

## 5.5. Investment Report October 2020

**Prepared by** Sharon Morley – Finance Officer  
**Department** Finance & Assets  
**Authorised by** Chief Financial & Information Officer

### Reference

Min No 20-258: Ordinary meeting of Council held on 26 October 2020.

### Summary

To advise Council of investments held at 31 October 2020 and to note the certification of the Responsible Accounting Officer that funds have been invested in accordance with legislation, regulations and Council policy.

### Commentary

Council's total investment portfolio as at 31 October 2020, when compared to 30 September 2020, has increased by \$3,370,000 from \$22,750,000 to \$26,120,000. Cash in Council's bank account decreased by \$4,296,374 from \$4,599,864 to \$303,490.

There is an overall decrease in cash and investments of \$926,374 since 30 September 2020. The decrease in investments is due to the ordinary operations of Council.

If the movement in the bank account is negative, this is shown as a net redemption. If the movement in the bank account is positive this is shown as a net new investment.

The movement in Investments for the month of October 2020 were as follows:

Opening Balance of cash and investments as 01 October 2020	\$27,349,864
Plus New Investments – October 2020	\$7,370,000
Less Investments redeemed – October 2020	-\$8,296,374
Closing Balance of cash and investments as at 31 October 2020	\$26,423,490

A large proportion of Council's investments are held as restricted assets for specific purposes. Restricted assets may consist of externally restricted assets which must be spent for the purpose for which they have been received (e.g. Water, Wastewater, Stormwater, Domestic Waste, Parking) or internally restricted assets which have been set aside by Council resolution. Some internal restrictions are held to fund specific liabilities such as employee leave entitlements and bonds and deposits.

### Policy Implications

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing funds. On 24 February 2020, Council adopted a revised Investment Policy which includes the Minister's Investment Order of 12 January 2011.

### Financial Implications

- YTD interest income budget approved – \$100,000
- Cost centre - 3259
- YTD Income to date - \$108,287
- Future potential impact – Nil.

The Council's interest income for YTD is \$8K over budget following a budget variation to reduce the original budget. The budget has been reduced from \$600k to \$300k due to a combination of reserve balances being lower than projected and the impact of record low interest rates on

investment returns. The revised 2020/21 interest income budget will be a further 47% reduction on actual interest income received in the 2019/20 year of \$565K.

Interest is paid on the maturity date of the investment. The budget for interest income is determined by the average level of funds held and the rate of return. Adjustments to the budget estimate are processed through Council's Quarterly Budget Review process. Interest returns are determined by average funds invested and the rate of interest return.

### **Legal and Risk Management Implications**

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing the funds. On 24 February 2020, Council adopted a revised Investment Policy and not all investments comply with this Policy. There will be an orderly transition to the new policy limits. As monies invested in instruments and category limits compliant with the previous policy but inconsistent with the current policy mature, the funds will be re-invested in accordance with the new policy limits.

Risk is managed by taking a conservative approach to managing Council's investments and only investing in term deposits.

### **CERTIFICATION OF THE 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 Investments Policy.

Ross Gurney  
Chief Financial and Information Officer (Responsible Accounting Officer)

### **Attachments**

1. Attachment 1 - October 2020 Investments Report [5.5.1 - 1 page]

### **Recommendation**

#### **THAT**

1. Investments of \$26,120,000 and cash of \$303,490 for the period ending 31 October 2020 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.



Issuer	Market Value	% Total Value
AMP Bank Ltd	5,019,627.40	19.55%
Auswide Bank Limited	1,004,931.51	3.91%
Bank of Queensland Ltd	3,007,620.54	11.72%
Macquarie Bank	6,112,678.08	23.81%
Members Equity Bank Ltd	2,010,753.42	7.83%
MyState Bank Ltd	6,006,531.77	23.40%
National Australia Bank Ltd	2,507,358.91	9.77%
Portfolio Total	25,669,501.63	100.00%

Market Value by Issuer

