

13 February 2023

At 2.00 pm

**Corporate, Finance, Properties and
Tenders Committee**

Agenda

- 1. Confirmation of Minutes**
- 2. Statement of Ethical Obligations and Disclosures of Interest**
- 3. 2022/23 Quarter 2 Review - Delivery Program 2022-2026**
- 4. Investments Held as at 31 December 2022**
- 5. Investments Held as at 31 January 2023**
- 6. Exemption from Tender and Contract Variation – Catering Services – Compass Group (Restaurant Associates)**
- 7. Cancellation of Tender - T-2022-755 - Exemption from Tender and Contract Variations for Sydney New Year's Eve**
- 8. Tender - T-2022-717 - Reject and Negotiate - Accounts Payable Invoice Scanning Solution**

Disclaimer, Terms and Guidelines for Speakers at Council Committees

As part of our democratic process, the City invites members of the community to speak directly to Councillors during Committee meetings about items on the agenda.

Webcast

In accordance with the *City of Sydney Code of Meeting Practice*, Committee meetings are recorded and webcast live on the City of Sydney website at www.cityofsydney.nsw.gov.au.

Members of the public attending a council or committee meeting may have their image, voice and personal information (including name and address) recorded, publicly broadcast and archived for up to 12 months.

Consent

By attending a council or committee meeting, members of the public consent to this use of their image, voice and personal information.

Disclaimer

Statements made by individuals at a council or committee meeting, and which may be contained in a live stream or recording of the meeting are those of the individuals making them, and not of the City. To be clear, unless set out in a resolution of council, the City does not endorse or support such statements.

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Guidelines

To enable the Committee to hear a wide range of views and concerns within the limited time available, we encourage people interested in speaking at Committee to:

1. Register to speak by calling Secretariat on 9265 9702 or emailing secretariat@cityofsydney.nsw.gov.au before 10.00am on the day of the meeting.
2. Check the recommendation in the Committee report before speaking, as it may address your concerns so that you just need to indicate your support for the recommendation.
3. Note that there is a three minute time limit for each speaker (with a warning bell at two minutes) and prepare your presentation to cover your major points within that time.
4. Avoid repeating what previous speakers have said and focus on issues and information that the Committee may not already know.
5. If there is a large number of people interested in the same item as you, try to nominate three representatives to speak on your behalf and to indicate how many people they are representing.

Committee meetings can continue until very late, particularly when there is a long agenda and a large number of speakers. This impacts on speakers who have to wait until very late, as well as City staff and Councillors who are required to remain focused and alert until very late. At the start of each Committee meeting, the Committee Chair may reorder agenda items so that those items with speakers can be dealt with first.

Committee reports are available at www.cityofsydney.nsw.gov.au

Item 1.

Confirmation of Minutes

Minutes of the following meetings of the Corporate, Finance, Properties and Tenders Committee are submitted for confirmation:

Meeting of 5 December 2022

Item 2.**Statement of Ethical Obligations**

In accordance with section 233A of the Local Government Act 1993, the Lord Mayor and Councillors are bound by the Oath or Affirmation of Office made at the start of the Council term to undertake their civic duties in the best interests of the people of the City of Sydney and the City of Sydney Council and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act 1993 or any other Act, to the best of their ability and judgement.

Disclosures of Interest

Pursuant to the provisions of the Local Government Act 1993, the City of Sydney Code of Meeting Practice and the City of Sydney Code of Conduct, Councillors are required to disclose and manage both pecuniary and non-pecuniary interests in any matter on the agenda for this meeting.

In both cases, the nature of the interest must be disclosed.

This includes receipt of reportable political donations over the previous four years.

Item 3.

2022/23 Quarter 2 Review – Delivery Program 2022-2026

Document to Follow

Item 4.

Investments Held as at 31 December 2022

File No: X020701

Summary

This report provides details of the City's investment portfolio and performance to 31 December 2022.

The City's total Investment and Cash position was \$707.7M at 31 December 2022, with investments earning interest of approximately \$2.0M for the month.

The Covid-19 pandemic has created significant uncertainty in financial markets. The Reserve Bank of Australia (RBA) responded to that crisis by reducing the official cash rate in a series of steps down to an official cash rate of 0.10 per cent by November 2020. However, the annual inflation rate in Australia has since increased significantly, to 7.8 per cent for the full year to December 2022, and while global factors explain much of the increase in inflation, domestic factors also play a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy.

The RBA responded by increasing the official cash rate to 0.35 per cent on 3 May 2022, by a further 0.5 per cent at each of the next four RBA monthly board meetings, and still further increases of 0.25 percent in the last three RBA monthly board meeting, up to 3.10 per cent. Additional increases have been foreshadowed by the RBA Governor, in an attempt to curb inflation.

The City's cash inflows have been negatively impacted as the economic consequences of the pandemic continue to reduce major revenue streams, in particular commercial property income receipts, but also parking related, venue hire and other activity based revenues.

The City's cash and investments portfolio is substantially restricted in both internal (\$252.9M) and external (\$91.0M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Community Strategic Plan Delivering Sustainable Sydney 2030-2050 Continuing the Vision.

Key commitments within the City's Long Term Financial Plan include public domain works in the CBD, infrastructure and community facilities in the Green Square urban renewal area and commercial property and open space acquisitions. The balance of investment funds represents working capital and funding required for the City's operating and capital expenditure commitments.

The City achieved an annualised monthly return of 3.36 per cent for December which remains above the 30 Day Bank Bill Rate (BBR) of 3.01 per cent and the latest AusBond Bank Bill Index (published by Bloomberg) of 3.00 per cent, however remains just below the strategic enhanced benchmark (or stretch target) of 3.46 per cent (BBR + 0.45 per cent). While the City has historically outperformed this enhanced benchmark, the current monthly returns reflect the purchase of fixed term investments on offer earlier in the year, prior to the recent series of unprecedented rate increases imposed by the RBA during 2022.

The City's annual rolling return of 2.99 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 1.32 per cent, the latest AusBond Bank Bill Index of 1.25 per cent and the enhanced benchmark of 1.77 per cent (BBR + 0.45 per cent). The benchmarks were endorsed in the revised Investment Strategy which was approved by Council in October 2022.

While the returns remain below longer-term trends, the recent increases to official cash rates have seen substantial improvements in rates of return offered by the market which will allow future maturing deposits and surplus funds to be re-invested at higher rates. This trend is anticipated to continue beyond the current financial year.

It is worth noting that Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government. These guidelines were developed, in large part, as a response to the Global Financial Crisis and its impact on the local government sector's investments. They effectively limit the City's investment profile to something similar to a cash managed fund, which generally produce lower returns but provide a high level of security. The City's returns from the investment portfolio remain in line with cash managed funds in the market.

This report includes graphs demonstrating that the City's liquidity profile continues to satisfy the requirements of the Policy, and charts that identify the distribution of the City's portfolio across credit ratings, investment product types and financial institutions. Separate charts depicting the City's cumulative portfolio returns over and above both the 90 day Bloomberg AusBond and 30 day Bank Bill Rate benchmarks have also been included to provide further insight into the City's total investment portfolio performance.

The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy, which remains appropriate for the current global and domestic economic conditions. The Policy and Strategy also maintain the City's commitment to sustainable investments where returns and risks are equivalent, under the environmentally and socially responsible investment criteria.

Recommendation

It is resolved that the Investment Report as at 31 December 2022 be received and noted.

Attachments

Attachment A. Register of Investments and Cash as at 31 December 2022

Attachment B. Investment Performance as at 31 December 2022

Background

1. In accordance with the principles of financial management, cash that is surplus to the City's immediate requirements is invested within acceptable risk parameters to optimise interest income while ensuring the security of these funds.
2. Surplus cash is only invested in authorised investments that comply with governing legislation and the City's Investment Policy and Strategy.
3. The benchmark performance goal of the City's Investment Policy and Strategy is to surpass the 30 Days Bank Bill Rate (BBR) by 45 basis points while performance also continues to be measured against the Bloomberg AusBond Bank Bill Index.
4. The City's total Investment and Cash position as at 31 December 2022 is \$707.7M, a decrease of \$40.2M from the \$747.9M reported as at 30 November 2022. The monthly movement reflects capital works expenditure and other operational payments for the period in excess of operating income, consistent with historical seasonal trends. A schedule detailing all of the City's investments as at the end of December is provided at Attachment A.
5. A substantial portion of the City's cash and investments portfolio is held as internally restricted (\$252.9M) or externally restricted (\$91.0M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Community Strategic Plan Delivering Sustainable Sydney 2030-2050 Continuing the Vision.
6. Key commitments within the City's Long Term Financial Plan include public domain works in the CBD, infrastructure and community facilities in the Green Square urban renewal area and the acquisition of open space. The balance of investment funds represents working capital and funding required for the City's operating and other capital expenditure commitments.
7. The City achieved an annualized monthly return of 3.36 per cent for December which remains above the 30 Day Bank Bill Rate (BBR) of 3.01 per cent and the latest AusBond Bank Bill Index (published by Bloomberg) of 3.00 per cent.
8. Since 2015, the City has utilised an additional strategic benchmark rate to measure its investment performance, aiming to exceed the 30 day benchmark returns by at least 45 additional basis points (0.45 per cent p.a.). The 45 basis point increase is based on observed historical average increased credit spreads (or margins) over bank bill rates on offer in relation to 30-90 day investments.
9. Investment returns as at 31 December 2022 are slightly below the enhanced benchmark of 3.46 per cent (BBR + 0.45 per cent). These returns reflect holdings of fixed term investments purchased earlier in the year, at prevailing interest rates, prior to the recent series of rate increases. The pace of rates increases by the RBA during 2022 is unprecedented. It is anticipated that the City's portfolio returns will exceed the benchmark by the end of the financial year.
10. The City aims to achieve returns equal to or above these benchmark rates for the period. However, this achievement remains secondary to the critical strategies of maintaining a prudent and conservative risk profile and ensuring adequate liquidity for operational purposes.

11. The City's annual rolling return of 2.99 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 1.32 per cent, the latest AusBond Bank Bill Index of 1.25 per cent and the enhanced benchmark of 1.77 per cent (BBR + 0.45 per cent).
12. It is worth noting Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government. These guidelines were developed, in large part, as a response to the Global Financial Crisis and its impact on the local government sectors investments. They effectively limit the City's investment profile to something similar to a cash managed fund, which produces lower returns but provides a high level of security.
13. The City's returns from the investment portfolio are line with cash managed funds in the market. The recent increases to official cash rates have seen improvements in rates of return offered by the market, allowing maturing deposits to be re-invested at higher rates. This trend is anticipated to continue as investments placed during the period of suppressed interest rates reach maturity and are re-invested.
14. In response to the global Covid-19 pandemic, the Reserve Bank of Australia (RBA) adjusted the official cash rate on 3 March 2020, again on 20 March 2020, and in November 2020 down to 0.10 per cent. However, this calendar year, inflation has increased significantly as a combination of global factors, and domestic capacity constraints have lifted costs and ultimately consumer prices.
15. The annual inflation rate in Australia increased to 7.8% in the year to December 2022, exceeding market forecasts. Global factors explain much of the increase in inflation, but domestic factors are also playing a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy along with recent weather events.
16. In response, the RBA increased the official cash rate to 0.35 per cent on 3 May 2022. Rates were further increased by 0.5 per cent at each of the next four RBA monthly board meetings, to 2.35 per cent on 6 September 2022. The rate was further increased to by 0.25 percent in the last three RBA monthly board meeting to 3.10 per cent. Additional increases have been foreshadowed by the RBA Governor.
17. Despite these recent increases in interest rates, low investment yields on existing investments are expected to continue to adversely impact the City's portfolio return over the next twelve months. Most of the investment portfolio (currently 73.05 per cent) is held in fixed return term deposits. Improved returns are anticipated as these investments mature and are reinvested in products offering higher rates where the funds are not otherwise required for operating purposes. As around 72 per cent of the portfolio is due to mature in the coming year, the City will be able to take advantage of improving returns.
18. The City's cash inflows, whilst reasonably resilient, have been negatively impacted for a prolonged period, as the economic consequences of the pandemic have continued to affect major revenue streams, in particular commercial property income receipts.
19. The report includes graphs depicting that the City's cumulative portfolio returns over and above both the 90 day Bloomberg AusBond, and 30 day Bank Bill Rate benchmarks have also been included to provide further insight into the City's total investment portfolio performance.

20. The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy which was last revised and approved by Council in October 2022. It remains appropriate for the current global and domestic economic conditions.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

21. The City's investments accord with all legislative and policy requirements, as detailed below, and aim to achieve returns above minimum benchmark rates.

Financial Implications

22. The City's investments earned interest of \$2.0M for the month of December 2022, which is above the monthly budgeted earnings of \$0.6M. The annual budget was set at \$7.5M prior to the escalation in the rate of inflation, and corresponding series of cash rate increases. Annual interest earnings are now forecast to be \$20.0M.

Relevant Legislation

23. Council is authorised to invest its surplus cash under section 625 of the Local Government Act 1993.
24. The Local Government (General) Regulation 2021 (section 212) requires the City to provide a written monthly report of all monies invested, under section 625 of the Act.
25. The Investment Policy and Strategy was last revised in October 2022, maintaining Council's commitment to give preference to sustainable investments where returns and risks are equivalent to other investments.
26. The City's investments accord with the Minister's Investment Order, the Office of Local Government's Investment Policy Guidelines, and the City's own Investment Policy and Strategy as adopted by Council on 31 October 2022.

Critical Dates / Time Frames

27. A monthly investment report must be submitted for Council's information and review within the following month.

Public Consultation

28. Consultation is regularly undertaken with a number of financial institutions and investment advisers to consider options and ensure the City continues to maximise its investment return within appropriate legislative and risk parameters.
29. City staff meet regularly with representatives of each of the 'Big 4' banks and NSW TCorp. At these meetings City staff actively advocate for Socially Responsible Investment (SRI) opportunities.

30. The banks acknowledge the appetite in the market for these products and they continue to investigate the development of suitable products, however it has been challenging to match the level of funds to available Socially Responsible Investment opportunities that meet the credit risk and maturity profile requirements of the City.
31. As noted in previous Investment Reports, Westpac were able to bring a Green Tailored Deposit product to market, which delivers a comparable return while achieving the City's preferred outcomes. The City currently holds \$65M in eleven tranches with this Green Tailored deposit.
32. The City has also invested a \$10M parcel with the Commonwealth Bank of Australia (CBA) in Environmental Social and Governance Term Deposit (ESGTDs) certified by Responsible Investment Association Australasia (RIAA), whilst also meeting the City's risk / return aims. RIAA is an active network of members engaged in responsible, ethical and impact investing across Australia and New Zealand. Their mission is to 'promote, advocate for and support approaches to responsible investment that align capital with achieving a healthy and sustainable society, environment and economy'. This includes investing in products that seek to mitigate environmental and social risks. ESGTDs provide the opportunity to allocate capital towards financing Sustainability-Linked Loans.
33. The City currently holds \$5M in FRN with Bank Australia due to mature on 24 November 2025. The City has invested another \$5M in a Floating Rate Note (FRN) / Sustainability Bond issued by Bank Australia, based on an investment framework that is in line with the 2021 versions of the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG). This Socially Responsible investment opportunity met both the credit risk and maturity profile requirement of the City.

BILL CARTER

Chief Financial Officer

Attachment A

**Register of Investments and Cash
as at 31 December 2022**

Register of Investments and Cash for December 2022 period

Institution	Rating	Face Value \$	Amortised Value \$	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Call Account									
Westpac Bank	AA	13,019	13,019	0.25%	3.00%	3.00%	1-Jan-23	22-May-12	0
Commonwealth Bank	AA	37,795,935	37,795,935	0.27%	3.20%	3.20%	1-Jan-23	11-Jun-20	0
Macquarie Bank Ltd	AA	7,132	7,132	0.26%	3.10%	3.10%	1-Jan-23	21-Sep-20	0
Total		37,816,086	37,816,086	0.27%	3.20%	3.20%			
Term Deposits (TD)									
Macquarie Bank	A	1,000,000.00	1,000,000.00	0.05%	0.55%	0.55%	3-Jan-23	4-Jan-22	12
Macquarie Bank	A	1,000,000.00	1,000,000.00	0.05%	0.55%	0.55%	3-Jan-23	5-Jan-22	12
ANZ Bank	AA	5,000,000.00	5,000,000.00	0.04%	0.86%	0.86%	6-Jan-23	8-Mar-22	10
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.07%	0.88%	0.88%	17-Jan-23	18-Feb-22	11
ANZ Bank	AA	5,000,000.00	5,000,000.00	0.07%	0.80%	0.80%	20-Jan-23	8-Feb-22	11
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.20%	2.34%	2.34%	27-Jan-23	2-May-22	9
ANZ Bank	AA	5,000,000.00	5,000,000.00	0.08%	0.90%	0.90%	31-Jan-23	14-Feb-22	12
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.30%	3.60%	3.60%	7-Feb-23	18-Oct-22	4
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.20%	2.39%	2.39%	10-Feb-23	2-May-22	9
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.08%	0.90%	0.90%	14-Feb-23	28-Feb-22	12
ANZ Bank	AA	5,000,000.00	5,000,000.00	0.08%	0.95%	0.95%	17-Feb-23	17-Feb-22	12
ANZ Bank	AA	5,000,000.00	5,000,000.00	0.08%	0.91%	0.91%	24-Feb-23	24-Feb-22	12
ANZ Bank	AA	5,000,000.00	5,000,000.00	0.08%	0.91%	0.91%	28-Feb-23	25-Feb-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.04%	0.86%	0.86%	3-Mar-23	1-Mar-22	12
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.04%	1.25%	1.25%	17-Mar-23	18-Mar-22	12
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.33%	4.00%	4.00%	24-Mar-23	23-Sep-22	6
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.25%	3.00%	3.00%	28-Mar-23	31-May-22	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.25%	2.94%	2.94%	31-Mar-23	5-May-22	11
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.14%	1.73%	1.73%	4-Apr-23	4-Apr-22	12
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.16%	1.90%	1.90%	7-Apr-23	8-Apr-22	12
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.24%	2.84%	2.84%	11-Apr-23	16-May-22	11
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.24%	2.88%	2.88%	11-Apr-23	11-May-22	11
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.20%	2.40%	2.40%	21-Apr-23	22-Apr-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.24%	2.91%	2.91%	24-Apr-23	30-May-22	11
ING Bank	A	5,000,000.00	5,000,000.00	0.26%	3.10%	3.10%	24-Apr-23	26-May-22	11
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.23%	2.71%	2.71%	28-Apr-23	29-Apr-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.26%	3.17%	3.17%	12-May-23	9-May-22	12
Bendigo & Adelaide Bank	A	10,000,000.00	10,000,000.00	0.25%	3.00%	3.00%	16-May-23	16-May-22	12
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.27%	3.20%	3.20%	23-May-23	23-May-22	12
ING Bank	A	5,000,000.00	5,000,000.00	0.27%	3.18%	3.18%	26-May-23	25-May-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.25%	3.03%	3.03%	30-May-23	30-May-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.25%	3.04%	3.04%	2-Jun-23	31-May-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.03%	0.33%	0.33%	6-Jun-23	1-Jun-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.03%	0.33%	0.33%	9-Jun-23	1-Jun-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.03%	0.09%	0.09%	13-Jun-23	14-Jun-22	12
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.34%	4.05%	4.05%	16-Jun-23	13-Oct-22	8
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.03%	0.09%	0.09%	16-Jun-23	14-Jun-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.35%	4.22%	4.22%	23-Jun-23	23-Sep-22	9
National Aust Bank	AA	5,000,000.00	5,000,000.00	0.33%	3.92%	3.92%	23-Jun-23	7-Sep-22	9
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.33%	3.97%	3.97%	30-Jun-23	5-Sep-22	10
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.33%	3.97%	3.97%	4-Jul-23	1-Sep-22	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.04%	0.01%	0.01%	7-Jul-23	30-Aug-22	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.34%	4.04%	4.04%	11-Jul-23	2-Sep-22	10
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.36%	4.33%	4.33%	14-Jul-23	31-Oct-22	8
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.34%	4.10%	4.10%	17-Jul-23	16-Sep-22	10
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.33%	4.01%	4.01%	18-Jul-23	6-Sep-22	10
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.04%	0.04%	0.04%	21-Jul-23	30-Aug-22	11
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.04%	3.98%	3.98%	28-Jul-23	31-Aug-22	11
ING Bank	A	5,000,000.00	5,000,000.00	0.35%	4.20%	4.20%	1-Aug-23	10-Oct-22	10
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.34%	4.05%	4.05%	4-Aug-23	8-Sep-22	11
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.36%	4.27%	4.27%	11-Aug-23	29-Nov-22	8
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.04%	0.52%	0.52%	25-Aug-23	23-Aug-21	24
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.35%	4.18%	4.18%	29-Aug-23	1-Sep-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.04%	0.44%	0.44%	29-Aug-23	26-Aug-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.04%	0.17%	0.17%	30-Aug-23	29-Aug-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	10,000,000.00	10,000,000.00	0.04%	0.15%	0.15%	1-Sep-23	31-Aug-22	12
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.35%	4.15%	4.15%	5-Sep-23	8-Sep-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.35%	4.17%	4.17%	8-Sep-23	7-Sep-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.34%	4.11%	4.11%	12-Sep-23	9-Sep-22	12
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.37%	4.40%	4.40%	15-Sep-23	18-Nov-22	10
ING Bank	A	5,000,000.00	5,000,000.00	0.34%	4.12%	4.12%	15-Sep-23	13-Sep-22	12
National Australia Bank (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.05%	0.65%	0.65%	22-Sep-23	24-Sep-21	24
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.36%	4.28%	4.28%	3-Oct-23	15-Sep-22	13
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.36%	4.35%	4.35%	6-Oct-23	16-Sep-22	13
ING Bank	A	5,000,000.00	5,000,000.00	0.36%	4.32%	4.32%	10-Oct-23	5-Oct-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.36%	4.35%	4.35%	10-Oct-23	16-Sep-22	13
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.39%	4.70%	4.70%	13-Oct-23	29-Sep-22	12
ING Bank	A	5,000,000.00	5,000,000.00	0.36%	4.32%	4.32%	17-Oct-23	10-Oct-22	12
National Aust Bank	AA	5,000,000.00	5,000,000.00	0.37%	4.45%	4.45%	20-Oct-23	7-Oct-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.37%	4.41%	4.41%	3-Nov-23	14-Oct-22	13
ING Bank	A	5,000,000.00	5,000,000.00	0.38%	4.55%	4.55%	7-Nov-23	31-Oct-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.39%	4.65%	4.65%	7-Nov-23	18-Oct-22	13
ING Bank	A	5,000,000.00	5,000,000.00	0.39%	4.70%	4.70%	10-Nov-23	26-Oct-22	12
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.37%	4.44%	4.44%	17-Nov-23	30-Nov-22	12
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.55%	4.55%	1-Dec-23	28-Nov-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.37%	4.45%	4.45%	5-Dec-23	5-Dec-22	12
National Aust Bank	AA	5,000,000.00	5,000,000.00	0.33%	4.00%	4.00%	8-Dec-23	9-Sep-22	15
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.03%	3.69%	3.69%	8-Dec-23	7-Jun-22	18
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.39%	4.69%	4.69%	12-Dec-23	7-Nov-22	13
Commonwealth Bank (monthly interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.51%	4.51%	15-Dec-23	14-Nov-22	13
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.37%	4.49%	4.49%	18-Dec-23	16-Nov-22	13
Commonwealth Bank (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.54%	4.54%	22-Dec-23	25-Nov-22	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.39%	4.67%	4.67%	29-Dec-23	19-Dec-22	12
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.38%	4.52%	4.52%	2-Jan-24	2-Dec-22	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.38%	4.56%	4.56%	15-Jan-24	12-Dec-22	13
Northern Territory Treasury Corporation- Fixed Rate Bond- Annual	AA	5,000,000.00	5,000,000.00	0.08%	0.90%	0.90%	15-Jun-25	5-Feb-21	52
Northern Territory Treasury Corporation- Fixed Rate Bond- Annual	AA	5,000,000.00	5,000,000.00	0.08%	0.90%	0.90%	15-Jun-25	9-Feb-21	52
Westpac Banking Corporation (0.71% Fixed 2 years & 90 days BBSW + 50 points)	AA	5,000,000.00	5,000,000.00	0.06%	0.71%	0.71%	18-Jun-26	18-Jun-21	60

Register of Investments and Cash for December 2022 period

Institution	Rating	Face Value \$	Amortised Value \$	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Term Deposits (TD) 'Green Tailored Deposits'									
Westpac Banking Corporation - Green Tailored Deposit (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.07%	0.78%	0.78%	6-Jan-23	7-Feb-22	11
Westpac Banking Corporation - Green Tailored Deposit (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.06%	0.71%	0.71%	13-Jan-23	12-Jan-22	12
Westpac Banking Corporation - Green Tailored Deposit (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.07%	0.88%	0.88%	27-Jan-23	28-Jan-22	12
Westpac Banking Corporation - Green Tailored Deposit (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.07%	0.85%	0.85%	19-May-23	19-Nov-21	18
Westpac Banking Corporation - Green Tailored Deposit (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.06%	0.70%	0.70%	11-Oct-23	11-Oct-21	24
Westpac Banking Corporation - Green Tailored Deposit (3 Months BBSW + 93 points)	AA	10,000,000.00	10,000,000.00	0.33%	4.00%	2.32%	27-Nov-23	26-Nov-18	60
Westpac Banking Corporation - Green Tailored Deposit (2.97% Fixed 2 years & 3 months BBSW + 93 points 3 years)	AA	5,000,000.00	5,000,000.00	0.33%	4.00%	2.35%	29-Nov-23	30-Nov-18	60
Westpac Banking Corporation - Green Tailored Deposit (3.00% Fixed 1 years & 3 months BBSW + 105 points 4 years)	AA	10,000,000.00	10,000,000.00	0.34%	4.08%	2.51%	24-Jan-24	25-Jan-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.85% Fixed 1 years & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.34%	4.04%	2.20%	28-Feb-24	1-Mar-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.75% Fixed 1 year & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.35%	4.15%	2.36%	11-Mar-24	13-Mar-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.65% Fixed 1 year & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.36%	4.27%	2.54%	22-Mar-24	25-Mar-19	60
Term Deposits (TD) 'Environmental Social and Governance Term Deposit'									
Commonwealth Bank - Environmental Social and Governance Term Deposit	AA	10,000,000.00	10,000,000.00	0.07%	0.85%	0.85%	2-Mar-23	2-Mar-22	12
Total		517,000,000	517,000,000	0.23%	3.20%	3.07%			
Floating Rate Notes (FRN)									
Bank of Queensland (90 days BBSW + 105 points)	BBB	4,000,000.00	4,000,000.00	0.34%	4.11%	2.35%	3-Feb-23	5-Feb-18	60
Credit Union Australia (3 months BBSW + 90 bps)	BBB	2,800,000.00	2,800,000.00	0.33%	3.97%	2.32%	21-Feb-23	21-Feb-20	36
Westpac Bank (90 days BBSW + 83 points)	AA	5,000,000.00	5,000,000.00	0.33%	3.97%	2.08%	6-Mar-23	6-Mar-18	60
ANZ Bank (90 days BBSW + 90 points)	AA	5,000,000.00	5,000,000.00	0.33%	3.97%	2.22%	9-May-23	9-May-18	60
National Australia Bank (90 days BBSW + 90 points)	AA	5,000,000.00	5,000,000.00	0.33%	3.97%	2.27%	16-May-23	16-May-18	60
Commonwealth Bank (90 days BBSW + 93 points)	AA	3,500,000.00	3,500,000.00	0.33%	4.00%	2.29%	16-Aug-23	16-Aug-18	60
Suncorp Bank (90 days BBSW + 77 points)	A	4,500,000.00	4,500,000.00	0.33%	3.92%	2.14%	13-Sep-23	13-Sep-18	60
National Australia Bank (90 days BBSW + 93 points)	AA	3,500,000.00	3,500,000.00	0.35%	4.20%	2.49%	26-Sep-23	26-Sep-18	60
ANZ Bank (90 days BBSW + 103 points)	AA	5,000,000.00	5,000,000.00	0.35%	4.17%	2.28%	6-Dec-23	6-Dec-18	60
National Australia Bank (90 days BBSW + 104 points)	AA	4,000,000.00	4,000,000.00	0.34%	4.12%	2.45%	26-Feb-24	26-Feb-19	60
National Australia Bank (90 days BBSW + 92 points)	AA	3,200,000.00	3,200,000.00	0.34%	4.12%	2.39%	19-Jun-24	20-Jun-19	60
Westpac Banking Corporation (90 days BBSW + 88 points)	AA	4,000,000.00	4,000,000.00	0.33%	3.95%	2.26%	16-Aug-24	16-May-19	63
ANZ Bank (90 days BBSW + 77 points)	AA	4,000,000.00	4,000,000.00	0.32%	3.85%	2.21%	29-Aug-24	29-Aug-19	60
National Australia Bank (90 days BBSW + 77 points)	AA	5,000,000.00	5,000,000.00	0.32%	3.83%	2.22%	21-Jan-25	21-Jan-20	60
Macquarie Bank (3 months BBSW + 84 points)	A	5,000,000.00	5,000,000.00	0.32%	3.86%	2.18%	12-Feb-25	12-Feb-20	60
Suncorp Bank (90 days BBSW + 112 points)	A	1,500,000.00	1,500,000.00	0.34%	4.13%	2.57%	24-Apr-25	27-Apr-20	60
Suncorp Bank (90 days BBSW + 83 points) - Covered Bond	A	2,200,000.00	2,200,000.00	0.31%	3.76%	3.76%	17-Oct-25	17-Oct-22	36
Great Southern Bank (3months BBSW + 158 points)	BBB	4,000,000.00	4,000,000.00	0.39%	4.62%	4.62%	1-Dec-25	1-Dec-22	36
Macquarie Bank (3 months BBSW + 48 points)	A	5,000,000.00	5,000,000.00	0.30%	3.59%	1.81%	9-Dec-25	9-Dec-20	60
Suncorp Bank (90 days BBSW + 45 points)	A	2,100,000.00	2,100,000.00	0.30%	3.54%	1.85%	24-Feb-26	24-Feb-21	60
Newcastle Permanent Building Society (90 days BBSW + 63 points)	BBB	5,000,000.00	5,000,000.00	0.31%	3.70%	1.87%	4-Mar-26	4-Mar-21	60
Bendigo & Adelaide Bank (90 days BBSW + 65 points)	BBB	5,000,000.00	5,000,000.00	0.32%	3.85%	2.13%	18-Jun-26	18-Jun-21	60
Suncorp Bank (90 days BBSW + 48 points)	A	3,750,000.00	3,750,000.00	0.31%	3.69%	1.92%	15-Sep-26	15-Sep-21	60
Bank of Queensland (90 days BBSW + 80 points)	BBB	3,000,000.00	3,000,000.00	0.32%	3.85%	2.29%	27-Oct-26	27-Oct-21	60
Commonwealth Bank (3 month BBSW + 70 points)	AA	3,250,000.00	3,250,000.00	0.30%	3.62%	2.07%	14-Jan-27	14-Jan-22	60
Westpac Banking Corporation (90 days BBSW + 70 points)	AA	3,900,000.00	3,900,000.00	0.31%	3.71%	2.16%	25-Jan-27	18-Jan-22	60
Suncorp Bank (90 days BBSW + 78 points)	AA	4,500,000.00	4,500,000.00	0.32%	3.79%	2.23%	25-Jan-27	17-Jan-22	60
Newcastle Permanent Building Society (90 days BBSW + 100 points)	BBB	2,250,000.00	2,250,000.00	0.34%	4.02%	2.45%	10-Feb-27	3-Feb-22	60
National Australia Bank (90 days BBSW + 72 points)	AA	4,000,000.00	4,000,000.00	0.32%	3.83%	2.25%	25-Feb-27	25-Feb-22	60
ANZ Bank (90 day BBSW + 97 points)	AA	4,000,000.00	4,000,000.00	0.34%	4.04%	2.93%	12-May-27	12-May-22	60
Westpac Banking Corporation (90 days BBSW + 105 points)	AA	4,000,000.00	4,000,000.00	0.34%	4.12%	3.06%	20-May-27	20-May-22	60
ANZ Bank (90 days BBSW + 120 points)	AA	4,000,000.00	4,000,000.00	0.35%	4.22%	4.22%	4-Nov-27	4-Nov-22	60
Westpac Banking Corporation (90 days BBSW + 123 points)	AA	5,000,000.00	5,000,000.00	0.35%	4.25%	4.25%	11-Nov-27	11-Nov-22	60
National Australia Bank (90 days BBSW + 120 points)	AA	4,200,000.00	4,200,000.00	0.36%	4.31%	4.31%	25-Nov-27	25-Nov-22	60
Suncorp Bank (3months BBSW + 125points)	A	2,700,000.00	2,700,000.00	0.37%	4.42%	4.42%	14-Dec-27	14-Dec-22	60
Floating Rate Notes (FRN) 'Green/Climate Bonds/Sustainability Bond'									
Bank Australia - Sustainability Bond (3months BBSW + 160 points)	BBB	5,000,000.00	5,000,000.00	0.39%	4.69%	4.69%	24-Nov-25	24-Nov-22	36
Total		141,850,000	141,850,000	0.33%	4.00%	2.66%			
Total Investments		696,666,086	696,666,086	0.28%	3.36%	2.99%			
Benchmark: 30 Day Bank Bill Index				0.25%	3.01%	1.32%			
Benchmark: Bloomberg AusBond Bank Bill Index				0.25%	3.00%	1.25%			
City of Sydney's available bank balance as at 31 December 2022		11,106,604	11,106,604						
TOTAL INVESTMENTS & CASH		707,772,690	707,772,690						

Summary of Net Investment Movements - December 2022

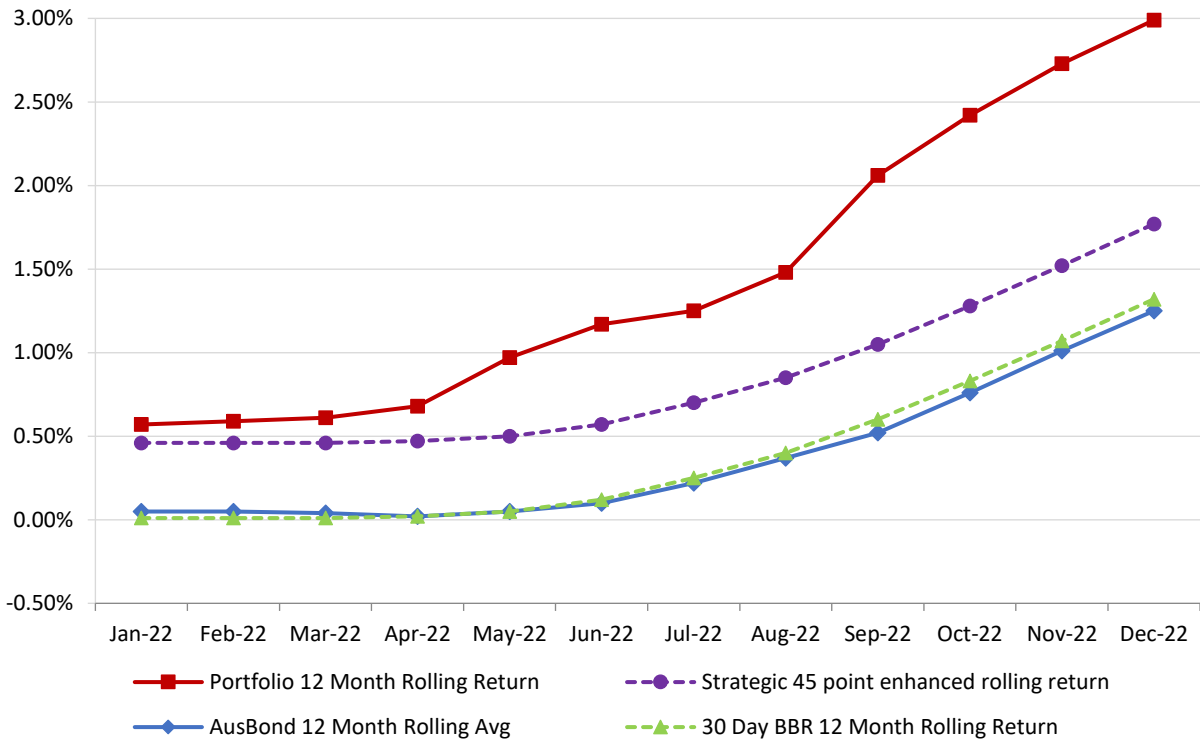
Financial Institution	Fund Rating	Net Invest/(Recall) Amount \$	Commentary
<u>General Fund</u>			
Westpac Banking Corporation	AA	(4,000,000)	Surplus funds were received in General Fund account in prior month due to rates income
<u>Call Account</u>			
Commonwealth Bank	AA	(8,000,000)	Redemption of matured term deposits transferred in Call account for operational use
<u>Term Deposits (TDs)</u>			
Commonwealth Bank	AA	10,000,000	Redeemed matured investments and additional income placed in higher yielding term deposits.
Suncorp Bank	A	5,000,000	
ANZ Bank	AA	(5,000,000)	Redemption of matured term deposits, utilised for operational use or reinvested with higher yielding products.
Macquarie Bank Ltd	A	(5,000,000)	
National Aust Bank	AA	(5,000,000)	
Westpac Banking Corporation	AA	(30,000,000)	
<u>Floating Rate Notes</u>			
Great Southern Bank	BBB	4,000,000	Redeemed matured investments and additional income placed in higher yielding Floating Rate Note
Suncorp Bank	A	2,700,000	
Bank Australia Limited	BBB	(5,000,000)	Redemption of matured investments, utilised for operational use or reinvested with higher yielding products.

Attachment B

**Investment Performance
as at 31 December 2022**

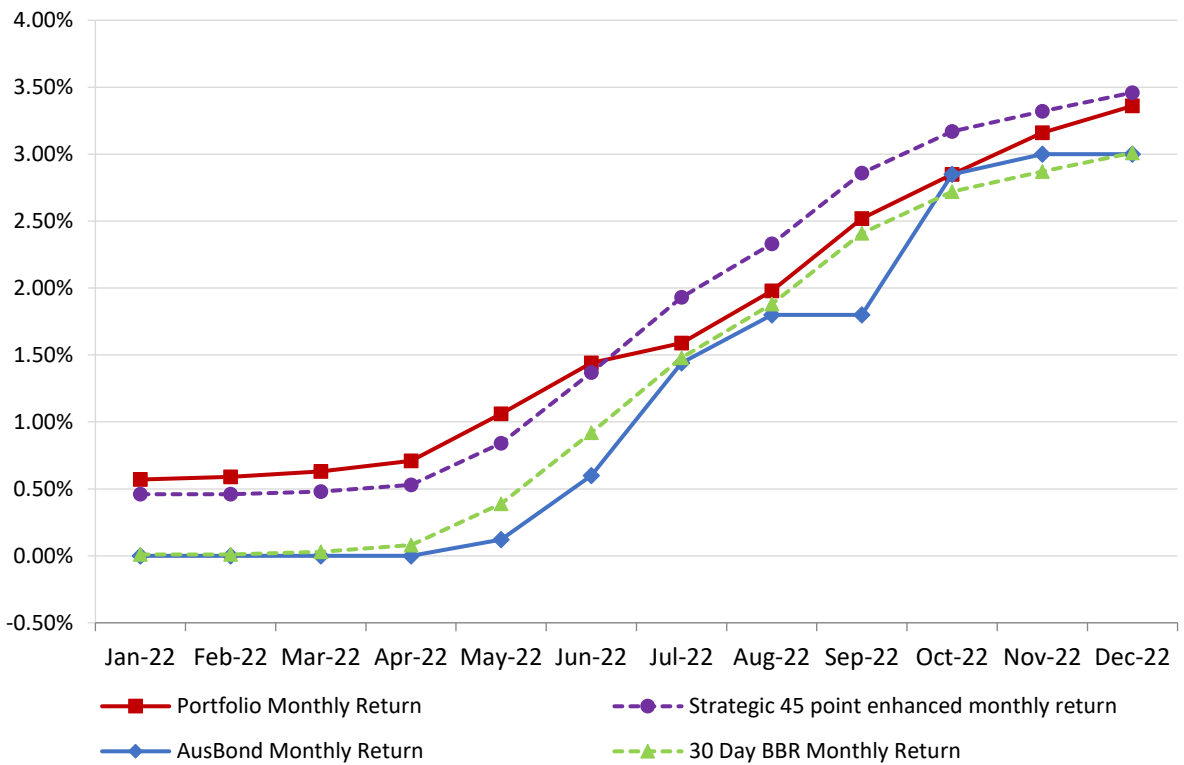
12 Month Rolling Averages

**Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
December 2022**

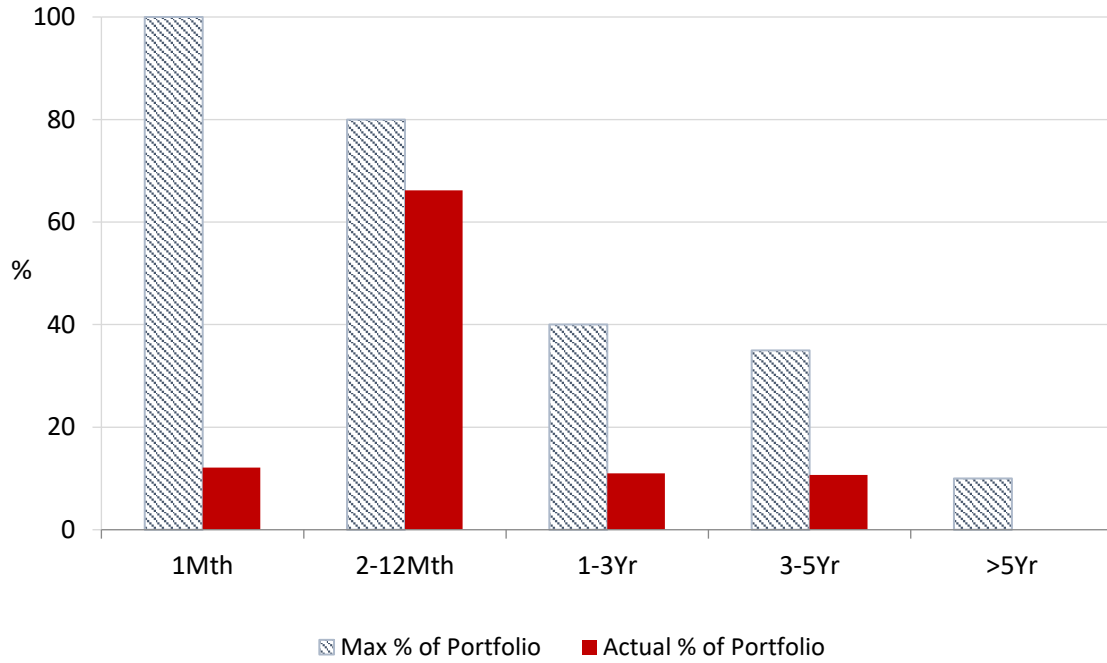


Monthly Results

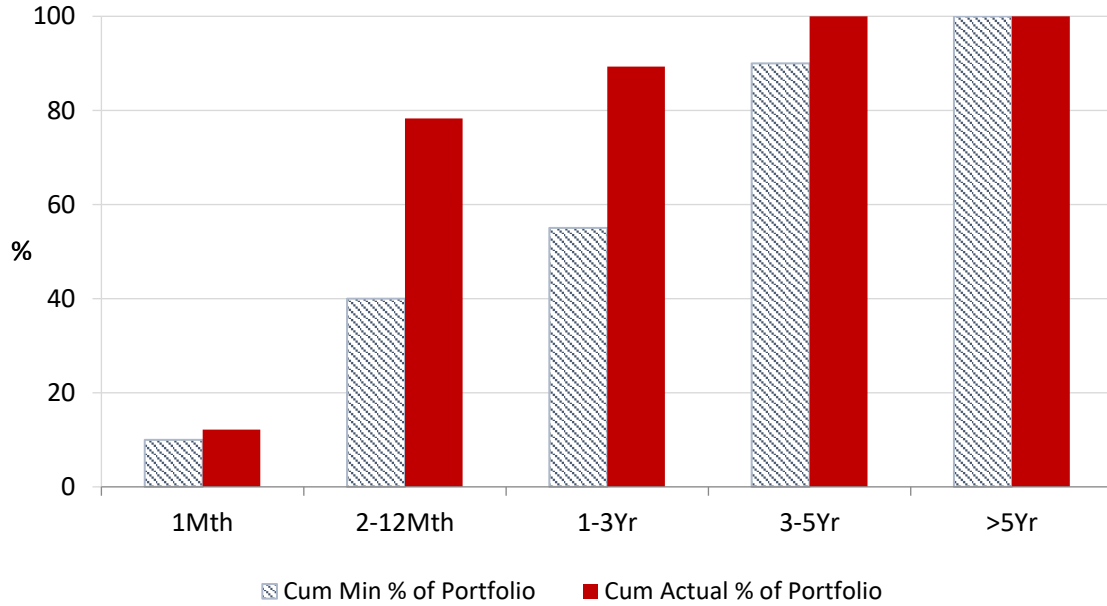
**Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
December 2022**



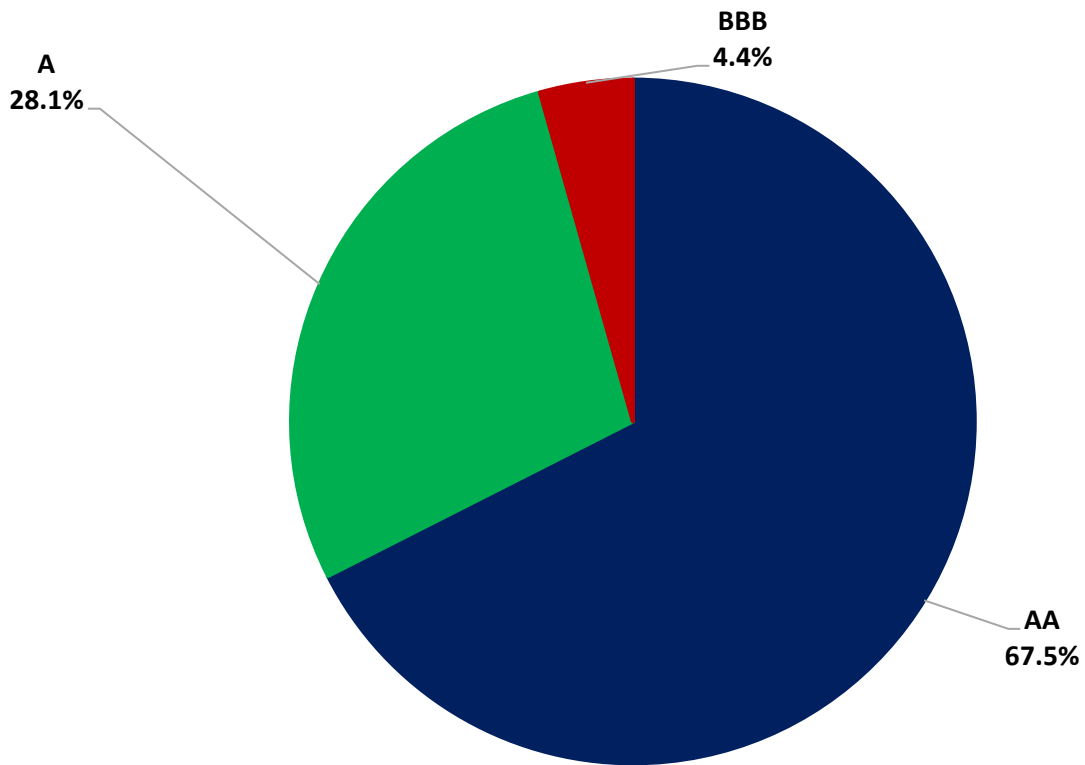
Portfolio Liquidity - Maximum Allowances as at 31 December 2022



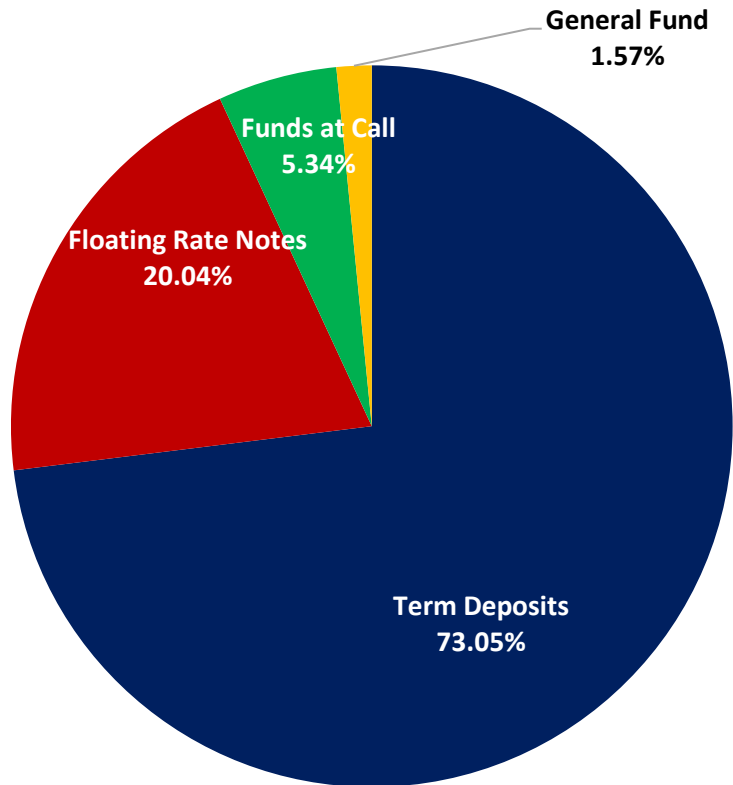
Portfolio Liquidity - Minimum Allocations as at 31 December 2022



Risk Profile as at 31 December 2022



Risk Profile as at 31 December 2022

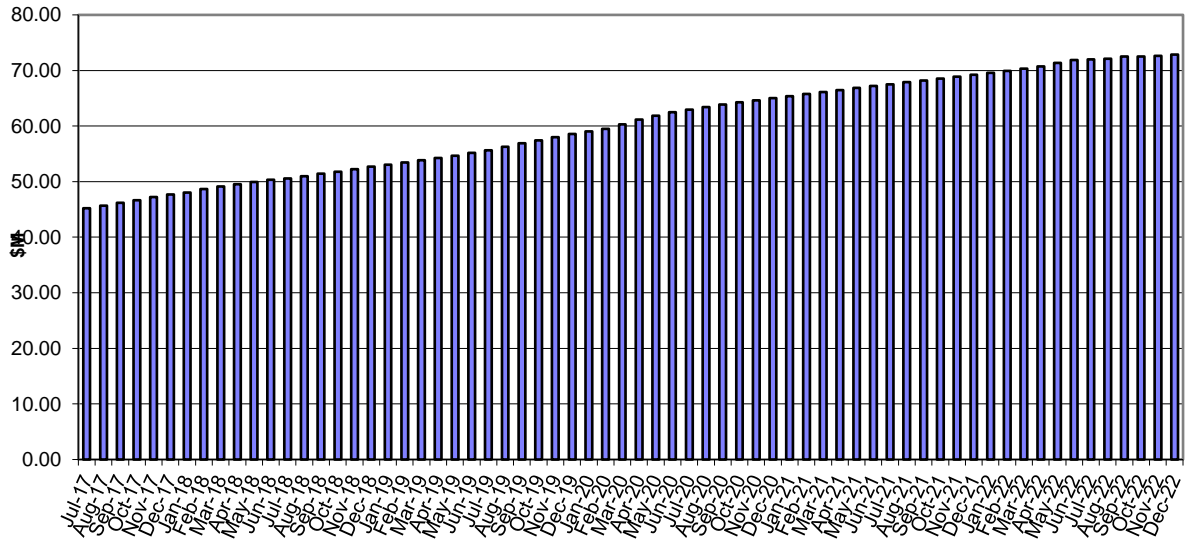


INVESTMENT AND CASH DISTRIBUTION BY FINANCIAL INSTITUTION

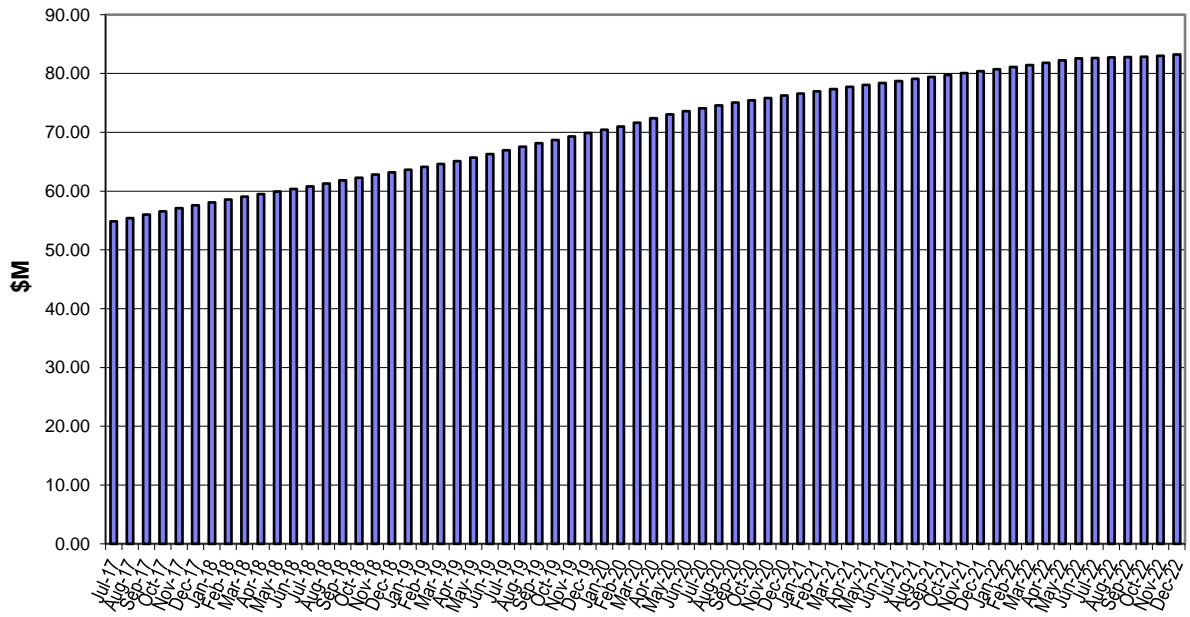
as at 31 December 2022

Institution Category	Financial Institution	Amount \$M	Financial Inst. %	Institution Cat. %
Australian Big 4 Bank (and related institutions)	ANZ Bank	57.0	7.6	
	Commonwealth Bank	202.4	27.1	
	National Aust Bank	53.9	7.2	
	Westpac Banking Corporation	197.0	26.3	
Big 4 Total		510.3		68.2
Other Australian ADIs and Australian subsidiaries of foreign institutions	Bank Australia Limited	10.0	1.3	
	Bank of Queensland	57.0	7.6	
	Bendigo & Adelaide Bank	40.0	5.3	
	Great Southern Bank (formerly Credit Union Australia)	2.8	0.4	
	ING Bank	40.0	5.3	
	Suncorp Bank	53.6	7.2	
	Macquarie Bank Ltd	17.0	2.3	
	Northern Territory Treasury Corporation	10.0	1.3	
Newcastle Permanent Building Society	7.3	1.0		
Other ADI Total		237.6		31.8
Grand Total		748.0	100.0	100.0

Cumulative Outperformance over AusBond Benchmark - 2016-2022



Cumulative Outperformance over 30 Day BBR Benchmark - 2016-2022



Item 5.

Investments Held as at 31 January 2023

File No: X020701

Summary

This report provides details of the City's investment portfolio and performance to 31 January 2023.

The City's total Investment and Cash position was \$694.4M at 31 January 2023, with investments earning interest of approximately \$2.7M for the month.

The Covid-19 pandemic created significant uncertainty in financial markets. The Reserve Bank of Australia (RBA) responded to that crisis by reducing the official cash rate in a series of steps down to an official cash rate of 0.10 per cent by November 2020. However, the annual inflation rate in Australia has since increased significantly, to 7.8 per cent for the full year to December 2022, and while global factors explain much of the increase in inflation, domestic factors also play a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy.

The RBA responded by increasing the official cash rate to 0.35 per cent on 3 May 2022, by a further 0.5 per cent at each of the next four RBA monthly board meetings, and still further increases of 0.25 percent in the last three RBA monthly board meeting, up to 3.10 per cent. Additional increases have been foreshadowed by the RBA Governor, in an attempt to curb inflation.

The City's cash inflows have been negatively impacted as the economic consequences of the pandemic continue to reduce major revenue streams, in particular commercial property income receipts, but also parking related, venue hire and other activity based revenues.

The City's cash and investments portfolio is substantially restricted in both internal (\$252.9M) and external (\$91.0M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Community Strategic Plan Delivering Sustainable Sydney 2030-2050 Continuing the Vision.

Key commitments within the City's Long Term Financial Plan include public domain works in the CBD, infrastructure and community facilities in the Green Square urban renewal area and commercial property and open space acquisitions. The balance of investment funds represents working capital and funding required for the City's operating and capital expenditure commitments.

The City achieved an annualized monthly return of 3.59 per cent for January which remains above the 30 Day Bank Bill Rate (BBR) of 3.08 per cent, the latest AusBond Bank Bill Index of 3.24 per cent and the enhanced benchmark (or stretch target) of 3.53 per cent (BBR + 0.45 per cent).

The City's annual rolling return of 3.26 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 1.57 per cent, the latest AusBond Bank Bill Index of 1.52 per cent and the enhanced benchmark of 2.02 per cent (BBR + 0.45 per cent).

The benchmarks were endorsed in the revised Investment Strategy which was approved by Council in October 2022.

While the returns remain below longer-term trends, the recent increases to official cash rates have seen substantial improvements in rates of return offered by the market which will allow future maturing deposits and surplus funds to be re-invested at higher rates. This trend is anticipated to continue beyond the current financial year.

It is worth noting that Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government. These guidelines were developed, in large part, as a response to the Global Financial Crisis and its impact on the local government sector's investments. They effectively limit the City's investment profile to something similar to a cash managed fund, which generally produce lower returns but provide a high level of security. The City's returns from the investment portfolio remain in line with cash managed funds in the market.

This report includes graphs demonstrating that the City's liquidity profile continues to satisfy the requirements of the Policy, and charts that identify the distribution of the City's portfolio across credit ratings, investment product types and financial institutions. Separate charts depicting the City's cumulative portfolio returns over and above both the 90 day Bloomberg AusBond and 30 day Bank Bill Rate benchmarks have also been included to provide further insight into the City's total investment portfolio performance.

The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy, which remains appropriate for the current global and domestic economic conditions. The Policy and Strategy also maintain the City's commitment to sustainable investments where returns and risks are equivalent, under the environmentally and socially responsible investment criteria.

Recommendation

It is resolved that the Investment Report as at 31 January 2023 be received and noted.

Attachments

Attachment A. Register of Investments and Cash as at 31 January 2023

Attachment B. Investment Performance as at 31 January 2023.

Background

1. In accordance with the principles of financial management, cash that is surplus to the City's immediate requirements is invested within acceptable risk parameters to optimize interest income while ensuring the security of these funds.
2. Surplus cash is only invested in authorized investments that comply with governing legislation and the City's Investment Policy and Strategy.
3. The benchmark performance goal of the City's Investment Policy and Strategy is to surpass the 30 Days Bank Bill Rate (BBR) by 45 basis points while performance also continues to be measured against the Bloomberg AusBond Bank Bill Index.
4. The City's total Investment and Cash position as at 31 January 2022 is \$694.4M, a decrease of \$13.3M from the \$707.7 reported as at 31 December 2022. The monthly movement reflects capital works expenditure and, other operational payments for the period in excess of operating income, consistent with historical seasonal trends. A schedule detailing all of the City's investments as at the end of January is provided at Attachment A.
5. A substantial portion of the City's cash and investments portfolio is held as internally restricted (\$252.9M) or externally restricted (\$91.0M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Community Strategic Plan Delivering Sustainable Sydney 2030-2050 Continuing the Vision.
6. Key commitments within the City's Long Term Financial Plan include public domain works in the CBD, infrastructure and community facilities in the Green Square urban renewal area and the acquisition of open space. The balance of investment funds represents working capital and funding required for the City's operating and other capital expenditure commitments.
7. Since 2015, the City has utilised an additional strategic benchmark rate to measure its investment performance, aiming to by exceeding the 30 day benchmark returns, by at least 45 additional basis points (0.45 per cent p.a.). The 45 basis point increase is based on observed historical average increased credit spreads (or margins) over bank bill rates on offer in relation to 30-90 day investments
8. The City achieved an annualized monthly return of 3.59 per cent for January which remains above the 30 Day Bank Bill Rate (BBR) of 3.08 per cent, the latest AusBond Bank Bill Index of 3.24 per cent and the enhanced benchmark (or stretch target) of 3.53 per cent (BBR + 0.45 per cent).
9. The City's annual rolling return of 3.26 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 1.57 per cent, the latest AusBond Bank Bill Index of 1.52 per cent and the enhanced benchmark of 2.02 per cent (BBR + 0.45 per cent).
10. The City aims to achieve returns equal to or above these benchmark rates for the period. However, this achievement remains secondary to the critical strategies of maintaining a prudent and conservative risk profile and ensuring adequate liquidity for operational purposes.

11. It is worth noting Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government. These guidelines were developed, in large part, as a response to the Global Financial Crisis and its impact on the local government sectors investments. They effectively limit the City's investment profile to something similar to a cash managed fund, which produces lower returns but provides a high level of security.
12. The City's returns from the investment portfolio are line with cash managed funds in the market. The recent increases to official cash rates have seen improvements in rates of return offered by the market, allowing maturing deposits to be re-invested at higher rates. This trend is anticipated to continue as investments placed during the period of suppressed interest rates reach maturity and are re-invested.
13. In response to the global Covid-19 pandemic, the Reserve Bank of Australia (RBA) adjusted the official cash rate on 3 March 2020, again on 20 March 2020, and in November 2020 down to 0.10 per cent. However, over the past 12 months inflation has increased significantly as a combination of global factors, and domestic capacity constraints have lifted costs and ultimately consumer prices.
14. The annual inflation rate in Australia increased to 7.8 per cent in the year to December 2022, exceeding market forecasts. Global factors explain much of the increase in inflation, but domestic factors are also playing a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy along with recent weather events.
15. In response, the RBA increased the official cash rate to 0.35 per cent on 3 May 2022. Rates were further increased by 0.5 per cent at each of the next four RBA monthly board meetings, to 2.35 per cent on 6 September 2022. The rate was further increased to by 0.25 percent in the last three RBA monthly board meeting to 3.10 per cent. Additional increases have been foreshadowed by the RBA governor.
16. Despite these recent increases in interest rates, low investment yields on existing investments are expected to continue to adversely impact the City's portfolio return over the next twelve months. Most of the investment portfolio (currently 73.45 per cent) is held in fixed return term deposits. Improved returns are anticipated as these investments mature and are reinvested in products offering higher rates where the funds are not otherwise required for operating purposes. As around 78 per cent of the portfolio including at call account is due to mature in the coming year, the City will be able to take advantage of improving returns.
17. The City's cash inflows, whilst reasonably resilient, have been negatively impacted for a prolonged period, as the economic consequences of the pandemic have continued to affect major revenue streams, in particular commercial property income receipts.
18. The report includes graphs depicting that the City's cumulative portfolio returns over and above both the 90 day Bloomberg AusBond, and 30 day Bank Bill Rate benchmarks have also been included to provide further insight into the City's total investment portfolio performance.
19. The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy which was last revised and approved by Council in October 2022 remains appropriate for the current global and domestic economic conditions.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

20. The City's investments accord with all legislative and policy requirements, as detailed below, and aim to achieve returns above minimum benchmark rates.

Financial Implications

21. The City's investments earned interest of \$2.7M for the month of January 2023, which is well above the monthly budgeted earnings of \$0.6M. The annual budget was set at \$7.5M prior to the escalation in the rate of inflation, and corresponding series of cash rate increases. Annual interest earnings are now forecast to be \$20.0M

Relevant Legislation

22. Council is authorised to invest its surplus cash under section 625 of the Local Government Act 1993.
23. The Local Government (General) Regulation 2021 (section 212) requires the City to provide a written monthly report of all monies invested, under section 625 of the Act.
24. The Investment Policy and Strategy was last revised in October 2022, maintaining Council's commitment to give preference to sustainable investments where returns and risks are equivalent to other investments.
25. The City's investments accord with the Minister's Investment Order, the Office of Local Government's Investment Policy Guidelines, and the City's own Investment Policy and Strategy as adopted by Council on 31 October 2022

Critical Dates / Time Frames

26. A monthly investment report must be submitted for Council's information and review within the following month

Public Consultation

27. Consultation is regularly undertaken with a number of financial institutions and investment advisers to consider options and ensure the City continues to maximise its investment return within appropriate legislative and risk parameters.
28. City staff meet regularly with representatives of each of the 'Big 4' banks and NSW TCorp. At these meetings City staff actively advocate for Socially Responsible Investment (SRI) opportunities.
29. The banks acknowledge the appetite in the market for these products and they continue to investigate the development of suitable products, however it has been challenging to match the level of funds to available Socially Responsible Investment opportunities that meet the credit risk and maturity profile requirements of the City.
30. As noted in previous Investment Reports, Westpac were able to bring a Green Tailored Deposit product to market, which delivers a comparable return while achieving the City's preferred outcomes. The City currently holds \$50M in eight tranches with this Green Tailored deposit.

31. The City has also invested a \$10M parcel with the Commonwealth Bank of Australia (CBA) in Environmental Social and Governance Term Deposit (ESGTDs) certified by Responsible Investment Association Australasia (RIAA), whilst also meeting the City's risk / return aims. RIAA is an active network of members engaged in responsible, ethical and impact investing across Australia and New Zealand. Their mission is to 'promote, advocate for and support approaches to responsible investment that align capital with achieving a healthy and sustainable society, environment and economy'. This includes investing in products that seek to mitigate environmental and social risks. ESGTDs provide the opportunity to allocate capital towards financing Sustainability-Linked Loans.
32. The City currently holds \$5M in a sustainability bond/FRN with Bank Australia due to mature on 24 November 2025. This is based on an investment framework that is in line with the 2021 versions of the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG). This Socially Responsible investment opportunity met both the credit risk and maturity profile requirement of the City

BILL CARTER

Chief Financial Officer

Attachment A

**Register of Investments and Cash
as at 31 January 2023**

Register of Investments and Cash for January 2023 period

Institution	Rating	Face Value \$	Amortised Value \$	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Call Account									
Westpac Bank	AA	13,085	13,085	0.25%	3.00%	3.00%	1-Feb-23	22-May-12	0
Commonwealth Bank	AA	37,912,205	37,912,205	0.27%	3.20%	3.20%	1-Feb-23	11-Jun-20	0
Macquarie Bank Ltd	AA	7,171	7,171	0.26%	3.10%	3.10%	1-Feb-23	21-Sep-20	0
Total		37,932,461	37,932,461	0.27%	3.20%	3.20%			
Term Deposits (TD)									
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.30%	3.60%	3.60%	7-Feb-23	18-Oct-22	4
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.20%	2.39%	2.39%	10-Feb-23	2-May-22	9
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.08%	0.90%	0.90%	14-Feb-23	28-Feb-22	12
ANZ Bank	AA	5,000,000.00	5,000,000.00	0.08%	0.95%	0.95%	17-Feb-23	17-Feb-22	12
ANZ Bank	AA	5,000,000.00	5,000,000.00	0.08%	0.91%	0.91%	24-Feb-23	24-Feb-22	12
ANZ Bank	AA	5,000,000.00	5,000,000.00	0.08%	0.91%	0.91%	28-Feb-23	25-Feb-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.04%	0.86%	0.86%	3-Mar-23	1-Mar-22	12
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.04%	1.25%	1.25%	17-Mar-23	18-Mar-22	12
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.33%	4.00%	4.00%	24-Mar-23	23-Sep-22	6
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.25%	3.00%	3.00%	28-Mar-23	31-May-22	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.25%	2.94%	2.94%	31-Mar-23	5-May-22	11
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.14%	1.73%	1.73%	4-Apr-23	4-Apr-22	12
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.16%	1.90%	1.90%	7-Apr-23	8-Apr-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.24%	2.88%	2.88%	11-Apr-23	11-May-22	11
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.24%	2.84%	2.84%	11-Apr-23	16-May-22	11
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.20%	2.40%	2.40%	21-Apr-23	22-Apr-22	12
ING Bank	A	5,000,000.00	5,000,000.00	0.26%	3.10%	3.10%	24-Apr-23	26-May-22	11
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.24%	2.91%	2.91%	24-Apr-23	30-May-22	11
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.23%	2.71%	2.71%	28-Apr-23	29-Apr-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.26%	3.17%	3.17%	12-May-23	9-May-22	12
Bendigo & Adelaide Bank	A	10,000,000.00	10,000,000.00	0.25%	3.00%	3.00%	16-May-23	16-May-22	12
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.27%	3.20%	3.20%	23-May-23	23-May-22	12
ING Bank	A	5,000,000.00	5,000,000.00	0.27%	3.18%	3.18%	26-May-23	25-May-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.25%	3.03%	3.03%	30-May-23	30-May-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.25%	3.04%	3.04%	2-Jun-23	31-May-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.03%	3.13%	3.13%	6-Jun-23	1-Jun-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.03%	3.13%	3.13%	9-Jun-23	1-Jun-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.03%	4.09%	4.09%	13-Jun-23	14-Jun-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.03%	4.09%	4.09%	16-Jun-23	14-Jun-22	12
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.34%	4.05%	4.05%	16-Jun-23	13-Oct-22	8
National Aust Bank	AA	5,000,000.00	5,000,000.00	0.33%	3.92%	3.92%	23-Jun-23	7-Sep-22	9
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.35%	4.22%	4.22%	23-Jun-23	23-Sep-22	9
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.33%	3.97%	3.97%	30-Jun-23	5-Sep-22	10
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.33%	3.97%	3.97%	4-Jul-23	1-Sep-22	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.04%	4.01%	4.01%	7-Jul-23	30-Aug-22	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.34%	4.04%	4.04%	11-Jul-23	2-Sep-22	10
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.36%	4.33%	4.33%	14-Jul-23	31-Oct-22	8
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.34%	4.10%	4.10%	17-Jul-23	16-Sep-22	10
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.33%	4.01%	4.01%	18-Jul-23	6-Sep-22	10
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.04%	4.04%	4.04%	21-Jul-23	30-Aug-22	11
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.04%	3.98%	3.98%	28-Jul-23	31-Aug-22	11
ING Bank	A	5,000,000.00	5,000,000.00	0.35%	4.20%	4.20%	1-Aug-23	10-Oct-22	10
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.34%	4.05%	4.05%	4-Aug-23	8-Sep-22	11
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.36%	4.27%	4.27%	11-Aug-23	29-Nov-22	8
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.04%	0.52%	0.52%	25-Aug-23	23-Aug-21	24
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.04%	4.14%	4.14%	29-Aug-23	26-Aug-22	12
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.35%	4.18%	4.18%	29-Aug-23	1-Sep-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.04%	4.17%	4.17%	30-Aug-23	29-Aug-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	10,000,000.00	10,000,000.00	0.04%	4.15%	4.15%	1-Sep-23	31-Aug-22	12
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.35%	4.15%	4.15%	5-Sep-23	8-Sep-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.35%	4.17%	4.17%	8-Sep-23	7-Sep-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.34%	4.11%	4.11%	12-Sep-23	9-Sep-22	12
ING Bank	A	5,000,000.00	5,000,000.00	0.34%	4.12%	4.12%	15-Sep-23	13-Sep-22	12
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.37%	4.40%	4.40%	15-Sep-23	18-Nov-22	12
National Australia Bank (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.05%	0.65%	0.65%	22-Sep-23	24-Sep-21	24
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.36%	4.28%	4.28%	3-Oct-23	15-Sep-22	13
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.36%	4.35%	4.35%	6-Oct-23	16-Sep-22	13
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.36%	4.35%	4.35%	10-Oct-23	16-Sep-22	13
ING Bank	A	5,000,000.00	5,000,000.00	0.36%	4.32%	4.32%	10-Oct-23	5-Oct-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.39%	4.70%	4.70%	13-Oct-23	29-Sep-22	12
ING Bank	A	5,000,000.00	5,000,000.00	0.36%	4.32%	4.32%	17-Oct-23	10-Oct-22	12
National Aust Bank	AA	5,000,000.00	5,000,000.00	0.37%	4.45%	4.45%	20-Oct-23	7-Oct-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.37%	4.41%	4.41%	3-Nov-23	14-Oct-22	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.39%	4.65%	4.65%	7-Nov-23	18-Oct-22	13
ING Bank	A	5,000,000.00	5,000,000.00	0.38%	4.55%	4.55%	7-Nov-23	31-Oct-22	12
ING Bank	A	5,000,000.00	5,000,000.00	0.39%	4.70%	4.70%	10-Nov-23	26-Oct-22	12
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.37%	4.44%	4.44%	17-Nov-23	30-Nov-22	12
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.55%	4.55%	1-Dec-23	28-Nov-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.37%	4.45%	4.45%	5-Dec-23	5-Dec-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.03%	3.69%	3.69%	8-Dec-23	7-Jun-22	18
National Aust Bank	AA	5,000,000.00	5,000,000.00	0.33%	4.00%	4.00%	8-Dec-23	9-Sep-22	15
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.39%	4.69%	4.69%	12-Dec-23	7-Nov-22	13
Commonwealth Bank (monthly interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.51%	4.51%	15-Dec-23	14-Nov-22	13
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.37%	4.49%	4.49%	18-Dec-23	16-Nov-22	13
Commonwealth Bank (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.54%	4.54%	22-Dec-23	25-Nov-22	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.39%	4.67%	4.67%	29-Dec-23	19-Dec-22	12
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.38%	4.52%	4.52%	2-Jan-24	2-Dec-22	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.40%	4.80%	4.80%	9-Jan-24	10-Jan-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.38%	4.56%	4.56%	15-Jan-24	12-Dec-22	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.39%	4.67%	4.67%	25-Jan-24	27-Jan-23	12
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.40%	4.74%	4.74%	30-Jan-24	27-Jan-23	12
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.40%	4.74%	4.74%	2-Feb-24	27-Jan-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.40%	4.76%	4.76%	6-Feb-24	30-Jan-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.40%	4.76%	4.76%	9-Feb-24	30-Jan-23	12
Commonwealth Bank (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.40%	4.82%	4.82%	26-Jul-24	30-Jan-23	18
Northern Territory Treasury Corporation- Fixed Rate Bond- Annual	AA	5,000,000.00	5,000,000.00	0.08%	0.90%	0.90%	15-Jun-25	5-Feb-21	52
Northern Territory Treasury Corporation- Fixed Rate Bond- Annual	AA	5,000,000.00	5,000,000.00	0.08%	0.90%	0.90%	15-Jun-25	9-Feb-21	52
Westpac Banking Corporation (0.71% Fixed 2 years & 90 days BBSW + 50 points)	AA	5,000,000.00	5,000,000.00	0.06%	0.71%	0.71%	18-Jun-26	18-Jun-21	60

Register of Investments and Cash for January 2023 period

Institution	Rating	Face Value \$	Amortised Value \$	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Term Deposits (TD) 'Green Tailored Deposits'									
Westpac Banking Corporation - Green Tailored Deposit (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.07%	0.85%	0.85%	19-May-23	19-Nov-21	18
Westpac Banking Corporation - Green Tailored Deposit (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.06%	0.70%	0.70%	11-Oct-23	11-Oct-21	24
Westpac Banking Corporation - Green Tailored Deposit (3 Months BBSW + 93 points)	AA	10,000,000.00	10,000,000.00	0.33%	4.00%	2.58%	27-Nov-23	26-Nov-18	60
Westpac Banking Corporation - Green Tailored Deposit (2.97% Fixed 2 years & 3 months BBSW + 93 points 3 years)	AA	5,000,000.00	5,000,000.00	0.33%	4.00%	2.60%	29-Nov-23	30-Nov-18	60
Westpac Banking Corporation - Green Tailored Deposit (3.00% Fixed 1 years & 3 months BBSW + 105 points 4 years)	AA	10,000,000.00	10,000,000.00	0.34%	4.08%	2.79%	24-Jan-24	25-Jan-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.85% Fixed 1 years & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.34%	4.04%	2.45%	28-Feb-24	1-Mar-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.75% Fixed 1 year & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.35%	4.15%	2.62%	11-Mar-24	13-Mar-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.65% Fixed 1 year & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.36%	4.27%	2.81%	22-Mar-24	25-Mar-19	60
Term Deposits (TD) 'Environmental Social and Governance Term Deposit'									
Commonwealth Bank - Environmental Social and Governance Term Deposit	AA	10,000,000.00	10,000,000.00	0.07%	0.85%	0.85%	2-Mar-23	2-Mar-22	12
Total		510,000,000	510,000,000	0.26%	3.49%	3.38%			
Floating Rate Notes (FRN)									
Bank of Queensland (90 days BBSW + 105 points)	BBB	4,000,000.00	4,000,000.00	0.34%	4.11%	2.60%	3-Feb-23	5-Feb-18	60
Credit Union Australia (3 months BBSW + 90 bps)	BBB	2,800,000.00	2,800,000.00	0.33%	3.97%	2.58%	21-Feb-23	21-Feb-20	36
Westpac Bank (90 days BBSW + 83 points)	AA	5,000,000.00	5,000,000.00	0.33%	3.97%	2.33%	6-Mar-23	6-Mar-18	60
ANZ Bank (90 days BBSW + 90 points)	AA	5,000,000.00	5,000,000.00	0.33%	3.97%	2.48%	9-May-23	9-May-18	60
National Australia Bank (90 days BBSW + 90 points)	AA	5,000,000.00	5,000,000.00	0.33%	3.97%	2.52%	16-May-23	16-May-18	60
Commonwealth Bank (90 days BBSW + 93 points)	AA	3,500,000.00	3,500,000.00	0.33%	4.00%	2.55%	16-Aug-23	16-Aug-18	60
Suncorp Bank (90 days BBSW + 77 points)	A	4,500,000.00	4,500,000.00	0.33%	3.92%	2.40%	13-Sep-23	13-Sep-18	60
National Australia Bank (90 days BBSW + 93 points)	AA	3,500,000.00	3,500,000.00	0.35%	4.20%	2.75%	26-Sep-23	26-Sep-18	60
ANZ Bank (90 days BBSW + 103 points)	AA	5,000,000.00	5,000,000.00	0.35%	4.17%	2.53%	6-Dec-23	6-Dec-18	60
National Australia Bank (90 days BBSW + 104 points)	AA	4,000,000.00	4,000,000.00	0.34%	4.12%	2.71%	26-Feb-24	26-Feb-19	60
National Australia Bank (90 days BBSW + 92 points)	AA	3,200,000.00	3,200,000.00	0.34%	4.12%	2.65%	19-Jun-24	20-Jun-19	60
Westpac Banking Corporation (90 days BBSW + 88 points)	AA	4,000,000.00	4,000,000.00	0.33%	3.95%	2.51%	16-Aug-24	16-May-19	63
ANZ Bank (90 days BBSW + 77 points)	AA	4,000,000.00	4,000,000.00	0.32%	3.85%	2.46%	29-Aug-24	29-Aug-19	60
National Australia Bank (90 days BBSW + 77 points)	AA	5,000,000.00	5,000,000.00	0.34%	4.07%	2.49%	21-Jan-25	21-Jan-20	60
Macquarie Bank (3 months BBSW + 84 points)	A	5,000,000.00	5,000,000.00	0.32%	3.86%	2.43%	12-Feb-25	12-Feb-20	60
Suncorp Bank (90 days BBSW + 112 points)	A	1,500,000.00	1,500,000.00	0.37%	4.39%	2.84%	28-Apr-25	27-Apr-20	60
Suncorp Bank (90 days BBSW + 83 points) - Covered Bond	A	2,200,000.00	2,200,000.00	0.35%	4.15%	3.86%	17-Oct-25	17-Oct-22	36
Great Southern Bank (3months BBSW + 158 points)	BBB	4,000,000.00	4,000,000.00	0.39%	4.62%	4.62%	1-Dec-25	1-Dec-22	36
Macquarie Bank (3 months BBSW + 48 points)	A	5,000,000.00	5,000,000.00	0.30%	3.59%	2.06%	9-Dec-25	9-Dec-20	60
Suncorp Bank (90 days BBSW + 45 points)	A	2,100,000.00	2,100,000.00	0.30%	3.54%	2.10%	24-Feb-26	24-Feb-21	60
Newcastle Permanent Building Society (90 days BBSW + 63 points)	BBB	5,000,000.00	5,000,000.00	0.31%	3.70%	2.12%	4-Mar-26	4-Mar-21	60
Bendigo & Adelaide Bank (90 days BBSW + 65 points)	BBB	5,000,000.00	5,000,000.00	0.32%	3.85%	2.39%	18-Jun-26	18-Jun-21	60
Suncorp Bank (90 days BBSW + 48 points)	A	3,750,000.00	3,750,000.00	0.31%	3.69%	2.18%	15-Sep-26	15-Sep-21	60
Bank of Queensland (90 days BBSW + 80 points)	BBB	3,000,000.00	3,000,000.00	0.35%	4.19%	2.57%	27-Oct-26	27-Oct-21	60
Commonwealth Bank (3 month BBSW + 70 points)	AA	3,250,000.00	3,250,000.00	0.34%	4.05%	2.34%	14-Jan-27	14-Jan-22	60
Westpac Banking Corporation (90 days BBSW + 70 points)	AA	3,900,000.00	3,900,000.00	0.35%	4.16%	2.44%	25-Jan-27	18-Jan-22	60
Suncorp Bank (90 days BBSW + 78 points)	AA	4,500,000.00	4,500,000.00	0.35%	4.24%	2.51%	25-Jan-27	17-Jan-22	60
Newcastle Permanent Building Society (90 days BBSW + 100 points)	BBB	2,250,000.00	2,250,000.00	0.34%	4.02%	2.58%	10-Feb-27	3-Feb-22	60
National Australia Bank (90 days BBSW + 72 points)	AA	4,000,000.00	4,000,000.00	0.32%	3.83%	2.39%	25-Feb-27	25-Feb-22	60
ANZ Bank (90 day BBSW + 97 points)	AA	4,000,000.00	4,000,000.00	0.34%	4.04%	3.05%	12-May-27	12-May-22	60
Westpac Banking Corporation (90 days BBSW + 105 points)	AA	4,000,000.00	4,000,000.00	0.34%	4.12%	3.17%	20-May-27	20-May-22	60
ANZ Bank (90 days BBSW + 120 points)	AA	4,000,000.00	4,000,000.00	0.35%	4.22%	4.22%	4-Nov-27	4-Nov-22	60
Westpac Banking Corporation (90 days BBSW + 123 points)	AA	5,000,000.00	5,000,000.00	0.35%	4.25%	4.25%	11-Nov-27	11-Nov-22	60
National Australia Bank (90 days BBSW + 120 points)	AA	4,200,000.00	4,200,000.00	0.36%	4.31%	4.31%	25-Nov-27	25-Nov-22	60
Suncorp Bank (3months BBSW + 125points)	A	2,700,000.00	2,700,000.00	0.37%	4.42%	4.42%	14-Dec-27	14-Dec-22	60
Floating Rate Notes (FRN) 'Green/Climate Bonds/Sustainability Bond'									
Bank Australia - Sustainability Bond (3months BBSW + 160 points)	BBB	5,000,000.00	5,000,000.00	0.39%	4.69%	4.69%	24-Nov-25	24-Nov-22	36
Total		141,850,000	141,850,000	0.34%	4.06%	2.85%			
Total Investments		689,782,461	689,782,461	0.30%	3.59%	3.26%			
Benchmark: 30 Day Bank Bill Index				0.26%	3.08%	1.57%			
Benchmark: Bloomberg AusBond Bank Bill Index				0.27%	3.24%	1.52%			
City of Sydney's available bank balance as at 31 January 2023		4,602,972	4,602,972						
TOTAL INVESTMENTS & CASH		694,385,434	694,385,434						

Summary of Net Investment Movements - January 2023

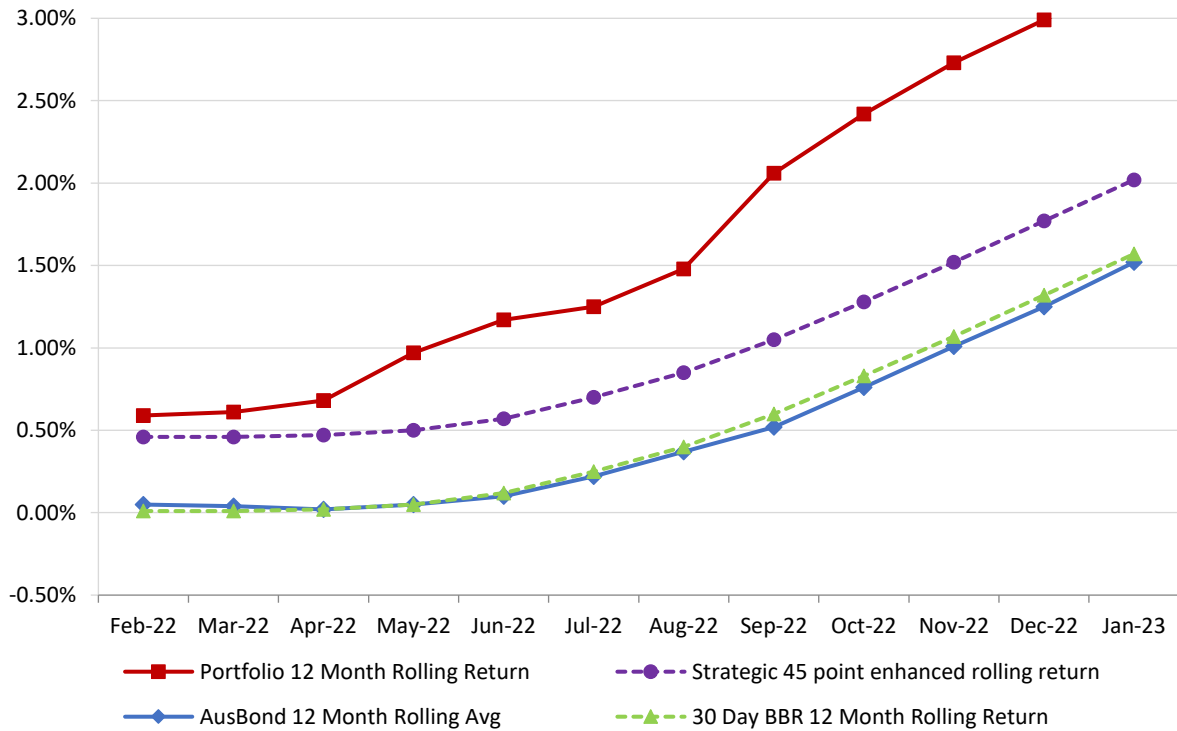
Financial Institution	Fund Rating	Net Invest/(Recall) Amount \$	Commentary
<u>General Fund</u>			
Westpac Banking Corporation	AA	(6,500,000)	Additional funds placed in December during leave period for operational use, utilised in January 2023 for investment purposes
<u>Term Deposits (TDs)</u>			
Commonwealth Bank	AA	20,000,000	Redeemed matured investments and additional income placed in higher yielding term deposits.
ING Bank	A	10,000,000	
ANZ Bank	AA	(15,000,000)	Redemption of matured term deposits, utilised for operational use or reinvested with higher yielding products.
Bank of Queensland	A	(5,000,000)	
National Australia Bank	AA	(2,000,000)	
Westpac Banking Corporation	AA	(15,000,000)	

Attachment B

**Investment Performance
as at 31 January 2023**

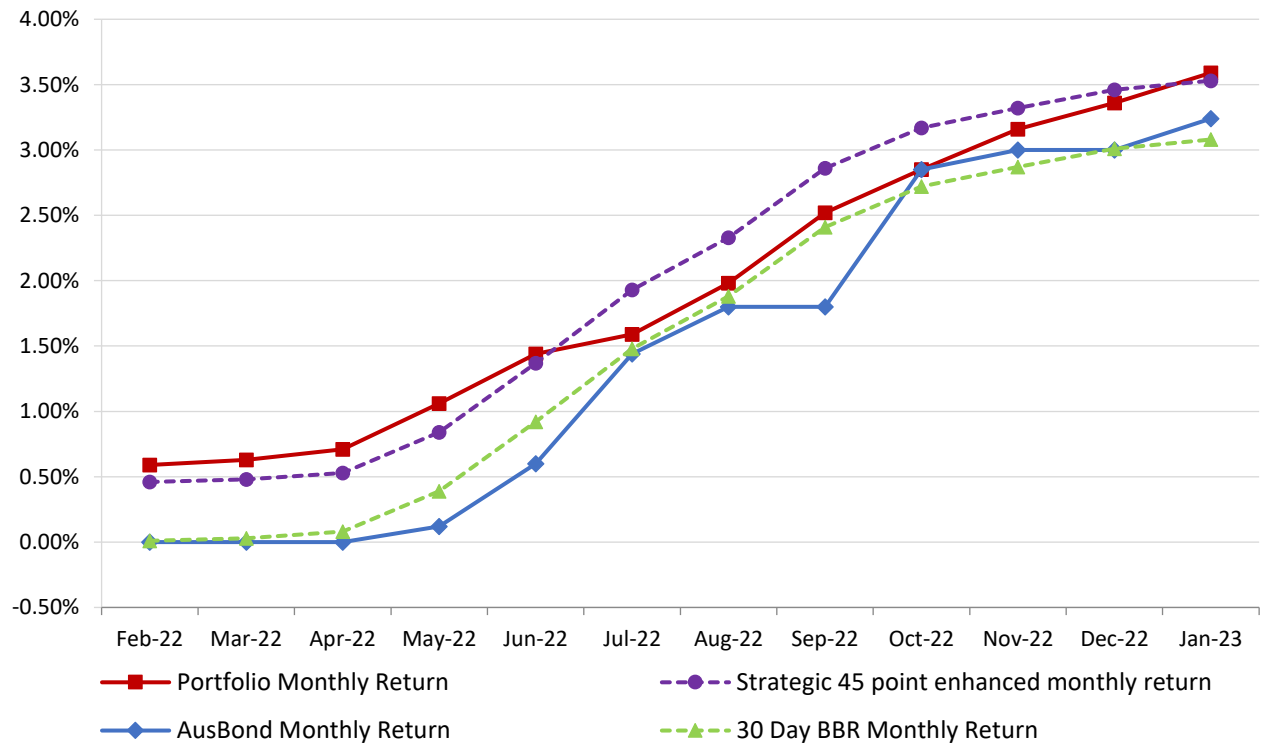
12 Month Rolling Averages

Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
January 2023

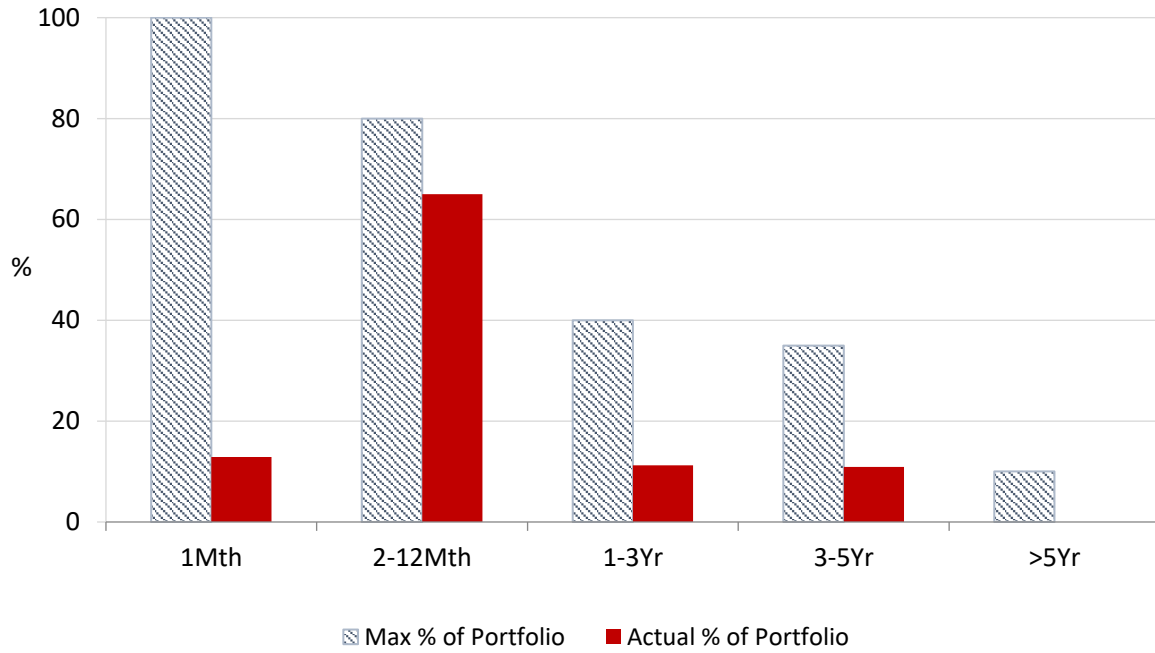


Monthly Results

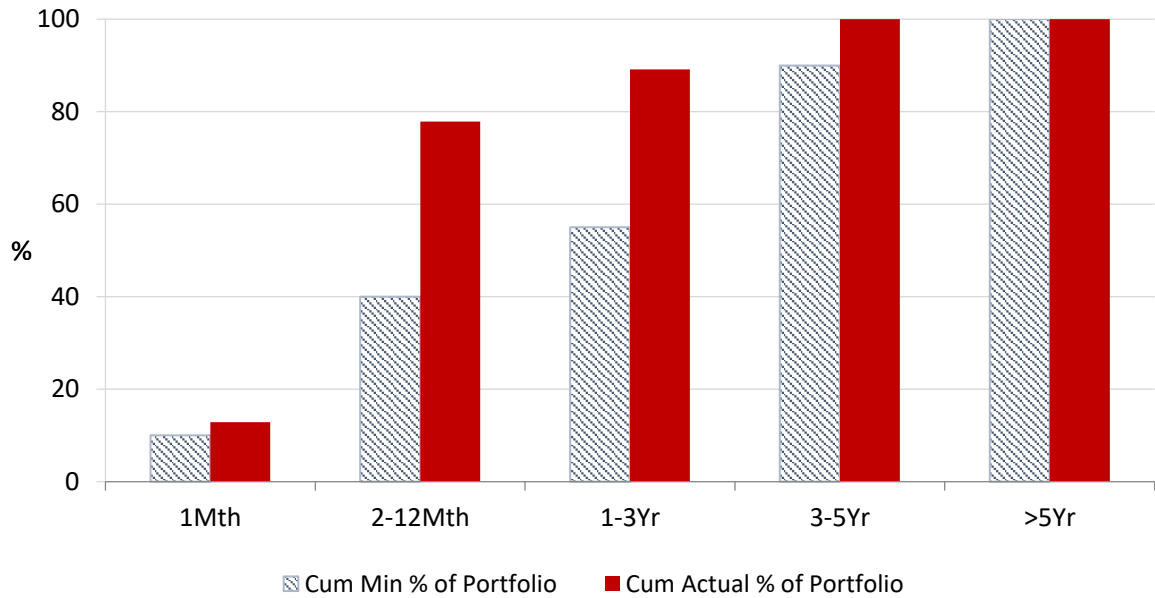
Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
January 2023



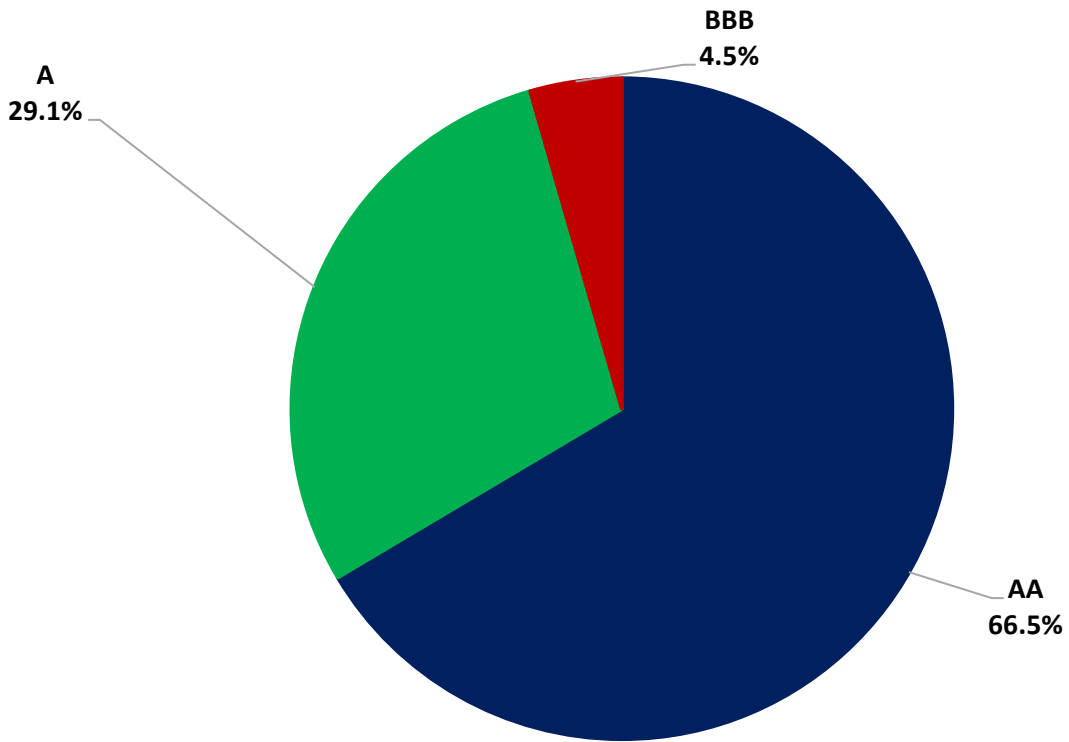
Portfolio Liquidity - Maximum Allowances as at 31 January 2023



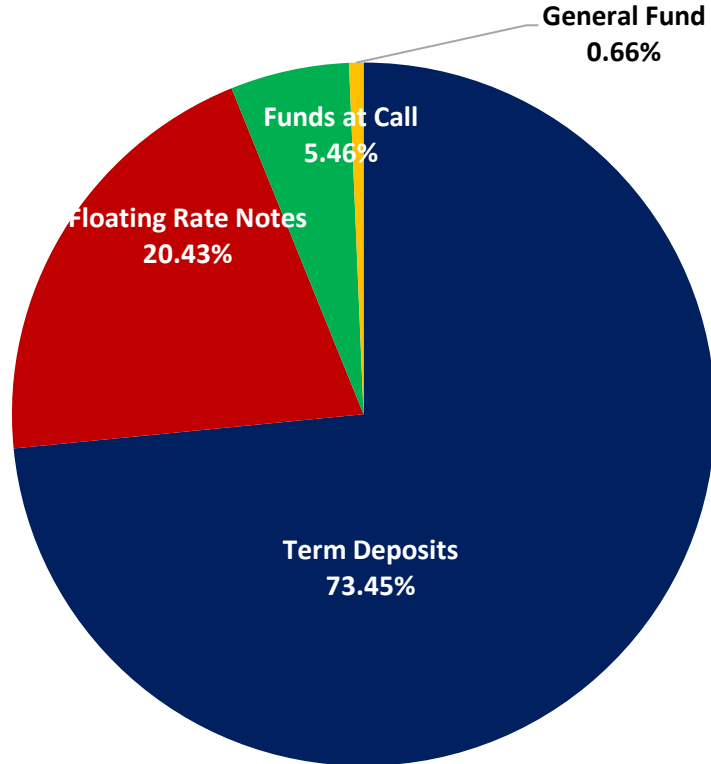
Portfolio Liquidity - Minimum Allocations as at 31 January 2023



Risk Profile as at 31 January 2023



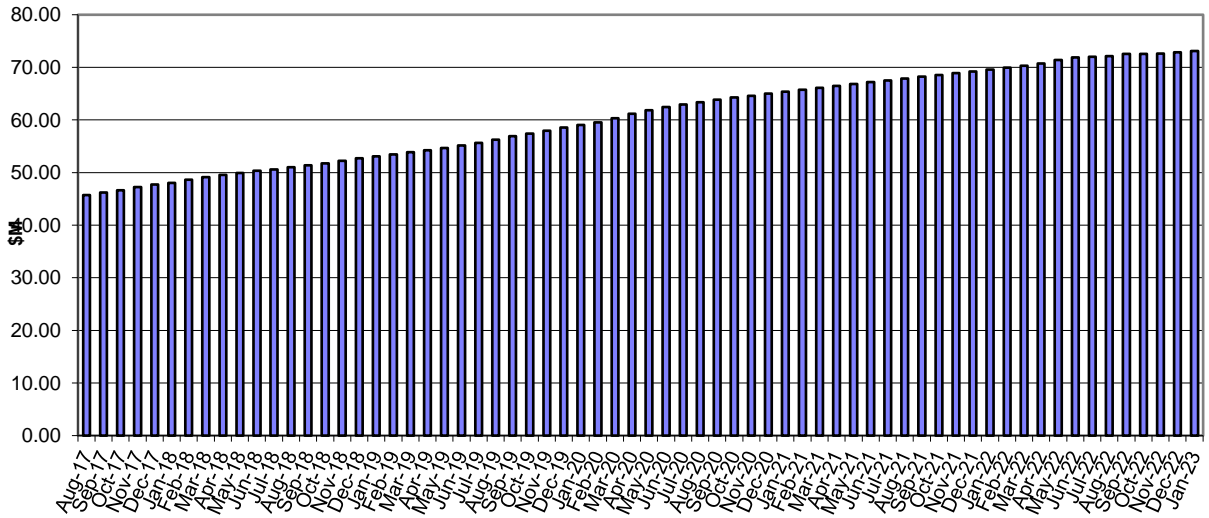
Risk Profile as at 31 January 2023



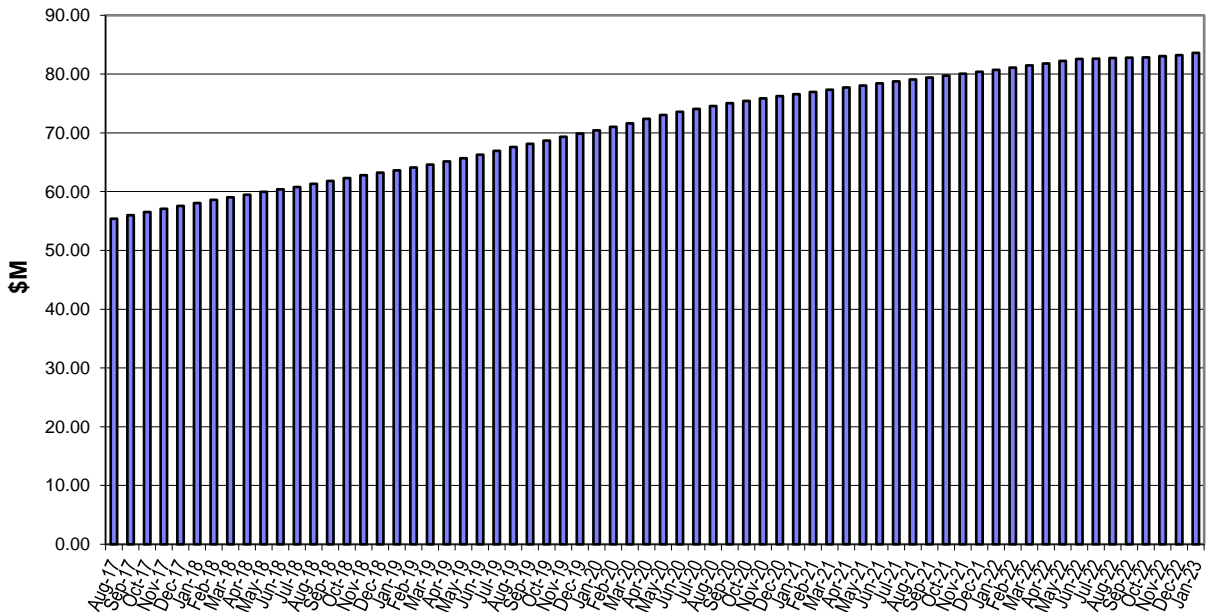
INVESTMENT AND CASH DISTRIBUTION BY FINANCIAL INSTITUTION
as at 31 January 2023

Institution Category	Financial Institution	Amount \$M	Financial Inst. %	Institution Cat. %
Australian Big 4 Bank (and related institutions)	ANZ Bank	37.0	5.3	
	Commonwealth Bank	224.7	32.4	
	National Aust Bank	48.9	7.0	
	Westpac Banking Corporation	141.5	20.4	
Big 4 Total		452.1		65.1
Other Australian ADIs and Australian subsidiaries of foreign institutions	Bank Australia Limited	10.0	1.4	
	Bank of Queensland	52.0	7.5	
	Bendigo & Adelaide Bank	40.0	5.8	
	Great Southern Bank (formerly Credit Union Australia)	6.8	1.0	
	ING Bank	50.0	7.2	
	Suncorp Bank	61.3	8.8	
	Macquarie Bank Ltd	10.0	1.4	
	Northern Territory Treasury Corporation	5.0	0.7	
Newcastle Permanent Building Society	7.3	1.0		
Other ADI Total		242.3		34.9
Grand Total		694.4	100.0	100.0

Cumulative Outperformance over AusBond Benchmark - 2016-2022



Cumulative Outperformance over 30 Day BBR Benchmark - 2016-2022



Item 6.

Exemption from Tender and Contract Variation – Catering Services – Compass Group (Restaurant Associates)

File No: X079066

Summary

This report seeks to extend the existing contract for Catering Services for up to 12 months to 2 July 2024. This is to allow for the City to complete its tendering process to award the contract for the services to a successful supplier and allow for a planned transition period to a new supplier.

This report requests Council approve an exemption from tender and contract variation for catering services with Compass Group B&I Hospitality Services Pty Ltd (Restaurant Associates – ABN 82089388143) to provide for the extension of the term.

Restaurant Associates has been contracted to the City for over 15 years, providing catering services for external events in Centennial Hall, Lower Town Hall and Barnet Long Room. Restaurant Associates' current contract commenced on 3 July 2017, following a tender process.

At the start of the Covid-19 pandemic in 2020, Restaurant Associates informed the City of the financial difficulties it was facing due to the dramatic changes in market conditions, and the financial arrangements under the contract were temporarily modified to accommodate these unexpected changes.

An exemption from tender and contract variation was approved by Council in 2021 for a further two years due to the uncertainty and risk in the market and that tendering the service in such an environment would not deliver a satisfactory result for the City. The City's current contract with Restaurant Associates expires on 2 July 2023. There are no further extensions permitted under the current contract.

In light of challenging market conditions post-pandemic, the City took the time to assess the market and review the catering services model to ensure long term viability. After review and consideration of the time required to effectively complete the tender process, the City is seeking approval to extend the contract for up to 12 months based on the same terms and conditions as the current contract. This will ensure continuity of service through the tender period and allow for a planned transition period without reducing the City's capacity to deliver catering for existing or future bookings.

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 for the management of the City's Catering Services to extend the term of the existing contract up to 12 months (to 2 July 2024), by reason of extenuating circumstances, noting that the City took the necessary time to assess the challenging market post pandemic and review the catering services model to ensure long-term viability;
- (B) Council note that a satisfactory result would not be achieved by inviting tenders because:
 - (i) additional time is required in order to undertake and finalise the tender process in a market that continues to change rapidly; and
 - (ii) the extension of term to the existing contract will allow a planned transition period should a change in supplier occur as a result of the tender process;
- (C) Council approve a contract variation with Compass Group B&I Hospitality Services Pty Ltd (Restaurant Associates) for Catering Services to extend the contract by up to 12 months to 2 July 2024 on the terms set out in Confidential Attachment A to the subject report;
- (D) Council note that the financial arrangements under the previous contract were temporarily modified by the Chief Executive Officer in 2020 in accordance with the City's Covid-19 recovery response to accommodate the effects of the Covid-19 pandemic, and were approved by Council in 2021 to vary the financial terms of the contract, and extend the contract for an additional two years based on these varied terms as further detailed in Confidential Attachment A to the subject report;
- (E) Council note the financial implications as further detailed in Confidential Attachment A to the subject report for the period 3 July 2023 to 2 July 2024; and
- (F) authority be delegated to the Chief Executive Officer to finalise negotiations and enter into any necessary documentation to give effect to the resolutions above.

Attachments

Attachment A. Financial and Contractual Implications (Confidential)

Background

1. Compass Group B&I Hospitality Services Pty Ltd (Restaurant Associates) has been contracted to the City for over 15 years, providing catering services for external events in Centennial Hall, Lower Town Hall and Barnet Long Room. Their current contract commenced 3 July 2017 following a competitive tender process.
2. Restaurant Associates' current contract expires on 2 July 2023. There are no further extensions permitted under the current contract.
3. This report seeks Council approval to extend the contract for Catering Services for a period of up to 12 months to 2 July 2024 to allow for the City to complete the tendering process, and requests Council approve contract variations for catering services with Restaurant Associates.
4. At the start of the Covid-19 pandemic in 2020, Restaurant Associates informed the City of the financial difficulties they were facing due to the dramatic changes in market conditions, and the financial arrangements under the contract were temporarily modified to accommodate these unexpected changes.
5. While there has been some recovery in the gala/catering sector, this has not yet returned to pre-Covid levels.
6. The Covid-19 pandemic and the war in Ukraine continue to impact and present significant uncertainty and risk in the market. Supply chain costs have increased dramatically and continue to rise, while cost of living increases impact on the number of people attending events, and the demand for catered events.
7. An exemption from tender and contract variation was approved by Council in 2021 for a further two years due to the uncertainty and risk in the market at the time and that tendering the service in that environment would not deliver a satisfactory result for the City.
8. Following Council's approval for exemption from tender and contract variation, in light of challenging market conditions post-pandemic, the City took the necessary time to assess the market and review the catering services model to ensure long-term viability. This included assessing the practicality and feasibility of maintaining the status quo, delivering services in-house, engaging a panel of caterers, and/or not having a caterer. The outcome of this review was that maintaining the status quo represented the best practical and financial outcome for the City at this time.
9. The tender is expected to be released to market via Tenderlink in late February 2023. After consideration of the time required to complete the tender process, the City is seeking approval to extend the contract for up to 12 months to 2 July 2024 based on the current contract. This will ensure continuity of service and a smooth transition period through the tender period without reducing the City's capacity to deliver catering for existing and future bookings.
10. It is recommended that the contract is extended to 2 July 2024, without change to the financial arrangements of the existing contract. All current service levels and operating conditions will be retained.
11. Restaurant Associates have advised the City that, should an extension of the current contract be required, they would have the capability and capacity to continue operating for the extended period.

12. If the extension is approved by Council, the contract terms will ensure that the 12-month extension can be terminated early, in line with the end of the procurement process and the period required for a planned transition to the successful tenderer.

Performance Measurement

13. Operational and financial performance targets are monitored on a monthly, quarterly and annual basis and through a combination of meetings, audits, inspections and reporting.

Financial Implications

14. Funding estimates as set out in Confidential Attachment A have been included in the City's draft 2023/24 Budget and future forward year estimates which will be considered by Council in May 2023.

Relevant Legislation

15. The exemption from tender process has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
16. Local Government Act 1993 - Section 55 (3)(i) provides an exemption from tender for a contract where, because of extenuating circumstances, remoteness of locality or the unavailability of competitive or reliable tenderers, a council decides by resolution (which states the reasons for the decision) that a satisfactory result would not be achieved by inviting tenders.
17. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
18. Attachment A contains confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
19. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

20. The current contract expires on 2 July 2023. The terms of the extended contract would extend the contract to conclude 2 July 2024.

21. A new tender process is underway and it is anticipated that the full 12-month extension may not be required. However, if any aspect of the process is delayed the City runs the risk of not having a caterer in place. This would mean the City would be unable to deliver on its commitments to confirmed events, and any future events in that period, impacting negatively on the City's reputation.

Options

22. The implications of not approving the variation to the existing contract are that the City would be required to make an appointment of a new provider by 1 July 2023. This may not be practical or possible to achieve, potentially impacting service to existing and future bookings and the City's reputation.
23. The City considered several options in this process:
- (a) Not engage a caterer. Hirers to use their preferred caterer or source one on an 'as needs' basis. This option is not recommended as it would reduce the City's control, making it difficult to guarantee food safety or maintain consistency and cleanliness. This could have detrimental impacts on the City's reputation as a venue manager.
 - (b) Ad-hoc single supplier engagement or panel of caterers, which would see the City forgo a contract with any one single contractor and instead engage caterers on an ad-hoc as-needs basis. This option is not recommended as it would not be cost effective or efficient to engage a caterer on an as-needs basis and induct them each time. This approach would make it difficult to maintain consistency of food, and could have a significant impact on timelines that would impact on event provision. This could have detrimental impacts on the City's reputation as a venue manager.
 - (c) Delivering the services in-house. This would see the catering services being delivered by City staff. This option is not recommended as the City would incur significant costs for establishment and then ongoing expenses for operational equipment, food and beverage, consumables and other costs. This model is not recommended given the current market.

Public Consultation

24. Potential suppliers will be notified as part of the forthcoming Tender process through Tenderlink in line with the City's procurement processes.

EMMA RIGNEY

Director City Life

Peter Rugg, Manager Venue Management

CONFIDENTIAL
By virtue of the Local Government Act 1993 Section 10A Paragraph 2

Document is Restricted

Item 7.

Cancellation of Tender – T-2022-755 – Exemption from Tender and Contract Variations for Sydney New Year’s Eve

Document to Follow

Item 8.

Tender – T-2022-717 – Reject and Negotiate – Accounts Payable Invoice Scanning Solution

Document to Follow