

11.3 INVESTMENT REPORT AS AT 31 MARCH 2024

Attachments: 1. **Investment Statistics as at 31 March 2024**

RECOMMENDATION:

That Council NOTES the Investment Statistics for the month ended 31 March 2024 as detailed in Attachment 1.

PURPOSE OF REPORT:

To advise Council of the nature and value of the City's Investments as at 31 March 2024 and the interest amounts earned YTD.

DELEGATION:

Regulation 34 (4) of the Local Government (Financial Management) Regulations 1996 requires the local government to prepare a statement of financial activity each month, which is to be presented to Council within 2 months after the end of the relevant month.

BACKGROUND:

The City's surplus funds are invested in bank term deposits for various terms to facilitate maximum investment returns in accordance with the City's Investment Policy (No. 1.2.4).

Details of the investments are included in **Attachment 1** and outline the following information:

- Investment performance and policy compliance charts;
- Investment portfolio data;
- Investment interest earnings; and
- Current investment holdings.

DETAILS:**Summary of key investment decisions in this reporting period**

\$7.04m of investments matured during the month of March.

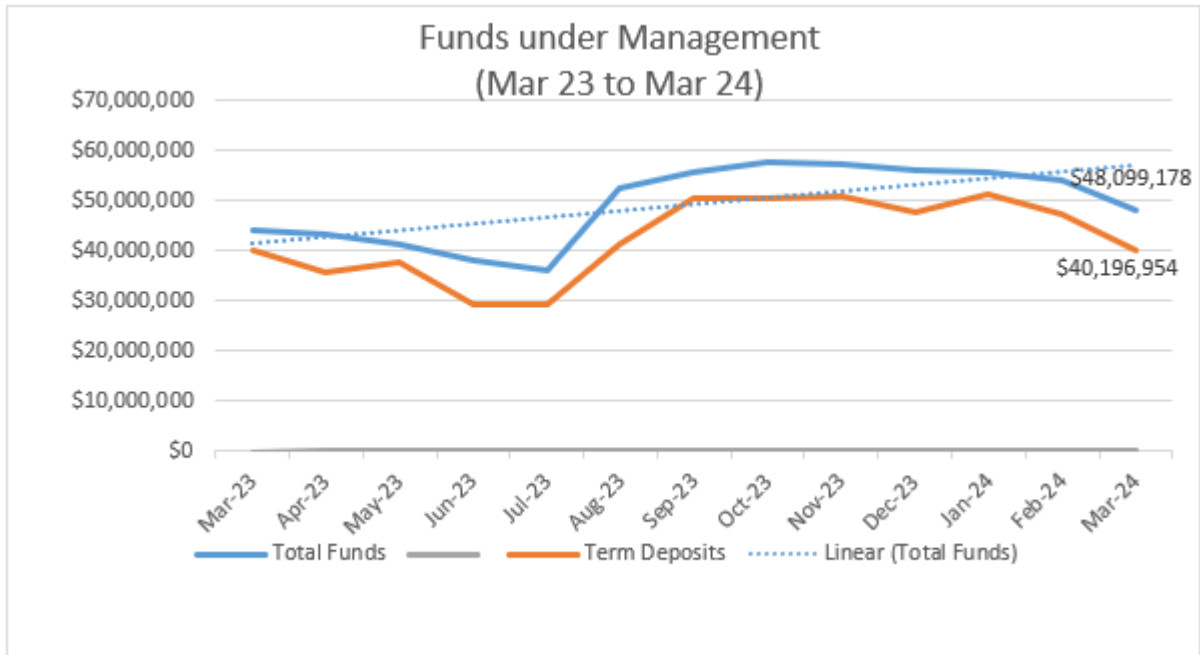
Investment Status

The City's investment portfolio is diversified across several accredited financial institutions.

As at 31 March 2024, the total funds held in the City's operating accounts (including on call) was \$48,099,178 compared to \$44,102,489 for the period ended 31 March 2023. All funds are interest bearing as at 31 March 2024.

The total term deposit investments for the period ended 31 March 2024 were \$40,196,954 compared to \$40,278,310 for the period ended 31 March 2023.

The following chart shows funds under management from March 2023 to March 2024:



Interest Status

Total accrued interest earned on investments as at 31 March 2024 is:

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	850,000	568,000	1,125,147	198.1%
Reserve	800,000	600,000	639,755	106.6%
Subtotal	1,650,000	1,168,000	1,764,902	151.1%
Leederville Gardens Inc Surplus Trust*	\$0	\$0	104,863	N/A
Total	1,650,000	1,168,000	1,869,765	160.1%

*Interest estimates for Leederville Gardens Inc. Surplus Trust were not included in the 2023/24 Budget as actual interest earned is restricted.

The City has a weighted average interest rate of 5.02% for current investments compared to the Reserve Bank 90 day accepted bill rate for March 2024 of 4.35%.

Sustainable Investments

The City's investment policy requires that in the first instance, the City considers rate of return of the fund. All things being equal, the City then prioritises funds with no current record of funding fossil fuels. The City can increase the number of non-fossil fuel investments but will potentially result in a lower rate of return.

Administration utilises a platform called 'Yield Hub' to ascertain the level of exposure banks have in fossil fuel activities and to determine daily interest rates published by banks.

The investment guidelines which is the supplementary document to the Council Investment Policy sets the maximum exposure limits to financial institutions at 90% as reflected in the below table. The majority of financial institutions lie within A-2 and A-1+ categories.

Short Term Rating (Standard & Poor's) or Equivalent	Direct Investments Maximum %with any one institution		Maximum % of Total Portfolio	
	Guideline	Current position	Guideline	Current position
A1+	30%	41.9%	90%	64.0%
A-1	25%	0%	90%	0%
A-2	20%	14.6%	90%	36.0%

Administration will continuously explore options to ascertain if a balanced investment strategy can be developed where investments in divested banks can be increased with a minimal opportunity cost of loss in interest rate returns for instances when banks not divested in fossil fuel activities offer a higher rate of return.

CONSULTATION/ADVERTISING:

Nil

LEGAL/POLICY:

Section 19(2)(b) of the *Local Government (Financial Management) Regulations 1996* requires that a local government establish and document procedures to enable the identification of the nature and location of all investments.

RISK MANAGEMENT IMPLICATIONS

Low: Administration has developed effective controls to ensure funds are invested in accordance with the City's Investment Policy. This report enhances transparency and accountability for the City's investments.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2023-2032*:

Innovative and Accountable

*Our resources and assets are planned and managed in an efficient and sustainable manner.
Our community is aware of what we are doing and how we are meeting our goals.
Our community is satisfied with the service we provide.
We are open and accountable to an engaged community.*

SUSTAINABILITY IMPLICATIONS:

This does not contribute to any specific sustainability outcomes of the *City's Sustainable Environment Strategy 2019-2024*, however focussing on non-fossil fuel investments contributes to a Sustainable Environment.

This does not contribute to any specific sustainability outcomes of the *City's Sustainable Environment*

PUBLIC HEALTH IMPLICATIONS:

This does not contribute to any public health outcomes of the City's Public Health Plan 2020-2025.

FINANCIAL/BUDGET IMPLICATIONS:

The financial implications of this report are as noted in the details section of the report. Administration is satisfied that appropriate and responsible measures are in place to protect the City's financial assets.

**CITY OF VINCENT
CURRENT INVESTMENT HOLDING
AS AT 31 MARCH 2024**

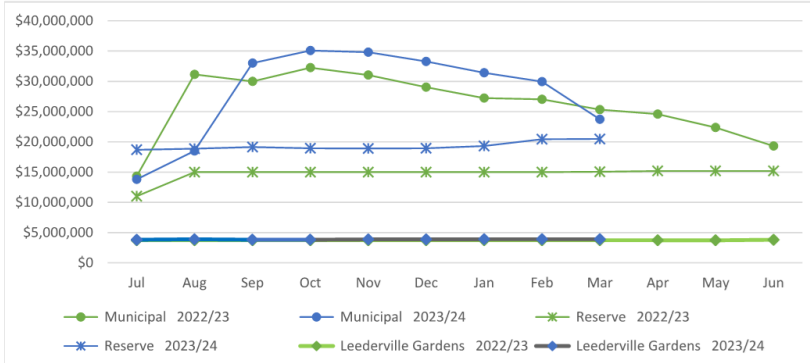
Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia	Ongoing		4.10%	1,934,160
Municipal	Commonwealth Bank of Australia	Ongoing		4.35%	789,085
Reserve	Commonwealth Bank of Australia	Ongoing		4.10%	5,178,979
Total Operating Funds					7,902,224
<u>TERM DEPOSITS</u>					
Leederville Gardens Inc Surplus Trust	Commonwealth Bank of Australia	30/06/2023	28/06/2024	5.32%	2,058,536
Leederville Gardens Inc Surplus Trust	AMP Bank	19/12/2023	18/12/2024	5.25%	888,691
Leederville Gardens Inc Surplus Trust	AMP Bank	24/01/2024	23/01/2025	4.95%	949,727
Municipal	Commonwealth Bank of Australia	9/08/2023	8/04/2024	5.46%	2,500,000
Municipal	Commonwealth Bank of Australia	9/08/2023	8/07/2024	5.53%	2,500,000
Municipal	Bank of Queensland	24/08/2023	6/06/2024	4.95%	2,500,000
Municipal	Bank of Queensland	24/08/2023	19/06/2024	4.95%	2,500,000
Municipal	G&C Mutual	20/09/2023	22/04/2024	5.10%	2,500,000
Municipal	G&C Mutual	20/09/2023	6/05/2024	5.10%	4,500,000
Municipal	Police and Nurses	1/11/2023	31/10/2024	5.50%	1,000,000
Municipal	National Australia Bank	23/01/2024	22/01/2025	5.10%	3,000,000
Reserve	National Australia Bank	24/05/2023	23/05/2024	4.87%	1,600,000
Reserve	Commonwealth Bank of Australia	9/08/2023	8/08/2024	5.55%	5,200,000
Reserve	National Australia Bank	24/08/2023	6/06/2024	5.12%	1,000,000
Reserve	Bendigo and Adelaide Bank	30/08/2023	29/04/2024	5.00%	2,500,000
Reserve	National Australia Bank	23/01/2024	22/01/2025	5.10%	5,000,000
Total Term Deposits					40,196,954
Total Funds available					48,099,178

**CITY OF VINCENT
INVESTMENT PORTFOLIO
AS AT 31 MARCH 2024**

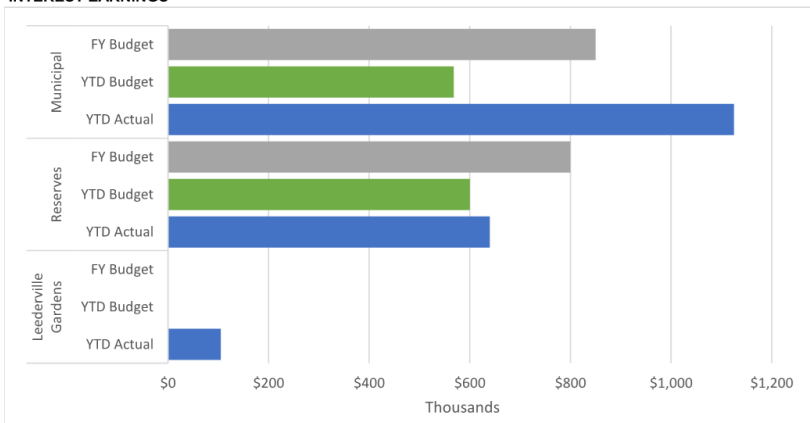
	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	1,934,160	5,178,979	0	7,113,139	14.8%
Online Saver	789,085	0	0	789,085	1.6%
Term Deposits	21,000,000	15,300,000	3,896,954	40,196,954	83.6%
	23,723,245	20,478,979	3,896,954	48,099,178	100.0%
BY INSTITUTION					
Bank of Queensland	5,000,000	0	0	5,000,000	10.4%
Bendigo and Adelaide Bank	0	2,500,000	0	2,500,000	5.2%
Commonwealth Bank of Australia	7,723,245	10,378,979	2,058,536	20,160,760	41.9%
National Australia Bank	3,000,000	7,600,000	0	10,600,000	22.0%
AMP Bank	0	0	1,838,418	1,838,418	3.8%
G&C Mutual	7,000,000	0	0	7,000,000	14.6%
Police and Nurses	1,000,000	0	0	1,000,000	2.1%
	23,723,245	20,478,979	3,896,954	48,099,178	100.0%
BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	10,723,245	17,978,979	2,058,536	30,760,760	64.0%
A-2	13,000,000	2,500,000	1,838,418	17,338,418	36.0%
	23,723,245	20,478,979	3,896,954	48,099,178	100.0%
BY TERMS					
0-30 days	2,723,245	5,178,979	0	7,902,224	16.4%
181-270 days	9,500,000	2,500,000	0	12,000,000	24.9%
271-365 days	11,500,000	12,800,000	3,896,954	28,196,954	58.6%
> 1 year	0	0	0	0	0.0%
	23,723,245	20,478,979	3,896,954	48,099,178	100.0%
BY MATURITY					
0-30 days	7,723,245	7,678,979	0	15,402,224	32.0%
31-90 days	9,500,000	2,600,000	2,058,536	14,158,536	29.4%
91-180 days	2,500,000	5,200,000	0	7,700,000	16.0%
181-270 days	1,000,000	0	888,691	1,888,691	3.9%
271-365 days	3,000,000	5,000,000	949,727	8,949,727	18.6%
	23,723,245	20,478,979	3,896,954	48,099,178	100.0%
BY FOSSIL FUEL EXPOSURE					
Fossil Fuel Investments	10,723,245	17,978,979	3,896,954	32,599,178	67.8%
Non Fossil Fuel Investments	13,000,000	2,500,000	0	15,500,000	32.2%
	23,723,245	20,478,979	3,896,954	48,099,178	100.0%

**CITY OF VINCENT
INVESTMENT PERFORMANCE
AS AT 31 MARCH 2024**

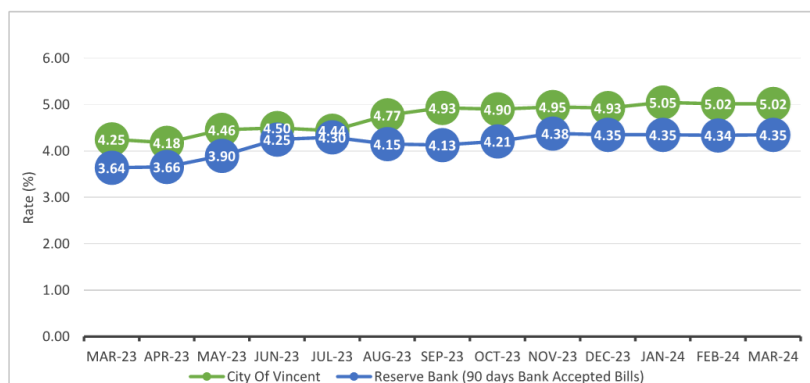
FUNDS INVESTED (TERM DEPOSITS ONLY)



INTEREST EARNINGS

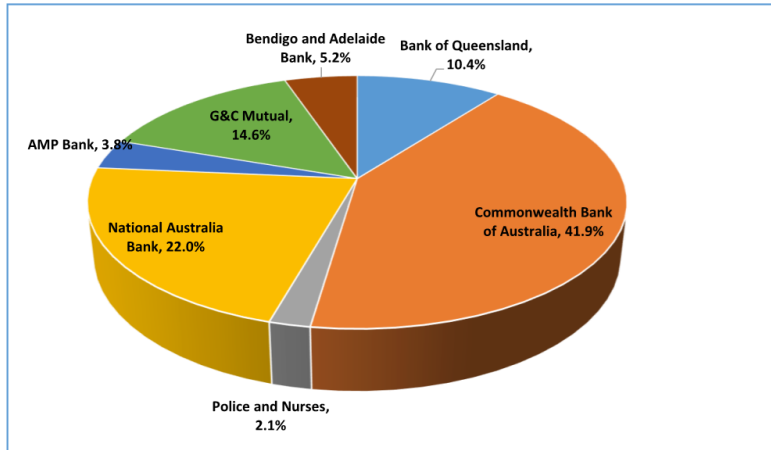


INTEREST RATE COMPARISON

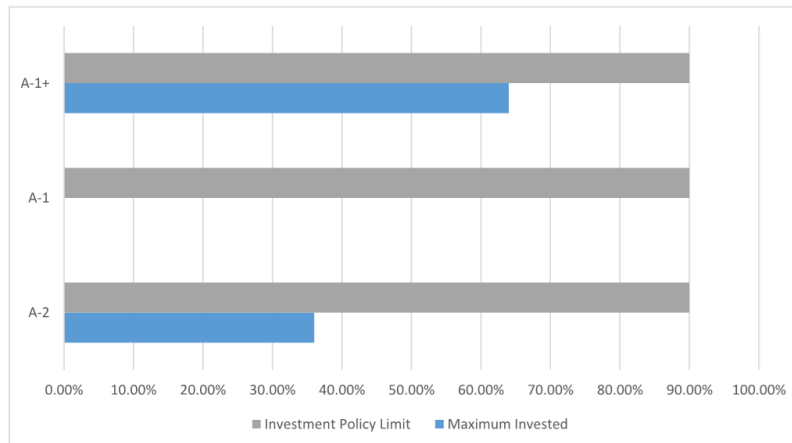


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 31 MARCH 2024**

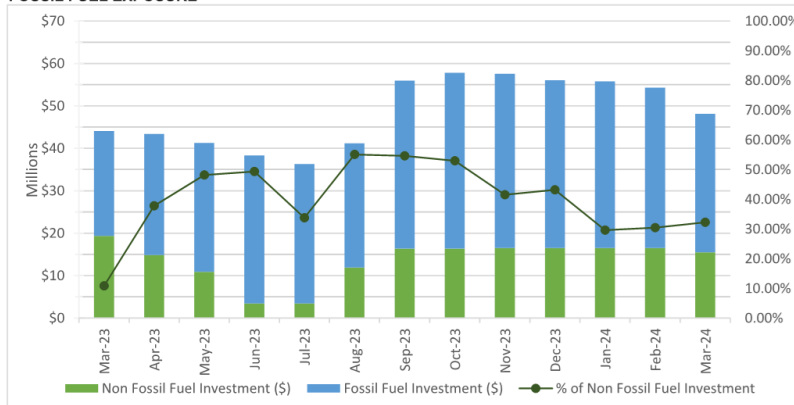
TOTAL PORTFOLIO EXPOSURE



TOATL CREDIT EXPOSURE



FOSSIL FUEL EXPOSURE



* Selection of non fossil fuel investments is based on information provided by www.marketforces.org.au.

**CITY OF VINCENT
INVESTMENT INTEREST EARNINGS
AS AT 31 MARCH 2024**

	YTD 31/03/2024	PY YTD 31/03/2023	FY 2023/24	PY FY 2022/23
	\$	\$	\$	\$
MUNICIPAL FUNDS				
Budget	568,000	285,000	850,000	500,000
Interest Earnings	1,125,147	547,642	1,125,147	827,395
% Income to Budget	198.1%	192.2%	132.4%	165.5%
RESERVE FUNDS				
Budget	600,000	352,502	800,000	450,000
Interest Earnings	639,755	330,146	639,755	497,011
% Income to Budget	106.6%	93.7%	80.0%	110.5%
LEEDERVILLE GARDENS INC SURPLUS TRUST				
Budget	0	0	0	0
Interest Earnings	104,863	41,859	104,863	134,290
% Income to Budget	0.0%	0.0%	0.0%	0.0%
TOTAL				
Budget	1,168,000	637,502	1,650,000	950,000
Interest Earnings	1,869,765	919,647	1,869,765	1,458,696
% Income to Budget	160.1%	144.3%	113.3%	153.6%
Variance	701,765	282,145	219,765	508,696
% Variance to Budget	60.1%	44.3%	13.3%	53.6%
TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)				
Budget	1,168,000	637,502	1,650,000	950,000
Interest Earnings	1,764,902	877,788	1,764,902	1,324,406
% Income to Budget	151.1%	137.7%	107.0%	139.4%
Variance	596,902	240,286	114,902	374,406
% Variance to Budget	51.1%	37.7%	7.0%	39.4%