

NOTICE OF COUNCIL MEETING

PUBLIC SUPPLEMENTARY

AGENDA - A

An Ordinary Meeting of City of Parramatta Council will be held via audio / visual means on Monday, 9 August 2021 at 6.30pm.

Note: Members of the public will not be able to attend the meeting in person but will be able to view the live stream video on Council's website.

Brett Newman
CHIEF EXECUTIVE OFFICER

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20	CLOSED SESSION	
18.1	NOTICE OF MOTION: Moving Art in the Parramatta Local Government Area <i>This report is confidential in accordance with section 10A (2) (c) (d) of the Local Government Act 1993 as the report contains information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; AND the report contains commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the Council; or (iii) reveal a trade secret.</i>	

QUESTIONS WITH NOTICE

ITEM NUMBER	19.1
SUBJECT	QUESTION WITH NOTICE: Powerhouse Museum
REFERENCE	F2021/00521 - D08162958
FROM	Councillor Davis

At the meeting of 30 November 2020, Council supported the proposal from the Museum of Applied Arts and Sciences for a Community Information Centre to temporarily activate Council's Parramatta Square Retail 6 tenancy and adjoining public domain under a license agreement for a period of 6 months.

QUESTION

1. What date was the licence agreement and associated documents signed in connection to this matter?
2. When does the licence agreement expire?
3. How much money has the Museum of Applied Arts and Sciences paid the City of Parramatta for this 6-month lease?
4. Has the Museum of Applied Arts and Sciences approached Council to extend this lease?

Donna Davis
Councillor

EXECUTIVE DIRECTOR, PROPERTY & PLACE RESPONSE

1. The licence agreement commenced on 7 December 2020.
2. Council at its meeting of 30 November 2020 resolved at the agreement was to expire after a maximum of six (6) months, the expiry of the agreement was therefore 7 June 2021.
3. Council at its meeting of 30 November 2020 resolved that the license agreement be at a 'peppercorn' rate, therefore Council has received one dollar (\$1) as consideration of the agreement.
4. Yes, the Museum of Applied Arts and Sciences has approached Council to extend the license agreement. Council officers sort full commercial rental and as a result, an agreement was unable to be reached. The Museum of Applied Arts and Sciences will vacate in August 2021 or when the NSW Health orders will allow them to do so.

Donna Davis
Councillor

Bryan Hynes
Executive Director Property & Place

Brett Newman
Chief Executive Officer

ATTACHMENTS:

There are no attachments for this report.

QUESTIONS WITH NOTICE

ITEM NUMBER	19.2
SUBJECT	QUESTION WITH NOTICE: Willow Grove
REFERENCE	F2021/00521 - D08162969
FROM	Councillor Davis

In relation to the Powerhouse Parramatta Response to Submissions, at the 9 November 2020 Council meeting it was resolved:

- (c) *That Council note the Response does not include sufficient information on the method of relocation, future location or the impact of the heritage significance of Willow Grove to allow for an assessment of the proposed relocation.*
- (d) *That, if the Proponent's final submission proposes to relocate Willow Grove, then Council conditionally support the relocation of Willow Grove, rather than its demolition, subject to an assessment of the method of relocation, future location and the impact of the heritage significance of Willow Grove.*

QUESTION

1. Has Council received and reviewed any correspondence relating to the deconstruction of Willow Grove including a detailed Relocation Framework and Methodology Plan (RFMP) for the site selection, deconstruction, and relocation of Willow Grove?
2. If Council has received any correspondence from or engaged in any discussions with Infrastructure NSW and the NSW Government about the storage site for Willow Grove what, if anything, has been discussed/resolved to this point?
3. If Council has received any correspondence from or engaged in any discussions with Infrastructure NSW and the NSW Government about site selection for the relocation of Willow Grove what, if anything, has been discussed/resolved to this point?
4. If Council has received any correspondence from or engaged in any discussions with Infrastructure NSW and the NSW Government about the proposed adaptive reuse of St George's Terrace what, if anything, has been discussed/resolved to this point?

Donna Davis
Councillor

EXECUTIVE DIRECTOR, PLANNING & DESIGN RESPONSE

1. Council received correspondence relating to this matter when it was consulted on the Department of Planning, Industry and Environment's publicly exhibited draft Westmead Place Strategy that was the subject of a report to the Council meeting on 22 March 2021. The draft Strategy noted that it supports "the relocation of Willow Grove to the Parramatta North sub-precinct, outside the heritage core, ensuring its future uses and siting integrates with surrounds. Willow Grove reconstruction will be subject to planning approvals." Council's submission on the draft Strategy in response to consultation that was approved

at that Council meeting stated that “it is considered premature for the Draft Strategy to identify Parramatta North as the location for Willow Grove at this stage.”

2. Council also received a copy of the photographic archival recording of Willow Grove from InfrastructureNSW in March 2021 which was submitted for information purposes only in accordance with the requirements of Condition B1 of the Powerhouse proposal development consent.
3. As far as Council officers are aware, there has been no other correspondence with InfrastructureNSW in relation to this matter since November 2020. However, a detailed search of all Council records held in relation to this matter is being finalised and Councillors will be advised if any further correspondence that is identified.

Donna Davis
Councillor

David Birds
Acting Executive Director, City Planning & Design

Brett Newman
Chief Executive Officer

ATTACHMENTS:

There are no attachments for this report.

QUESTIONS WITH NOTICE

ITEM NUMBER 19.3
SUBJECT QUESTION WITH NOTICE: Industrial Relations
REFERENCE F2021/00521 - D08162974
FROM Councillor Davis

QUESTION

Broken down by year (ie, 2020, 2021):

1. Have any City of Parramatta staff been stood down under the Splinter Award, and for how long?
2. How many casual staff were stood down? Of these casual staff, how many were employed via labour hire?

Donna Davis
Councillor

EXECUTIVE DIRECTOR, CORPORATE SERVICES RESPONSE

1. Please find below information in response to the questions raised:

Year	Casuals Stood Down	Permanent Staff Stood Down (Splinter Award)
2020	169	0
2021	75	118

2. Casual staff received Special Leave for forward shifts in 2021 and for up to four (4) weeks for regular casuals in 2020 prior to being stood down.
3. Permanent staff currently stood down may not be stood down full time as they are rotating shifts amongst teams to minimise stand down impacts.
4. Permanent staff members have been placed on Special Leave pursuant to the Splinter Award for the following reasons:
 - a. Shutdown of service, no alternate suitable duties available, no opportunity to work from home (sections of library, Riverside Theatre, Aquatics etc);
 - b. Unable to perform duties from home, no alternate suitable duties available (Sections of regulatory services, etc)
 - c. Work not deemed essential/not an authorised worker, no opportunity to work from home, no alternate suitable duties available (Sections of Parks, Civil, etc).
5. Where there is no useful work/suitable alternative duties, an employee is entitled to four (4) weeks paid COVID-19 special leave under the Splinter Award.
6. If Council is unable to provide useful work and a permanent employee is stood down for greater than four (4) weeks they may be entitled to job retention allowance for up to 13 weeks.
7. Job Retention Allowance shall be paid at the rate of \$888.50 per week.

8. Employees may supplement payment of the Job Retention Allowance by applying to take accrued annual leave or long service leave at the same time.
9. Council has also provided paid additional Special Leave for permanent staff in circumstances where an employee has been directed to self isolate by NSW Health and they are unable to work remotely. This provision is made above the Splinter Award and does not contribute to the four (4) weeks special leave related to staff being stood down.
10. Council is supporting staff with this above Award leave payment to ensure sick leave is not exhausted due to forced isolation health orders.
11. Council is also providing additional Special Leave for staff that receive COVID-19 vaccinations during work hours to promote this initiative.
12. Executive Directors are managing redeployment opportunities for staff stood down within their respective area to ensure alternate suitable work is provided as available. This includes rotating available shifts amongst staff to ensure paid Special Leave is spread consistently across the team where lower staffing levels are required.

Donna Davis

Councillor

Michael Tzimoulas

Executive Director Corporate Services

Brett Newman

Chief Executive Officer

ATTACHMENTS:

There are no attachments for this report.

QUESTIONS WITH NOTICE

ITEM NUMBER 19.4
SUBJECT QUESTION WITH NOTICE: Delegations
REFERENCE F2021/00521 - D08161200
FROM Councillor Wilson

QUESTION

1. Where would the CEO anticipate needing to have delegated authority in excess of \$250k?
2. Why can't Councillors have a list of projects you expected to approve and show the expected value?
3. What possible emergency could occur to negate the need for Council to consider the expenditure?

Andrew Wilson
Councillor

EXECUTIVE DIRECTOR CORPORATE SERVICES RESPONSE

1. The Chief Executive Officer (CEO) is delegated to spend any amount within the adopted Operational Plan. During the estimated four (4) week period where no Council exists (being 4 December through to Oath / Affirmation Ceremony of the new Council), if an unforeseeable emergency were to occur then the CEO will not be able to respond without a prior delegation from Council. This is the intention of the proposed temporary delegations during the (anticipated) four weeks post Local Government Election.
2. It is not the intention of the recommendation to provide delegation to the CEO to approve specific business as usual projects. The intention is to provide delegations for unforeseeable and unbudgeted emergencies. Therefore, it is not possible to provide a list of projects.
3. During the period that is proposed to be requested (ie, 4 December through to Oath / Affirmation Ceremony), there is no Council to consider expenditure or make a decision on any matter. If no delegation is provided to the CEO for this period, then decisions of an unforeseeable or emergency nature (that are outside of the adopted Operational Plan) will not be able to be made.

Andrew Wilson
Councillor

Michael Tzimoulas
Executive Director Corporate Services

Brett Newman
Chief Executive Officer

ATTACHMENTS:

QUESTIONS WITH NOTICE

ITEM NUMBER 19.5
SUBJECT QUESTION WITH NOTICE: Questions Taken on Notice from Council Meeting - 26 July 2021
REFERENCE F2021/00521 - D08162287
FROM Governance Manager

QUESTIONS TAKEN ON NOTICE FROM THE COUNCIL MEETING OF 26 JULY 2021

Item	Subject	Councillor	Question
12.1	Investment Report for June 2021	Bradley	1. In reference to Council 26 July 2021 Item 12.1, pages 36, 43-44, & 47-48, why do we have (in round \$ figures) only \$719,000 invested in top S&P rated AAA Suncorp Covered ADI, only \$6.6m in A+ high rated Credit Suisse AG, only \$2.5m in A+ Suncorp, \$6.3m in A+ rated UBS AG, only \$1.0m in A rated Bank China (all fossil fuel free highly rated ADIs - for a total \$17.1m), when we have \$51.2m in much lower BBB+ rated higher risk BoQ and \$25.1m in even lower BBB rated AMP Bank (both fossil fuel exposed, lower rated higher risk ADIs totalling \$76.3m!)? Please provide a copy of the questions asked of Council's investment consultants in respect of the Fossil Fuel related investments. 2. Why also as page 36 says "the highest rates amongst the A rated ADIs was yielding between 0.70% – 1.50% per annum" and "the highest deposit rates amongst the BBB and unrated ADIs was yielding [lower] between 0.40% and 1.10% p.a."? NOTE: Council's primary Investment policy objective is to preserve capital of low risk whilst maximising its returns. 3. In the item 12.1 Investment Report there is a section on Fossil Fuel Investments which formed the basis of the Executive Director Corporate Services' Response to my item 18.1 Notice of Motion on Smart Progressive Divestment from Fossil Fuel Investing Financial Institutions. Could Council please be provided with the questions that were asked of Council's investment advisers to provide the basis of the Executive Director's Response to my Notice of Motion and the related section of the Item 12.1 Investment Report?

BACKGROUND

- Paragraph 9.23 of Council's Code of Meeting Practice states:

"Where a councillor or council employee to whom a question is put is unable to respond to the question at the meeting at which it is put, they may take it on notice and report the response to the next meeting of the Council."

STAFF RESPONSE

2. Staff responses to the questions taken on notice at the Council Meeting of 26 July 2021 are provided below:

Item 12.1 – Investment Report for June 2021 (Councillor Bradley)

Question 1

In reference to Council 26 July 2021 Item 12.1, pages 36, 43-44, & 47-48, why do we have (in round \$ figures) only \$719,000 invested in top S&P rated AAA Suncorp Covered ADI, only \$6.6m in A+ high rated Credit Suisse AG, only \$2.5m in A+ Suncorp, \$6.3m in A+ rated UBS AG, only \$1.0m in A rated Bank China (all fossil fuel free highly rated ADIs - for a total \$17.1m), when we have \$51.2m in much lower BBB+ rated higher risk BoQ and \$25.1m in even lower BBB rated AMP Bank (both fossil fuel exposed, lower rated higher risk ADIs totalling \$76.3m!)?

Please provide a copy of the questions asked of Council's investment consultants in respect of the Fossil Fuel related investments.

Answer

Council is required to invest within the Policy limits at the time of investment. The market moves continuously, where the offers on complying products change on a daily basis. Some complying products such as FRNs issued by institutions are only offered within a small window of opportunity and on small volumes e.g. new issuances of securities. The likes of AAA rated covered bonds and senior FRNs issued by the likes of Credit Suisse and UBS are very limited. Fund managers and institutional clients who run billions of dollars are the big investors of such securities and are allocated a larger portion compared to the likes of Parramatta Council.

Council purchases its investments at the time of investment, seeking the best relative value on the day of investment. The investments with AMP (BBB) and BOQ (BBB+) were yielding an attractive yield compared to other complying products at the time of investment. I have summarised Council's outstanding investments with AMP and BOQ here:

AMP (BBB) outstanding investments as at 28/07/2021:

- *\$4m in Cash Account earning 0.75% p.a. (NAB earning 0.55% p.a. and cash rate of 0.10% p.a.) -> very attractive*
- *~\$21m in fixed T/Ds and senior FRNs: weighted average yield of 1.27% p.a. and a weighted average duration of 204 days (less than 7 months). Note the highest rate you can get from any rated bank for a 7 month term (fossil fuel or non-lending fossil fuel bank) is around 0.40% p.a. So Council is currently earning around 3 times the current market rate*

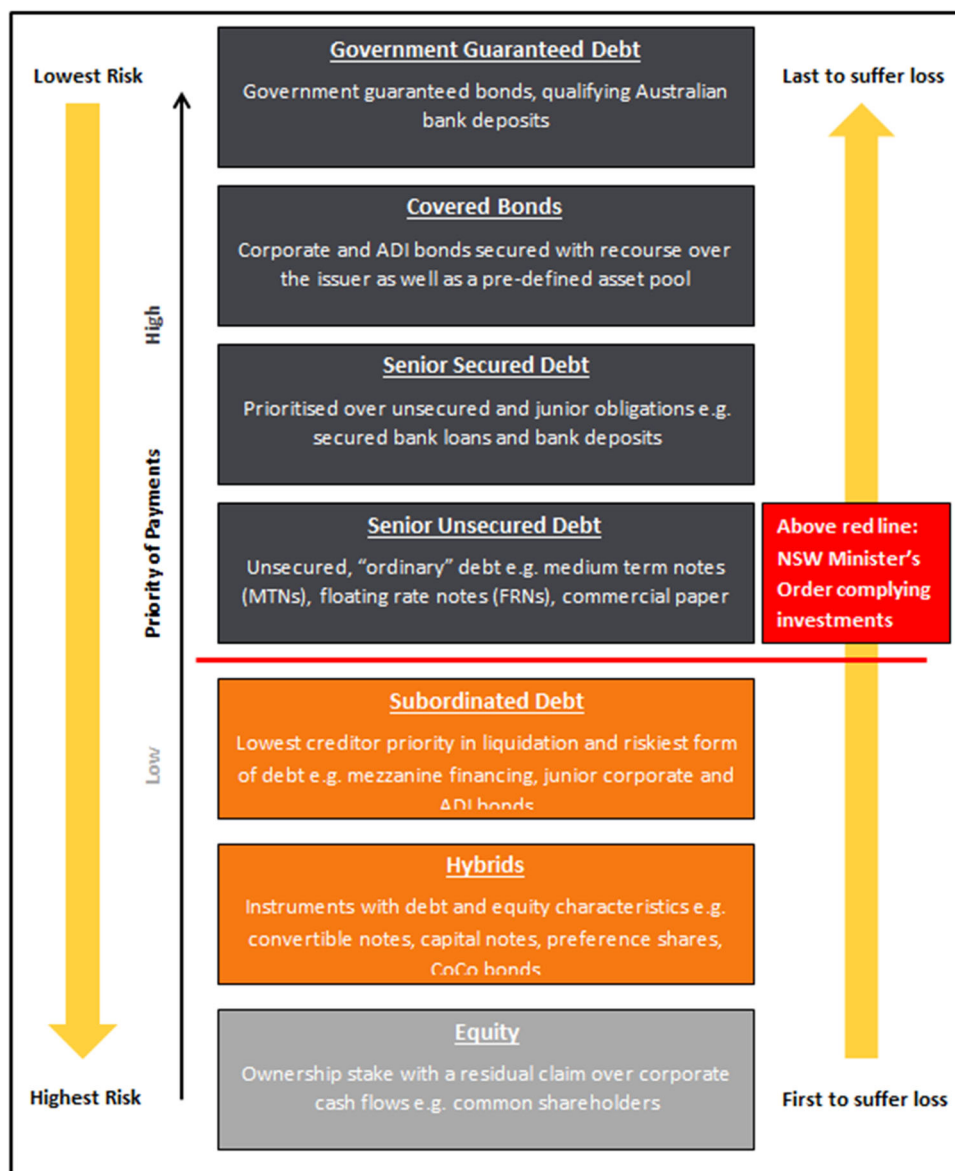
BoQ (BB+) outstanding investments as at 28/07/2021

- *~\$52m in fixed T/Ds and senior FRNs: weighted average yield of 2.18% p.a. and a weighted average duration of 312 days (less than 11 months). Note the highest rate you can get from any rated bank for a 11 month term (fossil fuel or*

non-lending fossil fuel bank) is around 0.50% p.a. So Council is currently earning more than 4 times the current market rate. The highest rate available today for a 5 year fixed investment from any rated institution is around 1.50% p.a.

It is important to remind Council that the Minister's Order (regulations) ensures that capital preservation is paramount. The combination of the following key points:

1. The very strict list of approved investments set by the NSW Minister's Order -> NSW councils can only invest in 'senior-ranked' assets issued by authorised deposit-taking institutions (ADIs) regulated by the Australian Prudential Regulation Authority (APRA), or otherwise State or Commonwealth Government securities (the only other exception for investments is through managed funds with TCorp - see the Bank Capital Structure as follows);



2. High regulation from APRA across all ADIs that Council invests with (that's all rated, unrated, domestic and international banks, building societies and credit unions). APRA's primary mandate is to "provide financial stability" and "protect depositors".

Note the lower and unrated ADIs in particular are highly scrutinised by APRA and are forced to hold higher levels of capital against their balance sheet as a proportion of their assets relative to the higher rated banks. The unrated ADIs are only 'unrated' as they receive the majority of their funding through retail deposits and do not need to raise significant amounts of money through the wholesale debt market and pay a rating's agency hundreds of thousands of dollars a year just to get rated;

3. *Unprecedented monetary policy support from the RBA (note the cash rate is at emergency levels of 0.10%, they have provided cheap loans to all ADIs at 0.10% fixed for 3yrs, introducing their bond buying programs to keep rates low for a long period of time), as well as the fiscal support from the Federal Government.*

This has made it very difficult for any fixed interest investor, including the City of Parramatta Council, to lose any capital on its 'senior-ranked' investments, including those with the likes of AMP (BBB) and BoQ (BBB+). That is, with the strict regulation set by the Minister's Order, given NSW Councils can only invest in 'senior-ranked' (direct) assets with ADIs, or otherwise State or Federal Government securities, capital preservation has and always will be paramount, assuming the majority of Council's investment portfolio will continue to be placed in such 'senior-ranked' assets.

Any ADI, rated or unrated, domestic or international (all are regulated by APRA), can issue different types of securities as depicted by the various boxes in the Bank Capital Structure chart above. The Minister's Order prohibits any NSW Council to invest in the higher risk categories i.e. any assets that are not deemed 'senior-ranked' assets, highlighted by the assets below the red line (with the exception through a managed fund investment through NSW Treasury Corporation).

Question 2

Why also as page 36 says "the highest rates amongst the A rated ADIs was yielding between 0.70% – 1.50% per annum" and "the highest deposit rates amongst the BBB and unrated ADIs was yielding [lower] between 0.40% and 1.10% p.a."?

NOTE: Council's primary Investment policy objective is to preserve capital of low risk whilst maximising its returns.

Answer

Please note you've cut out the last part where it says "dependent on term".

The market changes continuously and the rates on offer from most complying products change daily. Capital preservation is one of the key primary objectives and also the reason why Council has predominately invested with the higher rated banks over the past year. Following the RBA's decision to cut rates to emergency levels of 0.10% and offering their term funding facility (TFF) to all ADIs (rated or unrated) at a cost of 0.10% fixed for 3 years, most of the banks are heavily funded and hold too much liquid capital/cash on their balance sheets. This is the reason why the rates on offer from some of the lower rated banks have been lower than the higher rated banks – some of these lower rated banks don't need the funding from 'wholesale' investors such as Council. Naturally, Council has allocated a higher proportion of new investments to the higher rated banks over the past 12 months.

Since 01/07/2020, Council placed around \$172m across fixed T/Ds, senior FRNs and fixed bonds, of which only \$39m (or 23%) has been placed with BBB or BBB+ rated ADIs. Overwhelmingly, the majority of assets have been placed with the higher rated ADIs.

Currently, some of BBB rated ADIs are offering slightly higher rates than the higher rated ADIs for terms up to 12 months. In contrast, the major banks or other AA rated entities are offering slightly higher rates than the BBB rated ADIs for 2-5 year (longer-term) investments. Naturally, for the longer-term, our advisors have recommended placing with the higher rated banks in the current market environment. Should the offer on complying products / market circumstances changes, their recommendations would change accordingly.

Question 3

In the item 12.1 Investment Report there is a section on Fossil Fuel Investments which formed the basis of the Executive Director Corporate Services' Response to my item 18.1 Notice of Motion on Smart Progressive Divestment from Fossil Fuel Investing Financial Institutions.

Could Council please be provided with the questions that were asked of Council's investment advisers to provide the basis of the Executive Director's Response to my Notice of Motion and the related section of the Item 12.1 Investment Report?

Answer

Council's advisors, are regularly consulted about Fossil Fuel investments by the Treasury & Tax Accountant, and have been subsequently asked to include a permanent section of Fossil Fuels as part of our monthly report. Refer to page 13-14 of our June 2021 monthly investment report to council.

The Executive Director of Corporate Services has not requested any information in regard to Councillor Bradley's questions, as the Monthly Comprehensive Investment Report already includes a section on Fossil Fuels and has done so since May 21. Historically Council advisors answered Council questions on an adhoc basis as required.

Fossil Fuel Investments

What is Council's current exposure to institutions that fund fossil fuels?

Using the following link <http://www.marketforces.org.au/banks/compare>, based on the Council's investment portfolio balance as at 30/06/2021 (\$547.45m), we can roughly estimate that ~84% of the investments have some form of exposure. This is likely to drift higher given the new Policy limits imposed by NSW Treasury Corporation.

How would Council modify its Investment Policy to cater for divestment of fossil fuels?

If the major banks were withdrawn from investments, some members of the community may look at that remaining list of ADIs (banks) and say "Why do we have all our money with those no-name institutions? I've never even heard of them. We don't want to take risks with our money after councils lost \$100's of millions speculating in the GFC". It will be difficult to please everyone. We suggest starting the discussion with all Councillors asking "are you comfortable investing all the money with the lower rated regionals and credit unions?" If not, then a full divestment campaign will be complicated.

Some ways to potentially 'make changes' to the policy, or at least have a discussion, includes:

- "Where possible within policy and without compromising the risk and return profile, we favour..."
- "We have not yet made a decision to divest because it will have implications on credit quality, ratings and income, but we are actively discussing..."

What would be implications on our portfolio credit rating?

By adopting a free fossil fuel policy or an active divestment strategy, this would eliminate the major banks rated "AA-" as well as some other "A" rated banks (AMP, Citigroup and ING). Council would be left with a smaller sub-sector of banks to choose to invest with.

What would be risks and implications on Council's portfolio performance?

Some implications include:

- High concentration risk – limiting Council to a selected number of banks;
- Increased credit/counterparty risk;
- May lead to a reduction in performance (most of the senior FRN issues are with the higher rated ADIs) which could result in a significant loss of income generated – could be in excess of hundreds of thousands of dollars per annum;
- Underperformance compared to other Councils.

It may actually be contrary to Council's primary objective to preserve capital as the investment portfolio's risk would increase (all things being equal). Council may not be maximising its returns – this is one of the primary objectives written in the Investment Policy.

Council's exposure is summarised as follows:

Counterparty	Credit Rating	Funding Fossil Fuel
BoQ Covered	AAA	Yes
Suncorp Covered	AAA	No
TCorpIM Cash Fund ^{^^}	AA+	Yes
ANZ	AA-	Yes
CBA (BankWest)	AA-	Yes
HSBC	AA-	Yes
NAB	AA-	Yes
Northern Territory	AA-	Yes
Westpac	AA-	Yes
Citibank NA	A+	Yes
Credit Suisse	A+	No
Macquarie	A+	Yes
Suncorp	A+	No
UBS AG	A+	No
Bank China Aus.	A	No
CFS Global Credit ^{^^}	A	Yes
ICBC	A	No
ING Bank	A	Yes
Societe Generale	A	No
Bank of Communications	A-	No
Aus Military Bank	BBB+	No
BOQ	BBB+	Yes
Bendigo-Adelaide	BBB+	No
QT Mutual Bank	BBB+	No
AMP Bank	BBB	Yes
Auswide Bank	BBB	No
Bank Australia	BBB	No
CUA	BBB	No
ME Bank	BBB	No
MyState Bank	BBB	No
Newcastle PBS	BBB	No
P&N Bank	BBB	No
Teachers Mutual	BBB	No
QBANK	BBB-	No
Bank of Us	Unrated	No
BNK Bank	Unrated	No
Community First	Unrated	No
Judo Bank	Unrated	No
Warwick CU	Unrated	No
T-CorpIM LTG Fund ^{^^}	Unrated	Yes

^{^^}The underlying exposure in these managed funds includes the domestic major banks.

Source: <https://www.marketforces.org.au/info/compare-bank-table/>

Summary	Amount	Invested %
Yes	\$458,402,693	84%
No	\$89,042,937	16%
	\$547,445,630	100%

Reducing the exposure in BBB/Unrated ADIs and switching into A/AA or higher rated ADIs largely contradicts having a fossil fuel free or transitioning to a fossil fuel free lending investment portfolio. As you can see in the above table, most of the banks/ADIs that are funding fossil fuel are generally the higher rated ADIs including the domestic major banks, TCorp, BoQ, Macquarie, ING, etc. That is, it is currently very difficult to have a fossil fuel free investment portfolio while predominately investing with the higher rated ADIs (A rated or higher), particularly given the lack of complying 'green' assets that Council could invest in.

If the major banks were withdrawn from the investment portfolio, some members of the community may look at that remaining list of ADIs (banks) and say, "Why do we

have all our money with those no-name institutions? I've never even heard of them. We don't want to take risks with our money after other councils lost \$100's of millions speculating in the GFC". It will be difficult to please everyone. Our advisors suggest starting the discussion with all Councillors asking "are you comfortable investing the majority of Council's money with the lower rated regionals and credit unions?" If not, then a full divestment campaign will be complicated.

Some ways to potentially 'make changes' to the policy, or at least have a discussion, includes:

- "Where possible within policy and without compromising the risk and return profile, we favour green assets should they be available...."*
- "We have not yet made a decision to divest because it will have implications on credit quality, ratings and income, but we are actively discussing..."*

Another suggestion would be to optimise the returns of the investment portfolio with the current Policy framework and if Council determines it has a pool of surplus funds excess to requirements, then allocate these funds and invest directly in physical assets/projects such as the following, when they become available:

- Sustainable water management*
- Renewable energy*
- Green commercial or residential buildings*
- Clean transportation*
- Pollution prevention and control*
- Climate change adaptation*

This form of investment would generally be offered by the major banks in the form of an FRN or bond; however, such offers are rare.

Please provide a copy of the questions asked of Council's investment consultants in respect of the Fossil Fuel related investments.

The Treasury & Tax Accountant communicates with Council advisors on a weekly basis. These discussions entail review of current market offers, optimum sell timelines on current investment held, and review of policy and strategy.

Most recently in our online policy review, meeting Council asked our advisors to provide additional information concerning;

- What percentage of the portfolio were free of Fossil fuels*
- What the impacts were for both rating and interest income by divesting the current portfolio*
- What opportunities existed in the current market to invest in fossil fuel free investments*

In conclusion, the impact of divesting in the current market would most likely

- We could invest more with lower rated banks and credit unions thus reducing the overall credit rating of the overall portfolio*
- Funds would need to be redeemed from all 4 majors, including NSW Treasury Corp and CFS Global Managed fund*
- The current estimated loss of interest income if Council were to divert 40% of the portfolio to Fossil Fuel free investments is estimated to be approximately \$2.5m per annum – or 0.46%*

- *Limited Fossil Fuel Free investments are offered in the current market. By way of example, Council has invested \$33m in CBA Green Term Deposits in the last 12 months. CBA has now advised council that as these deposit mature, council will need to redeem or roll into standard deposits. CBA siting that insufficient Fossil Fuel free opportunity now exists, thus withdrawing these offers going forward.*
- *Westpac currently offer some Green term deposits ranging from 6 months to 5 years, but are 50-70 basis points below standard term deposits*

Patricia Krzeminski
Governance Manager

Michael Tzimoulas
Executive Director Corporate Services

Brett Newman
Chief Executive Officer

ATTACHMENTS: