

## ITEM 13 STATEMENT OF INVESTMENT - JANUARY 2019

This report provides an overview of Council's investment portfolio performance for the month of January 2019.

Council's average weighted return for January 2019 was 3.12% which was above the benchmark return of 2.10%. The result was primarily due to the positive marked to market valuation of the aggregated Floating Rates Notes (FRN) and NSW TCorp Hourglass facilities in Council's portfolio. The remainder of Council's portfolio continues to provide a high level of consistency in income and a high degree of credit quality and liquidity.

### RECOMMENDATION

Council receive the Statement of Investment for January 2019.

### REPORT AUTHORISATIONS

Report of: Brian Jenkins, Chief Financial Officer  
Authorised by: Renee Campbell, Director Corporate Services - Connected + Engaged City

### ATTACHMENTS

- 1 Statement of Investment - January 2019
- 2 Investment Income Compared to Budget 2018-2019

### BACKGROUND

Council is required to invest its surplus funds in accordance with the Ministerial Investment Order and Division of Local Government guidelines. The Order reflects a conservative approach and restricts the investment types available to Council. In compliance with the Order and Division of Local Government guidelines, Council adopted an Investment Policy on 10 December 2018. The Investment Policy provides a framework for the credit quality, institutional diversification and maturity constraints that Council's portfolio can be exposed to. Council's investment portfolio was controlled by Council's Finance Division during the period to ensure compliance with the Investment Policy. Council's Audit, Risk and Improvement Committee's (ARIC) role of overseer provides for the review of Council's Investment Policy and the Management Investment Strategy.

Council's Responsible Accounting Officer is required to sign the complying Statement of Investment contained within the report, certifying that all investments were made in accordance with the Local Government Act 1993 and the Local Government Regulation 2005.

Council's investment holdings as at 25 January 2019 were \$146,463,331 (Statement of Investment attached) [26 January 2018 \$159,199,166].

Council's average weighted return for January 2019 was 3.12% which was above the benchmark return of 2.10%. The result was primarily due to the positive marked to market valuation of the aggregated Floating Rates Notes (FRN) and NSW TCorp Hourglass facilities in Council's portfolio. The remainder of Council's portfolio continues to provide a high level of consistency in income and a high degree of credit quality and liquidity.

At 25 January 2019, year to date interest and investment revenue of \$2,401,775 was recognised compared to the year to date budget of \$2,362,022.

Council's 24 floating rate notes had a net increase in value of \$28,731 for January 2019.

Council holds two Mortgaged Backed Securities (MBS) that recorded a net increase in value of \$5,202 for January 2019. The coupon margins on these investments reflect pre Global Financial Crisis (GFC) pricing. For example, the Emerald A is paying 45 basis points over the BBSW where a comparative investment is now paying 100 basis points over the BBSW. This is reflected in the coupon rates on both these investments. While the maturity dates are outside Council's control, the investment advisors had

previously indicated that capital is not at risk at that stage and recommended a hold strategy due to the illiquid nature of the investment.

Council has two investment holdings under the NSW TCorp Hour Glass Facility: the Long-Term Growth Facility and the NSW TCorpIM Cash Fund. The Long-Term Growth recorded an increase in value of \$60,800 and the Cash Fund recorded an increase in value of \$2,611 in January 2019. The fluctuation in the Long-Term Growth Facility is a reflection of the current share market volatility both domestically and internationally, whereas the Cash Fund provides relatively stable returns with low potential for capital loss while maintaining high levels of liquidity, similar to an at call account. The fund only invests in Australian cash and fixed interests.

At the February 2019 RBA meeting, the official cash rate remained unchanged at 1.50%. The RBA has advised that it would continue to assess the outlook and adjust policy as needed to foster sustainable growth in demand and inflation outcomes consistent with the inflation target over time. The current inflation rate is quite low and below target.

This report complies with Council’s Investment Policy which was endorsed by Council on 10 December 2018. Council’s Responsible Accounting Officer has signed the complying Statement of Investment contained within the report, certifying that all investments were made in accordance with the Local Government Act 1993 and the Local Government Regulation 2005.

### PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal ‘*We are a connected and engaged community*’. It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2018-2021	Operational Plan 2018-19
Strategy	3 Year Action	Operational Plan Actions
4.3.2 Resources (finance, technology, assets and people) are effectively managed to ensure long term financial sustainability	4.3.2.1 Effective and transparent financial management systems are in place	Monitor and review achievement of Financial Strategy
		Continuous budget management is in place, controlled and reported
		Provide accurate and timely financial reports monthly, quarterly and via the annual statement
		Manage and further develop a compliance program to promote awareness and compliance with Council’s procurement policies and procedures and other related policies

### CONCLUSION

The investments for January 2019 have performed favourably compared to the year to date budget and the portfolio recorded an average weighted return above the annualised Bloomberg Bank Bill Index Benchmark.

WOLLONGONG CITY COUNCIL STATEMENT OF INVESTMENT 25 January 2019							
On Call & Term Deposits							
DIRECT INVESTMENTS							
Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Security	Purchase Date	Maturity Date	Interest / Coupon Rate
NAB Professional Maximiser	A1+	-	620,799	Prof Fund A/c	25/01/2019	25/01/2019	1.90%
NAB General Fund	A1+	-	1,017,733	General A/c	25/01/2019	25/01/2019	
SUN	A1	2,000,000	2,000,000	T/Deposit	04/06/2018	30/01/2019	2.75%
WBC	AA-	3,000,000	3,000,000	T/Deposit	31/01/2017	31/01/2019	2.90%
ME	A2	2,000,000	2,000,000	T/Deposit	04/09/2018	01/02/2019	2.70%
BOQ	Moodys STP-2	3,000,000	3,000,000	T/Deposit	24/08/2018	21/02/2019	2.75%
CBA	A1+	5,000,000	5,000,000	T/Deposit	05/03/2018	05/03/2019	2.61%
WBC	A1+	2,000,000	2,000,000	T/Deposit	06/09/2017	06/03/2019	2.64%
BEN	Fitch A-	1,000,000	1,000,000	T/Deposit	13/03/2017	13/03/2019	2.90%
BOQ	Moodys STP-2	2,000,000	2,000,000	T/Deposit	04/09/2018	04/04/2019	2.75%
IMB	A2	3,000,000	3,000,000	T/Deposit	08/03/2018	08/04/2019	2.62%
CBA	A1+	3,000,000	3,000,000	T/Deposit	06/06/2018	06/05/2019	2.74%
Bwest	A1+	2,000,000	2,000,000	T/Deposit	06/11/2018	04/06/2019	2.65%
BOQ	Moodys STP-2	1,500,000	1,500,000	T/Deposit	07/12/2018	06/06/2019	2.80%
BOQ	Moodys STP-2	2,000,000	2,000,000	T/Deposit	22/12/2017	24/06/2019	2.65%
BEN	Moodys STP-2	3,000,000	3,000,000	T/Deposit	08/01/2018	08/07/2019	2.65%
SUN	A1	3,000,000	3,000,000	T/Deposit	07/12/2018	08/07/2019	2.81%
BOQ	Moodys STP-2	1,000,000	1,000,000	T/Deposit	04/09/2018	11/07/2019	2.75%
BOQ	Moodys STP-2	1,000,000	1,000,000	T/Deposit	06/09/2017	06/09/2019	2.80%
BEN	Moodys STP-2	3,000,000	3,000,000	T/Deposit	07/12/2018	06/09/2019	2.75%
IMB	BBB	1,000,000	1,000,000	T/Deposit	04/09/2018	04/10/2019	2.75%
NAB	AA-	1,030,000	1,030,000	T/Deposit	19/06/2018	19/11/2019	2.80%
ME	BBB	2,000,000	2,000,000	T/Deposit	24/08/2018	22/11/2019	2.80%
IMB	BBB	2,000,000	2,000,000	T/Deposit	24/08/2018	25/11/2019	2.80%
WBC	AA-	2,000,000	2,000,000	T/Deposit	01/12/2017	02/12/2019	2.68%
ME	BBB	4,000,000	4,000,000	T/Deposit	07/12/2018	09/12/2019	2.75%
IMB	BBB	3,000,000	3,000,000	T/Deposit	07/12/2018	09/12/2019	2.70%
IMB	BBB	3,000,000	3,000,000	T/Deposit	22/12/2017	20/12/2019	2.65%
WBC	AA-	5,000,000	5,000,000	T/Deposit	22/12/2017	23/12/2019	2.77%
ME	BBB	3,000,000	3,000,000	T/Deposit	04/01/2018	06/01/2020	2.75%
BOQ	Moodys A3	2,000,000	2,000,000	T/Deposit	19/02/2018	10/02/2020	2.88%
WBC	AA-	2,000,000	2,000,000	T/Deposit	06/11/2018	29/02/2020	2.78%
IMB	BBB	2,000,000	2,000,000	T/Deposit	29/03/2018	27/03/2020	2.85%
BOQ	Moodys A3	3,000,000	3,000,000	T/Deposit	24/08/2018	24/08/2020	3.00%
ME	BBB	2,000,000	2,000,000	T/Deposit	14/09/2018	14/09/2020	2.82%
<b>Total</b>			<b>81,168,532</b>				

WOLLONGONG CITY COUNCIL  
STATEMENT OF INVESTMENT  
25 January 2019 continued

**Bond and Floating Rate Note Securities**

DIRECT INVESTMENTS

Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Security	Purchase Date	Maturity Date	Interest / Coupon Rate
CUA	BBB	3,000,000	3,011,610	FRN	01/04/2016	01/04/2019	3.68%
Westpac	AA-	3,000,000	3,023,280	FRN	11/03/2016	10/05/2019	2.94%
Greater Bank Ltd	BBB	2,000,000	2,013,560	FRN	07/06/2016	07/06/2019	3.59%
Bendigo Bank	Fitch A-	1,000,000	1,004,620	FRN	16/09/2015	17/09/2019	2.95%
Bendigo Bank	Fitch A-	2,000,000	2,018,100	FRN	21/11/2016	21/02/2020	3.04%
CUA	BBB	2,000,000	2,013,380	FRN	20/03/2017	20/03/2020	3.36%
ME Bank	BBB	2,000,000	2,006,960	FRN	06/04/2017	06/04/2020	3.31%
NAB	AA-	3,000,000	3,020,490	FRN	24/06/2015	03/06/2020	2.76%
Bendigo Bank	Fitch A-	2,000,000	2,019,040	FRN	18/08/2015	18/08/2020	3.04%
SUN Corp	A+	1,500,000	1,514,010	FRN	20/10/2015	20/10/2020	3.32%
NAB	AA-	1,000,000	1,013,800	FRN	05/11/2015	05/11/2020	3.01%
SUN	A+	2,000,000	2,027,700	FRN	12/04/2016	12/04/2021	3.44%
AMP	A	2,000,000	2,023,260	FRN	24/05/2016	24/05/2021	3.29%
Westpac	AA-	3,000,000	3,039,240	FRN	03/06/2016	03/06/2021	3.12%
ANZ	AA-	2,000,000	2,027,520	FRN	16/08/2016	16/08/2021	3.07%
CUA	BBB	1,200,000	1,206,720	FRN	06/09/2018	06/09/2021	3.23%
AMP	A	1,500,000	1,502,655	FRN	10/09/2018	10/09/2021	3.07%
Westpac	AA-	1,500,000	1,496,040	FRN	16/11/2018	25/10/2021	2.81%
AMP	A	3,000,000	2,988,510	FRN	30/03/2017	30/03/2022	3.14%
SUN	A+	1,500,000	1,507,815	FRN	30/08/2017	16/08/2022	2.91%
EMERALD A Mortgage Backed Security *	AAA	592,763	437,663	M/Bac	17/07/2006	21/08/2022	2.39%
ANZ	AA-	1,000,000	1,001,980	FRN	09/05/2018	09/05/2023	2.84%
NAB	AA-	3,000,000	2,994,330	FRN	26/09/2018	26/09/2023	3.02%
Westpac	AA-	1,500,000	1,502,250	FRN	16/11/2018	16/11/2023	2.89%
ANZ	AA-	2,000,000	2,004,500	FRN	06/12/2018	06/12/2023	3.01%
EMERALD B Mortgage Backed Security *	Fitch AA	2,000,000	1,239,580	M/Bac	17/07/2006	21/08/2056	2.69%
<b>Total</b>			<b>49,658,613</b>				

**Managed Funds & Other**

MANAGED FUNDS

Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Purchase Date	Monthly Return (Actual)	FYTD (Actual)
TcorpIM Cash Fund Facility	N/A	13,000,000	13,527,426	1/05/2017	0.02%	1.10%
Tcorp Long Term Growth Facility Trust	N/A	1,773,197	2,108,758	13/06/2007	2.97%	-0.28%
<b>Total</b>			<b>15,636,184</b>			

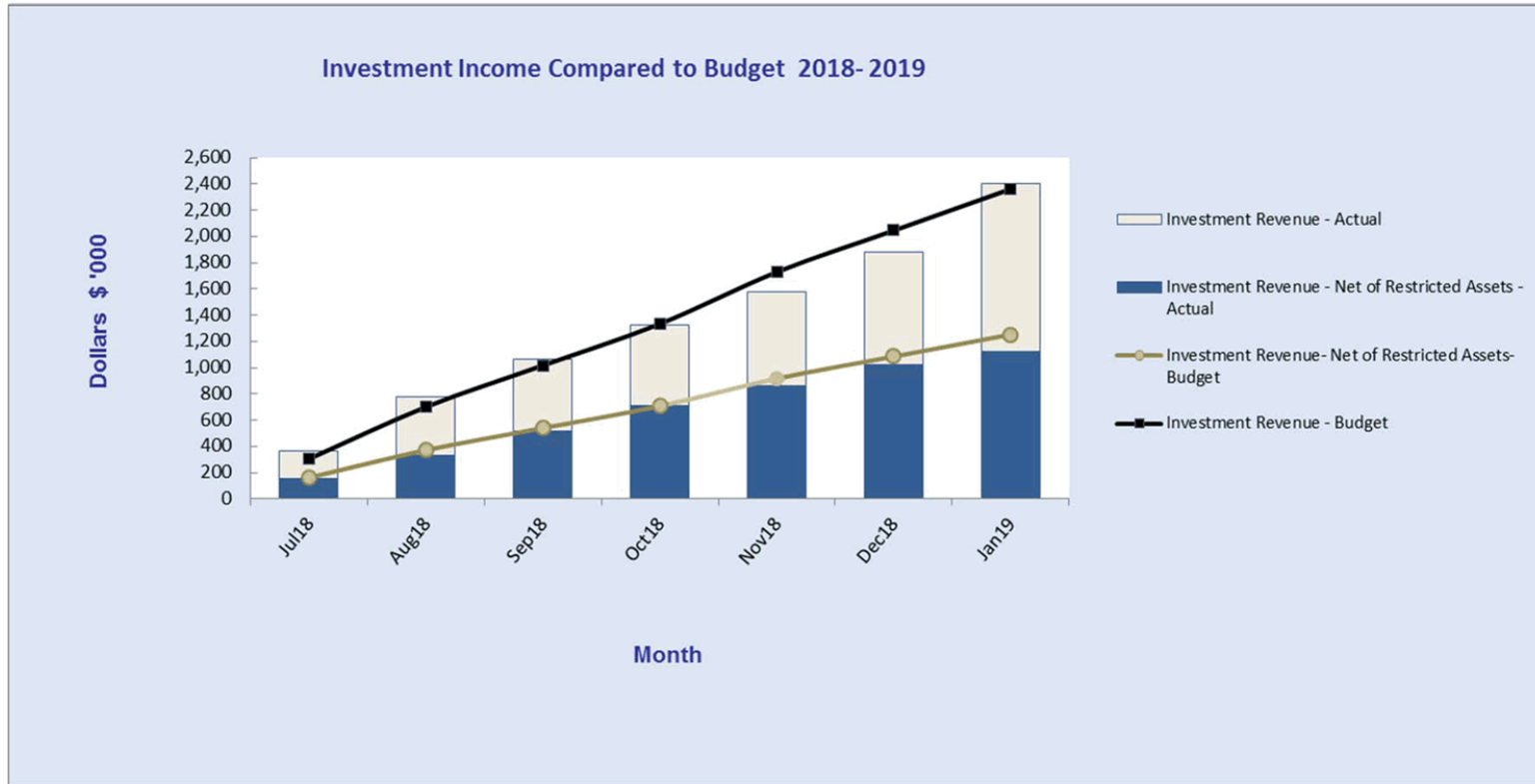
Investment Body	Face Value	Security
Southern Phone Company	2	shares

TOTAL INVESTMENTS \$ **146,463,331**

\* The maturity date provided is the weighted-average life of the security. This is the average amount of time that will elapse from the date of security's issuance until each dollar is repaid based on an actuarial assessment. Assessments are carried out on a regular basis which can potentially extend the life of the investment. Current assessments anticipate an extension of life of the investment.

This is to certify that all of the above investments have been placed in accordance with the Act, the regulations and Council's Investment Policies.

Brian Jenkins  
RESPONSIBLE ACCOUNTING OFFICER



ITEM 14

CITY OF WOLLONGONG TRAFFIC COMMITTEE - MINUTES OF MEETING HELD ON 13 FEBRUARY 2019

The City of Wollongong Traffic Committee meeting was held on 13 February 2019. Items 2, 4 and 5 are adopted by Council through delegated authority. Items 3.1 – 3.3 must be determined by Council and is recommended to Council for approval for temporary Regulation of Traffic on public roads for works or events by independent parties.

### RECOMMENDATION

In accordance with the powers delegated to Council, the Minutes and Recommendations of the City of Wollongong Traffic Committee held on 13 February 2019 in relation to Regulation of Traffic be adopted.

### REPORT AUTHORISATIONS

Report of: Mike Dowd, Manager Infrastructure Strategy + Planning  
Authorised by: Andrew Carfield, Director Infrastructure + Works (Acting)

### ATTACHMENTS

- 1 Standard Conditions for Road Closures
- 2 Seaside Festival Thirroul
- 3 Victoria Street Road Closures for Construction
- 4 WEC and Win Stadium Events 2019

### BACKGROUND

#### 1 THIRROUL – WARD 1 (ITEM 3.1 OF WCC MINUTES)

Seaside Festival – King and McCauley Streets Seaside – Road Closures

##### **Background:**

As in previous years the business community of Thirroul are holding the Annual Thirroul Seaside Festival which involves the road closures of King and McCauley Streets on Saturday 6 April 2019. The closures take effect from 7.00am to 5.00pm on the day and allow street stalls and entertainment within the closed streets. Lawrence Hargrave Drive is not affected except that pedestrians will be prevented from crossing at any points other than the refuge crossing near King Street and the signalised crossing at Raymond Road.

The Festival then moves to Cliff Parade and the beach reserve for Sunday 7 April 2019 and there are no road closures and therefore no regulation of traffic plans are required.

The submitted traffic management plans provide for water filled barriers at the road closures and for the pedestrian warning facilities on Lawrence Hargrave Drive, which comply with the assessment under **the Crowded Place Guidelines.**

##### **Consultation:**

It is a condition of approval that the organisers consult with the immediate community affected by the road closures.

##### **PROPOSAL SUPPORTED UNANIMOUSLY**

The proposed road closures for King and McCauley Streets be approved subject to the submitted traffic management plans, Council's Standard Conditions for Road Closures and Police and Roads & Maritime Services approvals.