-1+	2.60%	278 Days	<b>1,000,000.00</b>	S&P Short Term
CBA	AA-	Term Deposit - 06/06/2018	A-1+	2.60%	287 Days	<b>1,000,000.00</b>	S&P Short Term
NAB	AA-	Term Deposit - 13/06/2018	A-1+	2.58%	280 Days	<b>1,000,000.00</b>	S&P Short Term
CBA	AA-	Term Deposit - 20/06/2018	A-1+	2.61%	273 Days	<b>1,000,000.00</b>	S&P Short Term
NAB	AA-	Term Deposit - 27/06/2018	A-1+	2.60%	273 Days	<b>750,000.00</b>	S&P Short Term
NAB	AA-	Term Deposit - 10/07/2018	A-1+	2.50%	181 Days	<b>500,000.00</b>	S&P Short Term
NAB	AA-	Term Deposit - 19/07/2018	A-1+	2.58%	120 Days	<b>1,000,000.00</b>	S&P Short Term
CBA	AA-	Term Deposit - 17/08/2018	A-1+	2.55%	271 Days	<b>1,000,000.00</b>	S&P Short Term
CBA	AA-	Term Deposit - 21/08/2018	A-1+	2.56%	274 Days	<b>1,000,000.00</b>	S&P Short Term
CBA	AA-	Term Deposit - 06/09/2018	A-1+	2.58%	273 Days	<b>1,000,000.00</b>	S&P Short Term
AMP Bank	A1	Term Deposit - 12/09/2018	A-1+	2.40%	279 Days	<b>1,000,000.00</b>	S&P Short Term
Bankwest	AA-	Term Deposit - 12/09/2018	A-1+	2.55%	180 Days	<b>1,000,000.00</b>	S&P Short Term
<b>TOTAL</b>						<b>18,250,000.00</b>	
<b>Percentage of Total Portfolio</b>						<b>80.86%</b>	
<b>Average Investment Yield (annualised)</b>						<b>2.51%</b>	
<b>Pooled Managed Investments</b>							
Tcorp		T-CorpIM Long Term Growth Fund				<b>2,977,232.94</b>	<b>3,000,000.00</b>
<b>Percentage of Total Portfolio</b>						<b>13.19%</b>	
<b>Average Investment Yield (simple)</b>						<b>-0.76%</b>	
<b>Average Investment Yield (annualised)</b>						<b>-11.04%</b>	
<b>Total Investment Portfolio</b>						<b>22,568,716.07</b>	

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### Discussion/Comments

The investment portfolio increased \$2.4m during the reporting period. The increase was due to investing excess operating funds received from grants and rates receipts over the period.

The investment portfolio is diversified across a number of investment types and institutions. This includes term deposits, on-call accounts and managed funds. The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk.

The Government Guarantee on aggregated Investments up to \$1 million per account holder per institution expired 1 February 2012 and the new cap is \$250,000. Council's existing investment policy sets the guidelines for investing without the Government Guarantee.

### Certification – Responsible Accounting Officer

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investment Policy.

### **RECOMMENDATION**

1. That the report regarding Council's Investment Portfolio be received and noted;
2. That the certification of the Responsible Accounting Officer is noted and the report adopted.

John Sevil  
**Director Finance & Corporate Strategy**  
**Responsible Accounting Officer**