

11.3 INVESTMENT REPORT AS AT 31 JULY 2024

Attachments: 1. Investment Statistics as at 31 July 2024

RECOMMENDATION:

That Council **NOTES** the Investment Statistics for the month ended 31 July 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 July 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 two 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

\$2m of investments matured in the month of July 2024 and no new funds were invested

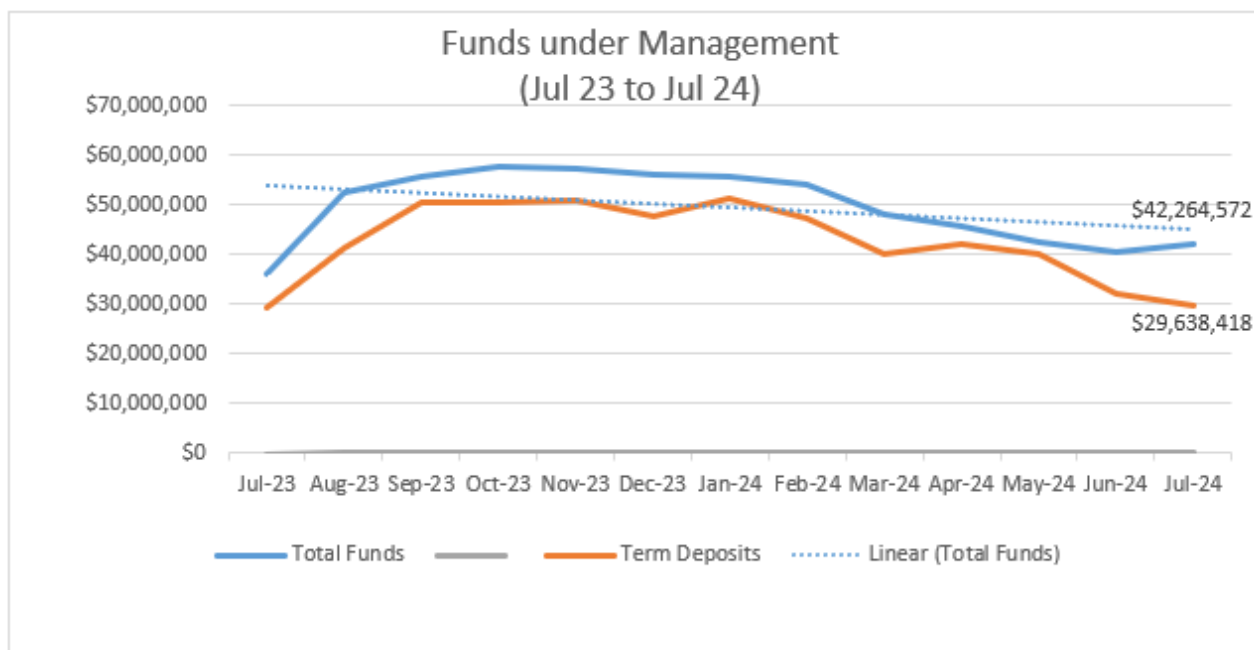
Investment Status

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

As at 31 July 2024, the total funds held in the City's operating accounts (including on call) was \$42,264,572 compared to \$36,286,434 for the period ended 31 July 2023. All funds are interest bearing as at 31 July 2024.

The total term deposit investments for the period ended 31 July 2024 were \$29,638,418 compared to \$29,497,329 for the period ended 31 July 2023.

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



Interest Status

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

Total Accrued Interest Earned on Investment	Budget Annual	Budget YTD	Actual YTD	% of YTD Budget	FY23/24 Actual
Municipal	860,000	71,666	65,991	92.1%	1,385,886
Reserve	800,000	66,666	91,707	137.6%	887,672
Subtotal	1,660,000	138,332	157,698	114.0%	2,264,890
Leederville Gardens Inc Surplus Trust*	0	0	13,550	N/A	193,472
Total	1,660,000	138,332	171,248	123.8%	2,467,031

*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 4.88% for current investments compared to the Reserve Bank 90 day accepted bill rate for July 2024 of 4.46%.

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%	49.3%	90%	74.4%
A-1	25%	0%	90%	0%
A-2	20%	11.8%	90%	25.6%

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.

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 JULY 2024**

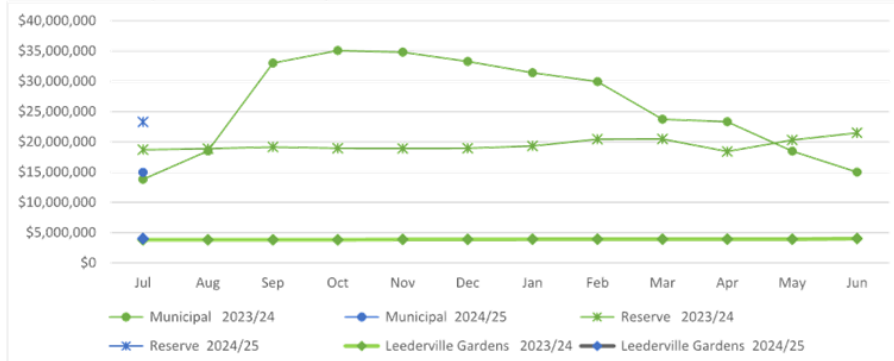
Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia	Ongoing		4.10%	5,153,504
Municipal	Commonwealth Bank of Australia	Ongoing		4.35%	812,575
Reserve	Commonwealth Bank of Australia	Ongoing		4.10%	4,492,325
Leederville Gardens Inc Surplus Trust	Commonwealth Bank of Australia	Ongoing		4.10%	2,167,750
Total Operating Funds					12,626,154
<u>TERM DEPOSITS</u>					
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	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
Municipal	Judo Bank	5/04/2024	4/10/2024	5.15%	2,000,000
Municipal	Commonwealth Bank of Australia	9/05/2024	9/05/2025	4.99%	3,000,000
Reserve	Bank of Queensland	30/04/2024	29/04/2025	5.10%	2,000,000
Reserve	G&C Mutual	9/05/2024	9/05/2025	5.35%	1,000,000
Reserve	National Australia Bank	30/04/2024	29/04/2025	5.20%	2,600,000
Reserve	Judo Bank	5/04/2024	4/10/2024	5.15%	3,000,000
Reserve	Commonwealth Bank of Australia	9/08/2023	8/08/2024	5.55%	5,200,000
Reserve	National Australia Bank	23/01/2024	22/01/2025	5.10%	5,000,000
Total Term Deposits					29,638,418
Total Funds available					42,264,572

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

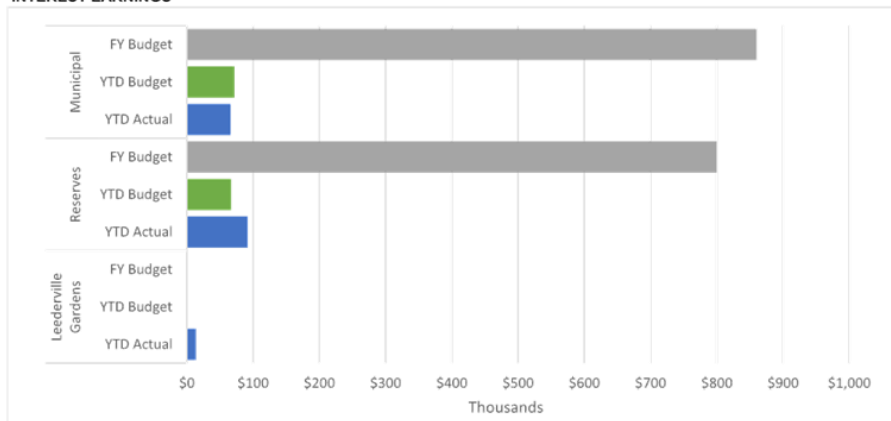
	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	5,153,504	4,492,325	2,167,750	11,813,579	28.0%
Online Saver	812,575	0	0	812,575	1.9%
Term Deposits	9,000,000	18,800,000	1,838,418	29,638,418	70.1%
	14,966,079	23,292,325	4,006,168	42,264,572	100.0%
BY INSTITUTION					
Bank of Queensland	0	2,000,000	0	2,000,000	4.7%
Commonwealth Bank of Australia	8,966,079	9,692,325	2,167,750	20,826,154	49.3%
National Australia Bank	3,000,000	7,600,000	0	10,600,000	25.1%
AMP Bank	0	0	1,838,418	1,838,418	4.4%
Judo Bank	2,000,000	3,000,000	0	5,000,000	11.8%
G&C Mutual	0	1,000,000	0	1,000,000	2.4%
Police and Nurses	1,000,000	0	0	1,000,000	2.4%
	14,966,079	23,292,325	4,006,168	42,264,572	100.0%
BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	11,966,079	17,292,325	2,167,750	31,426,154	74.4%
A-2	3,000,000	6,000,000	1,838,418	10,838,418	25.6%
	14,966,079	23,292,325	4,006,168	42,264,572	100.0%
BY TERMS					
0-30 days	5,966,079	4,492,325	2,167,750	12,626,154	29.9%
181-270 days	2,000,000	3,000,000	0	5,000,000	11.8%
271-365 days	7,000,000	15,800,000	1,838,418	24,638,418	58.3%
	14,966,079	23,292,325	4,006,168	42,264,572	100.0%
BY MATURITY					
0-30 days	5,966,079	9,692,325	2,167,750	17,826,154	42.2%
31-90 days	2,000,000	3,000,000	0	5,000,000	11.8%
91-180 days	4,000,000	5,000,000	1,838,418	10,838,418	25.6%
271-365 days	3,000,000	5,600,000	0	8,600,000	20.4%
	14,966,079	23,292,325	4,006,168	42,264,572	100.0%
BY FOSSIL FUEL EXPOSURE					
Fossil Fuel Investments	11,966,079	17,292,325	4,006,168	33,264,572	78.7%
Non Fossil Fuel Investments	3,000,000	6,000,000	0	9,000,000	21.3%
	14,966,079	23,292,325	4,006,168	42,264,572	100.0%

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

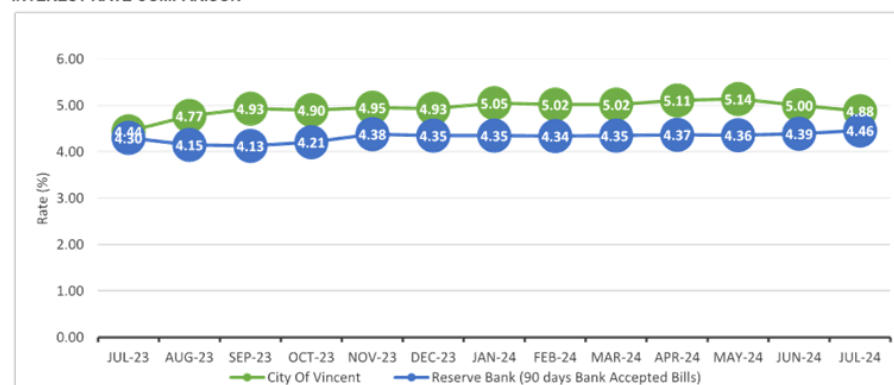
FUNDS INVESTED (TERM DEPOSITS ONLY)



INTEREST EARNINGS

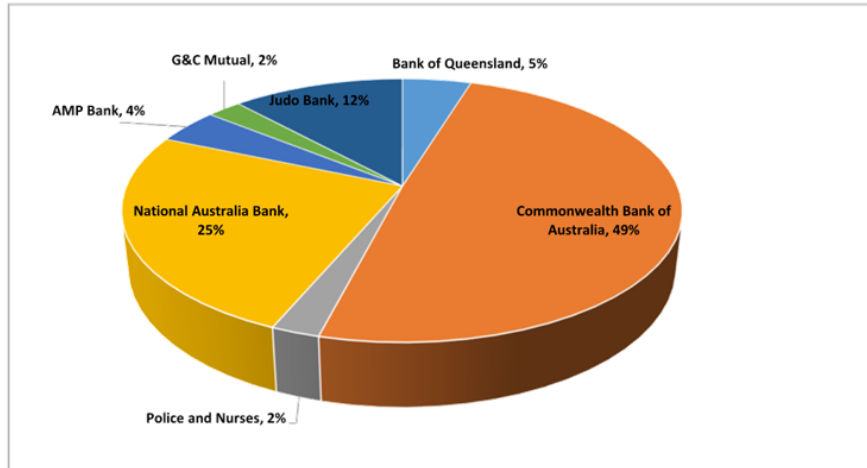


INTEREST RATE COMPARISON

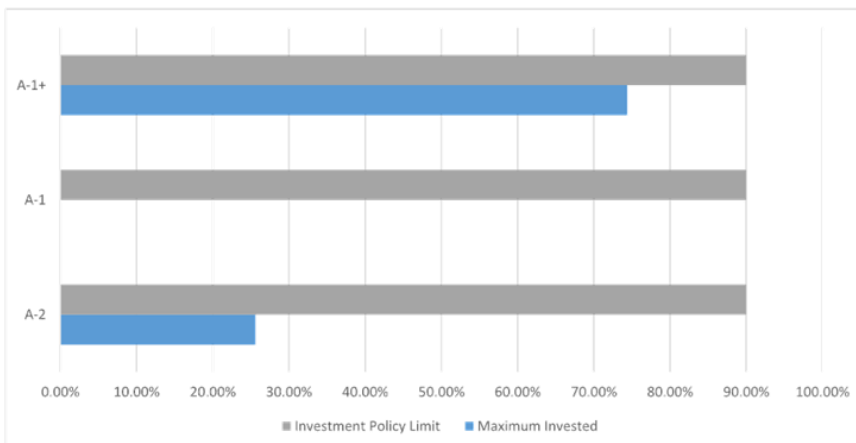


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 31 JULY 2024**

TOTAL PORTFOLIO EXPOSURE



TOTAL CREDIT EXPOSURE



FOSSIL FUEL EXPOSURE

