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**Item: 10.11**

**Subject: INVESTMENTS - JUNE 2019**

**Presented by: Corporate Performance, Rebecca Olsen**

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### **Alignment with Delivery Program**

1.5.1 Manage Council's financial assets and provide accurate, timely and reliable information.

### **RECOMMENDATION**

**That Council note the Investment Report for the month of June 2019.**

#### **Executive Summary**

- Total funds invested as at 30 June equals \$297,809,729.
- Interest for the month of June was \$723,729.
- The total investment income for the 2018-19 financial year of \$8,639,900 has exceeded the total revised annual budget of \$8,472,800 by \$167,100.
- Council's total investment portfolio performance for the financial year to date was 1.03% above the benchmark (3.00% against 1.97%). Benchmark being the Bank Bill reference rate as at 30 June 2019.

#### **Discussion**

Council has engaged Imperium Markets to provide both an investment management platform and investment advisory service. This decision was based on the need to provide more rigour and transparency around investment choices and to provide a sound framework to support the need for increased financial sustainability into the future.

The attached investment report and portfolio provides detailed information on the performance of council's investment portfolio.

#### Overview

Councils (including Port Macquarie-Hastings Council) provide a broad range of services and associated infrastructure to their communities. These services include (but are not limited to) the following:

- Water and Sewer services;
- Waste services;
- Port Macquarie Airport;
- Cemeteries;
- Roads and Bridges;
- Various Recreation and Cultural facilities.

The Port Macquarie-Hastings area is a high growth centre of the North Coast region and is expected to accommodate a significant proportion of regional growth over the next two decades. As a consequence of this growth, Council must not only provide services to the existing community and maintain existing assets, but Council must also plan for future maintenance and capital expenditure on the infrastructure that will be needed to support the community, business and visitors to the area into the future.

An independent analysis was conducted on Council's financial reserves. The review found:

- The Port Macquarie-Hastings local government area has experienced an unprecedented level of development activity. Whilst this has increased the level of reserves held through developer contributions, councils experiencing a high level of development activity require relatively high levels of reserves in order to adequately cope with the required levels of infrastructure spending.
- Council's reserve levels to be broadly appropriate and reasonable in light of Council's circumstances. In particular, that Council has successfully maintained a prudent buffer to prepare against potential financial risks associated with the predicted high development activity.

The full report is available on Council's website:

<http://www.pmhc.nsw.gov.au/About-Us/What-Council-Does/Corporate-Planning-Reporting-Budgets/Financial-Reports?BestBetMatch=financial%20reserves|cddb291-68a4-4d81-8aee-b3733958e5ca|bd0cff62-3134-4e81-9f7e-de4e65feb428|en-AU>

### Current Investments

Council is required to undertake investments in accordance with section 625 of the Local Government Act 1993. This report provides details of Council's investments, and certifies that all funds that Council has invested as at 30 June 2019, comply with this Act.

All investments have been made in accordance with the Act and Regulations, and Council's Investment Policy.

As at 30 June 2019, the investments held by Council totalled \$297,809,729 and were attributed to the following funds, *(noting that the split between funds is based on draft figures which may change once end of year procedures have been finalised)*:

General Fund	119,758,227
Waste Fund	18,130,656
Water Fund	97,559,489
Sewer Fund	60,869,331
Sanctuary Springs Fund	38,715
Broadwater	1,453,311
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	<b>297,809,729</b>

Whilst the current level of investments remains high, these largely relate to funds which have legal restrictions (for example water and sewer), or for funds held for specific purposes.

These funds may be spent in the shorter or longer term depending on the required timing of future works. The totals will fluctuate dependent on the status of individual projects.

### **Options**

This is an information report.

### **Community Engagement & Internal Consultation**

Council uses the services of an independent financial advisor, on an ongoing basis with investments. The investments placed this month were term deposits. At least three quotes were obtained from financial institutions in line with Council's Investment Policy. Council obtains regular updates regarding market activities positions from various institutions.

### **Planning & Policy Implications**

There are no planning and policy implications in relation to this report.

### **Financial & Economic Implications**

Benchmark and budget levels have been met for the 2018-19 financial year.

Council's total investment portfolio performance for the financial year to date is 1.03% above the benchmark (3.00% against 1.97%) and total investment income for the financial year has exceeded the annual budget by \$167,100.

It should be noted that investment income is noted as a gross amount. Section 97(5) of the Local Government Act 1993 indicates that any security deposit held with Council must be repaid with interest accrued. These security deposits will only relate to bonds held for security to make good damage done to works.

The overall investment income will be adjusted at financial year end by the total interest refunded on repayment of bonds. As Council constantly receives and refunds bonds, it is difficult to accurately determine the quantum of these refunds.

### Certification

I hereby certify that the investments listed within this report were 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.

*Nicole Spencer*  
*Responsible Accounting Officer*

### **Attachments**

1. Port Macquarie-Hastings Council Monthly Report - June 2019
2. Port Macquarie-Hastings Council Portfolio as at 30 June 2019