

1. INVESTMENT REPORT AS AT 31 MAY, 2017

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 2016/17 Budget estimates the total Investment Revenue as \$413,000 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 May, 2017 is \$21,744,468.84.

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

Community Strategic Plan - L1.1;
Delivery Program / Operational Plan – L1.1.1.5.

1. INVESTMENT REPORT AS AT 31 MAY, 2017 (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 - Interest - Standard rate .70% Plus Special Margin .50% = 1.20%	A-1+	1.20%	N/A	1,649,027.21	S&P Short Term
Commonwealth Bank	AA-	Business Online Saver - at call - CMA Project Funds - Interest - Standard rate .70% Plus Special Margin .50% = 1.20%	A-1+	1.20%	N/A	95,441.63	S&P Short Term
TOTAL						1,744,468.84	
Percentage of Total Portfolio						8.02%	
Average Investment Yield						1.20%	
Term Deposits							
NAB	AA-	Term Deposit - 07/06/2017	A-1+	2.73%	282 Days	1,000,000.00	S&P Short Term
AMP Bank	AA-	Term Deposit - 14/06/2017	A-1+	2.75%	285 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 21/06/2017	A-1+	2.65%	285 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 09/08/2017	A-1+	2.73%	273 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 16/08/2017	A-1+	2.70%	273 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 23/08/2017	A-1+	2.73%	278 Days	1,000,000.00	S&P Short Term
ANZ Bank	AA-	Term Deposit - 23/08/2017	A-1+	2.55%	182 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 06/09/2017	A-1+	2.70%	282 Days	1,000,000.00	S&P Short Term
Bankwest	AA-	Term Deposit - 20/09/2017	A-1+	2.60%	183 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 27/09/2017	A-1+	2.70%	279 Days	1,000,000.00	S&P Short Term
ANZ Bank	AA-	Term Deposit - 17/10/2017	A-1+	2.60%	279 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 25/10/2017	A-1+	2.50%	154 Days	1,000,000.00	S&P Short Term
ANZ Bank	AA-	Term Deposit - 08/11/2017	A-1+	2.66%	275 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 15/11/2017	A-1+	2.62%	273 Days	1,000,000.00	S&P Short Term
Suncorp	AA-	Term Deposit - 16/11/2017	A-1+	2.55%	180 Days	1,000,000.00	S&P Short Term
CBA	AA-	Term Deposit - 21/11/2017	A-1+	2.61%	274 Days	1,000,000.00	S&P Short Term
CBA	AA-	Term Deposit - 06/12/2017	A-1+	2.65%	272 Days	1,000,000.00	S&P Short Term
AMP Bank	AA-	Term Deposit - 07/12/2017	A-1+	2.75%	267 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 10/01/2018	A-1+	2.60%	273 Days	500,000.00	S&P Short Term
NAB	AA-	Term Deposit - 17/01/2018	A-1+	2.60%	273 Days	500,000.00	S&P Short Term
AMP Bank	AA-	Term Deposit - 27/02/2018	A-1+	2.75%	272 Days	1,000,000.00	S&P Short Term
TOTAL						20,000,000.00	
Percentage of Total Portfolio						91.98%	
Average Investment Yield						2.65%	
Total Investment Portfolio						<u>21,744,468.84</u>	

1. INVESTMENT REPORT AS AT 31 MAY, 2017 (Cont.)

Discussion/Comments

The investment portfolio has increased \$150,918.22 during the reporting period. The main factor for the increases and decreases at the end of each month is that the main "Cash & At Call" accounts listed above feeds Council's working account.

The investment portfolio is diversified across a number of investment types and institutions. This includes term deposits and on-call accounts. 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. HARDSHIP POLICY – FIRE AND EMERGENCY SERVICES LEVY

Introduction

This report is presented to Council to remove reference to the Fire and Emergency Services Levy in Council's Hardship Policy.

Background

The NSW State Government has deferred the introduction of the Fire and Emergency Services Levy (FESL) and has stated that it will work with "local government, fire and emergency services, the insurance industry and other stakeholders to find a better and fairer path forward".

Accordingly, the FESL will continue to be collected via insurance policies until the State Government has completed its review of the policy.

2. HARDSHIP POLICY – FIRE AND EMERGENCY SERVICES LEVY (Cont'd)

Issues

Council has since been advised by NSW Treasury to cease work on any FESL set up and to remove any FESL information and hyperlinks from Council's website.

Accordingly, Council will need to remove the reference to the FESL in its Hardship Policy.

Assessment

(a) Legal Implications

The FESL has been deferred as of 30 May 2017 and NSW Treasury has instructed Council to remove any FESL information and hyperlinks from Council's website.

(b) Financial Implications

There are no financial implications in terms of Council's Hardship Policy.

(c) Strategic Implications

This report relates to item CL3.1 of the Community Strategic Plan – to provide excellent leadership and governance within Council; and Item L3.1.1.2 of the Delivery Program – Ensure all statutory policies, codes and plans are adopted by Council as per legislative requirements.

Summary

The NSW Government has deferred the introduction of the FESL. This levy will continue to be collected via insurance policies until the State Government completes its policy review. In the meantime, NSW Treasury has instructed Council to cease work on the FESL and to remove all reference to the FESL on its website. Accordingly, Council's Hardship Policy will need to be amended to remove reference to the FESL.

RECOMMENDATION

That Council's Hardship Policy be amended to remove all reference to the Fire and Emergency Services Levy.

John Sevil
Director Finance & Corporate Strategy
Responsible Accounting Officer