

1. INVESTMENT REPORT AS AT 28 FEBRUARY, 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 28 February, 2018 is **\$20,092,801**.

c) Policy Provisions – Council Policy and Practice

Policy C73 – Investment Policy adopted 11 March 2015;
Ministerial Investment Order – 12th 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 28 FEBRUARY, 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
Cash & At Call							
Commonwealth Bank	AA-	Business Online Saver - at call	A-1+	1.20%	N/A	245,629.30	S&P Short Term
Commonwealth Bank	AA-	Business Online Saver - at call - CMA Project Funds	A-1+	1.20%	N/A	95,441.63	S&P Short Term
TOTAL						341,070.93	
Percentage of Total Portfolio						1.70%	
Average Yield						1.20%	
Term Deposits							
CBA	AA-	Term Deposit - 07/03/2018	A-1+	2.58%	273 Days	1,000,000.00	S&P Short Term
Bankwest	AA-	Term Deposit - 14/03/2018	A-1+	2.45%	91 Days	1,000,000.00	S&P Short Term
Bankwest	AA-	Term Deposit - 16/03/2018	A-1+	2.45%	92 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 21/03/2018	A-1+	2.51%	273 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 10/04/2018	A-1+	2.51%	153 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 24/04/2018	A-1+	2.54%	181 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 09/05/2018	A-1+	2.54%	273 Days	1,000,000.00	S&P Short Term
AMP Bank	A1	Term Deposit - 16/05/2018	A-1+	2.60%	273 Days	1,000,000.00	S&P Short Term
CBA	AA-	Term Deposit - 23/05/2018	A-1+	2.57%	273 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 23/05/2018	A-1+	2.56%	271 Days	1,000,000.00	S&P Short Term
CBA	AA-	Term Deposit - 30/05/2018	A-1+	2.60%	278 Days	1,000,000.00	S&P Short Term
CBA	AA-	Term Deposit - 06/06/2018	A-1+	2.60%	287 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 13/06/2018	A-1+	2.58%	280 Days	1,000,000.00	S&P Short Term
CBA	AA-	Term Deposit - 20/06/2018	A-1+	2.61%	273 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 27/06/2018	A-1+	2.60%	273 Days	750,000.00	S&P Short Term
CBA	AA-	Term Deposit - 17/08/2018	A-1+	2.55%	271 Days	1,000,000.00	S&P Short Term
CBA	AA-	Term Deposit - 21/08/2018	A-1+	2.56%	274 Days	1,000,000.00	S&P Short Term
CBA	AA-	Term Deposit - 06/09/2018	A-1+	2.58%	273 Days	1,000,000.00	S&P Short Term
AMP Bank	A1	Term Deposit - 12/09/2018	A-1+	2.40%	279 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 10/07/2018	A-1+	2.50%	181 Days	500,000.00	S&P Short Term
TOTAL						19,250,000.00	
Percentage of Total Portfolio						95.81%	
Average Yield						2.54%	
Pooled Managed Investments							
Tcorp		T-CorplM Long Term Growth Fund				501,730.00	500,000.00
Percentage of Total Portfolio						2.50%	
Average Investment Yield						8.42%	
Total Investment Portfolio						20,092,800.93	

1. INVESTMENT REPORT AS AT 28 FEBRUARY, 2018 (Cont.)

Discussion/Comments

The investment portfolio decreased \$922,511 during the reporting period. The decrease was to fund additional expenditure over the February 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.

2. RECEIVABLE WRITE OFF

Introduction

The purpose of this report is for Council to consider writing off an amount of \$49,678.75.

Background

Council was given approval by NSW Office of Water to conduct two drought relief investigations under the Country Towns Program, being:-

- Ground water investigations on Narromine bores – commencing 2011 for \$291,500
- Ground water investigations at Tomingley - commencing 2011 for \$55,000

The work was to be performed by Council and 50% of expenses claimed in arrears from NSW Office of Water. However, the full amount of each grant was inadvertently invoiced and brought to account in the 2012 financial year.

2. RECEIVABLE WRITE OFF (Cont'd)

Ground water investigations on additional bore sites at Narromine were undertaken and the grant was claimed in full.

Water was not found at Tomingley and consequently the grant could not be fully spent and claimed.

Currently an amount of \$49,678.55 remains as a Receivable in Council's financial records and must now be written off, given that the grant cannot be fully spent and claimed. There is no doubtful debt provision for this Receivable.

Assessment

a) *Legal Implications Including Directives and Guidelines*

Local Government Act, 1993 – Section 377

Council's General Manager is authorised to write off amounts of fees, charges and interest accrued not exceeding \$5,000 where appropriate circumstances exist.

b) *Financial Implications/Considerations*

Total write off amount is \$49,678.55.

c) *Strategic Implications – Implications for Long Term Plans/Targets*

This report relates to item 4.3.1 of the Community Strategic Plan – Operate and manage Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies; and item No 4.3.1.6 of the Delivery Program – Prepare Council's Annual Financial Accounts in accordance with relevant Acts and Regulations.

Summary

Council successfully received Funding through the NSW Office of Water for ground water investigations. The full amount of each grant was inadvertently invoiced in the 2012 financial year. The ground water investigations in Narromine was claimed in full. As water was not found at Tomingley, the grant was unable to be fully spent and claimed. Council therefore has a receivable balance of \$49,678.75 which will now need to be written off.

RECOMMENDATION

That Council write off \$49,678.75 as no longer receivable from NSW Office of Water.

John Sevil
Director Finance & Corporate Strategy
Responsible Accounting Officer