

ADDENDUM

REPORTS THROUGH THE ACTING GENERAL MANAGER

a04 [TSC-OC] Investment Report for Period Ending 29 February 2008

ORIGIN:

Financial Services

SUMMARY OF REPORT:

This report is provided to Council to advise details of monies Council has invested in accordance with Section 625 of the Local Government Act 1993.

RECOMMENDATION:

That in accordance with Section 625 of the Local Government Act 1993 the monthly investment report as at 29 February 2008 totalling \$115,523,868.85 be received and noted.

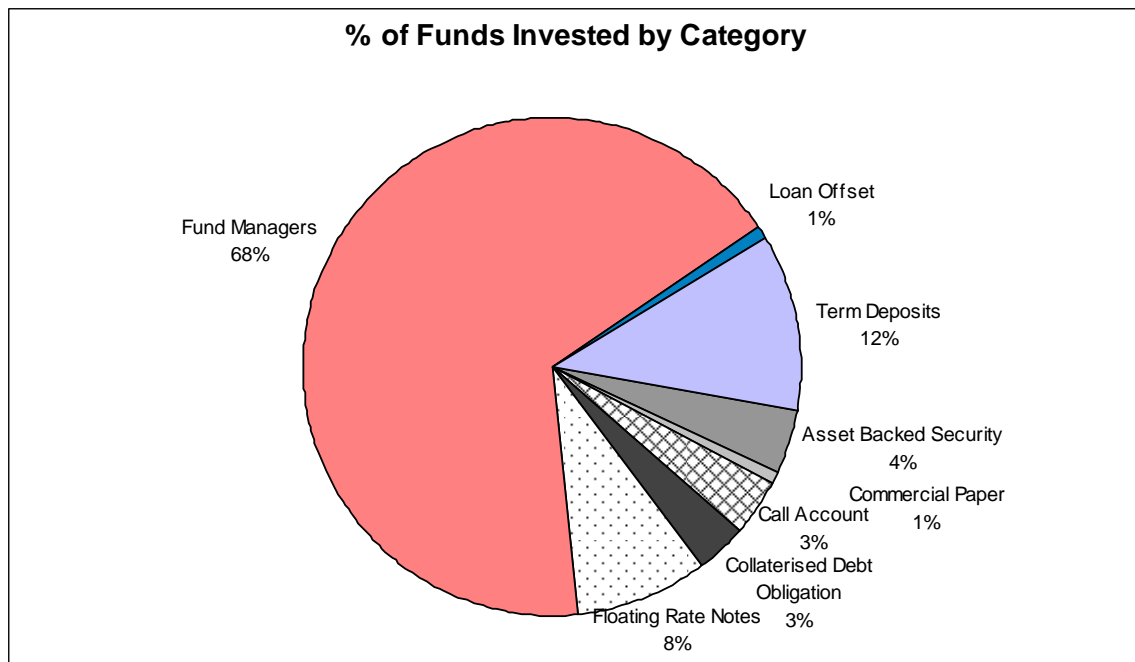
ADDENDUM

REPORT:

Report for Period Ending 29 February 2008

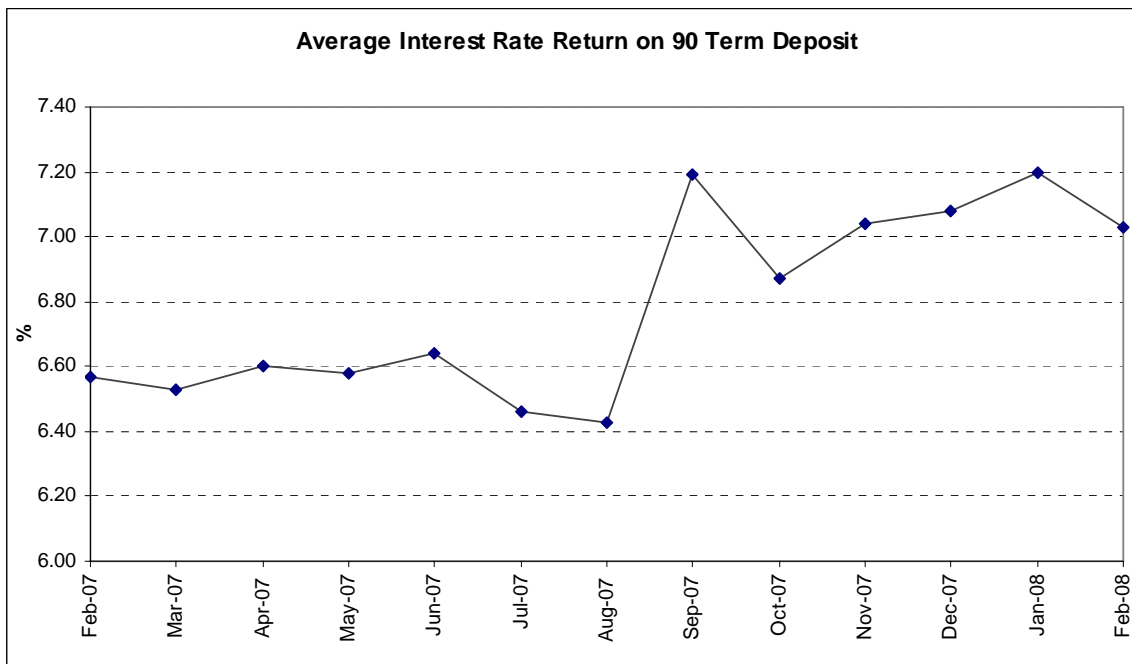
The "Responsible Accounting Officer" must report monthly to Council, setting out details of all the funds Council has invested and certification has been made in accordance with Section 625 of the Local Government Act (1993), Clause 212 of the Local Government (General) Regulations and Council policies.

1. CURRENT INVESTMENT PORTFOLIO BY CATEGORY

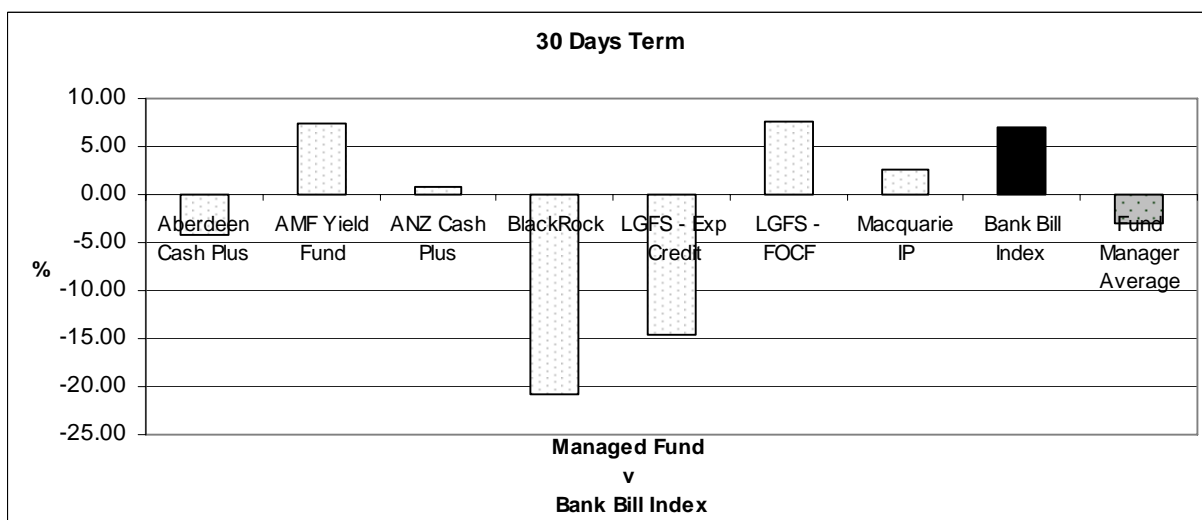


ADDENDUM

2. INVESTMENT RATES - 90 DAY BANK BILL RATE (%)



3. ANNUALISED RATE OF RETURN FOR FUNDS MANAGERS - NET OF FEES



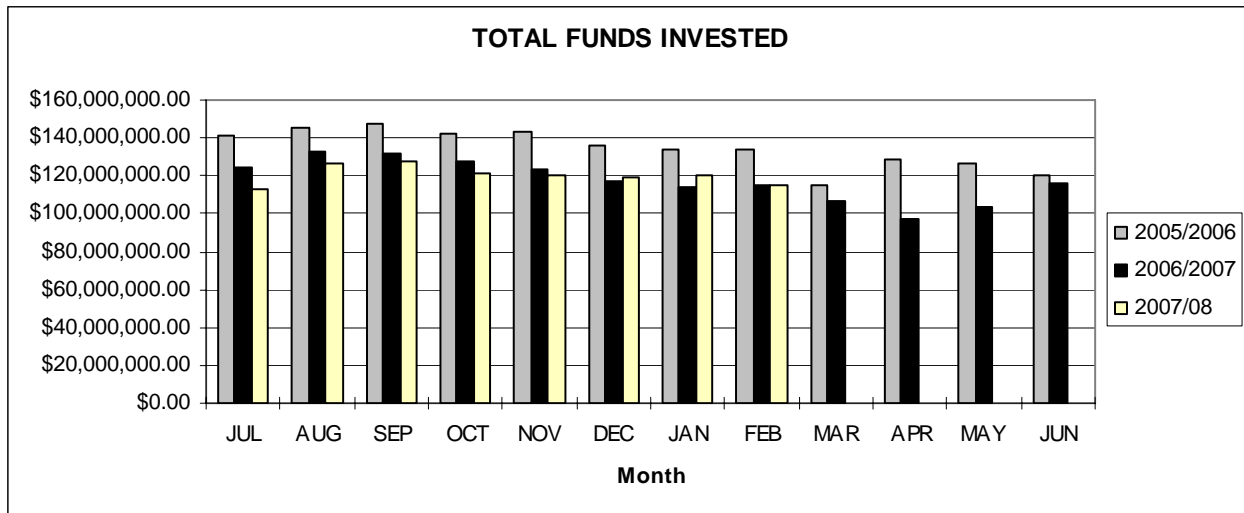
ADDENDUM

4. FUND MANAGERS END OF MONTH BALANCE

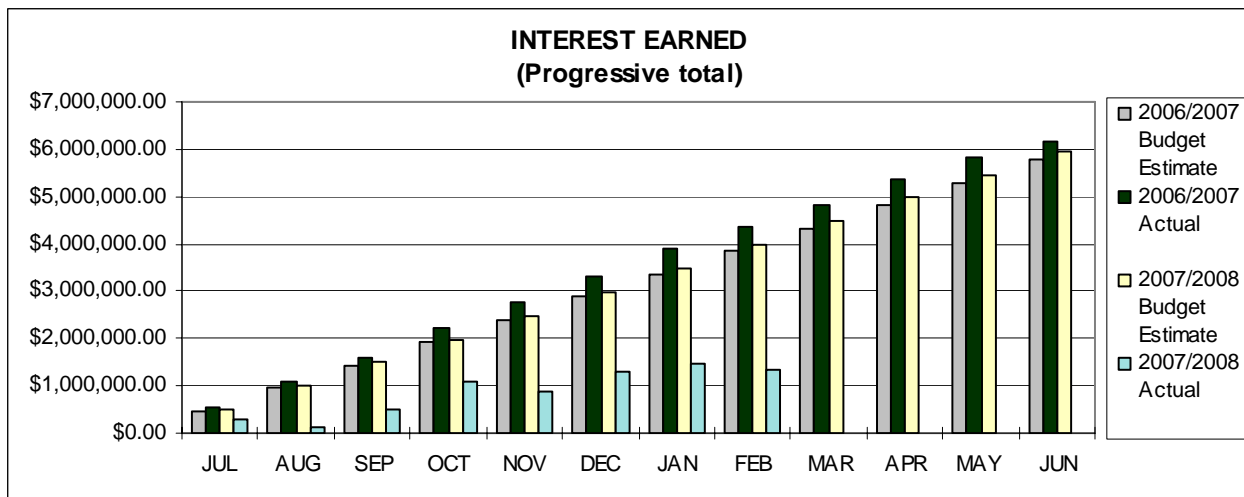
Fund	Amount Invested	% of Total Fund Managers	30 Day Return %
Aberdeen Cash Plus	\$5,694,086	7.31%	-4.23
AMF Yield Fund	\$14,720,018	18.91%	7.41
ANZ Cash Plus	\$2,384,665	3.06%	0.73
BlackRock	\$11,139,470	14.31%	-20.85 *
LGFS - Exp Credit	\$7,916,986	10.17%	-14.60
LGFS - FOCF	\$23,576,228	30.28%	7.55
Macquarie IP	\$12,428,802	15.96%	2.54
Total	\$77,860,255	100%	

* BlackRock return impacted negatively by February \$2m redemption

5. MONTHLY COMPARISON OF TOTAL FUNDS INVESTED

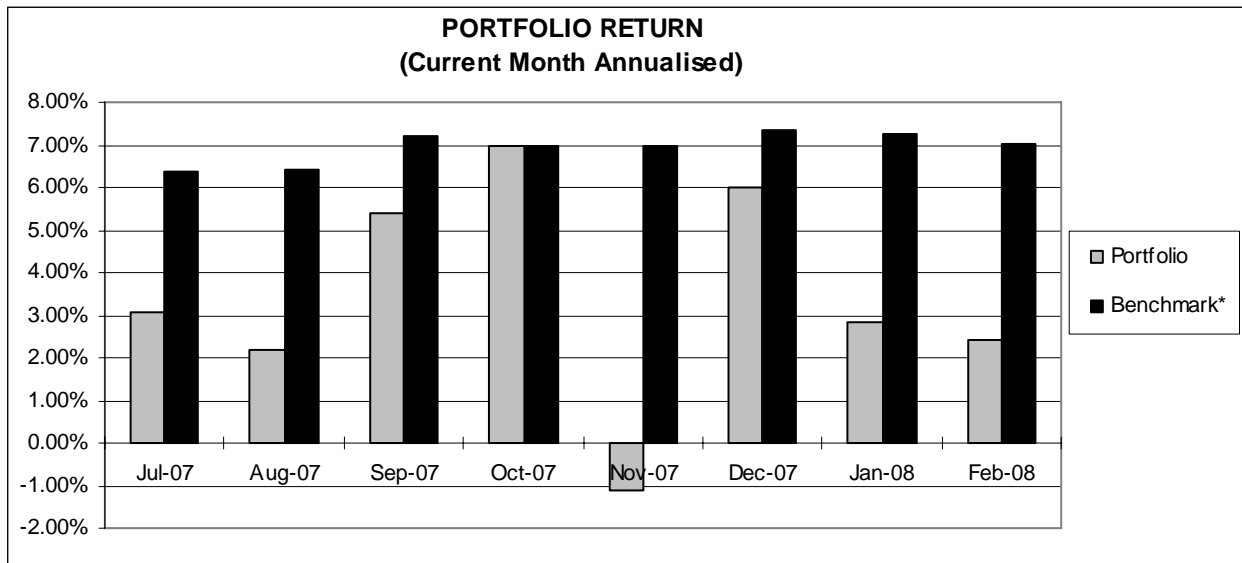


6. ANNUAL PROGRESSIVE TOTAL OF INTEREST ON TOTAL FUNDS INVESTED



ADDENDUM

7. PORTFOLIO PERFORMANCE



8. TERM DEPOSITS

Term Deposits

Institution	Amount Invested	Term	% Return	Interest \$
Adelaide Bank	\$5,000,000.00	90	7.280	89,753.42
IMB	\$3,000,000.00	91	7.460	55,796.71
Suncorp Metway	\$3,000,000.00	90	7.690	56,884.93
Adelaide Bank	\$2,000,000.00	90	7.750	38,219.18

9. MARKET COMMENTARY

Domestic Economy

The Reserve Bank of Australia (RBA) again hiked the cash rate by 0.25% on 4 March. Indications are that the effect of recent rate hikes are slowing the economy, as is evidenced by falling consumer confidence and flat retail figures for January. Further slowing of the economy will be required to place downward pressure on inflation.

The RBA expects inflation to hold above 3% pa for the next two years. "the risk of inflation remaining uncomfortably high for some time is considerable. Absent a further shift in economic risks to the downside, therefore, monetary policy is likely to need to be tighter in the period ahead."

Global Economy

Officials from the G7 collective of major world economies warned that sub-prime related losses would top US\$400 billion and pledged "appropriate actions, individually and collectively" to counter the downside risks to the global economy.

US economic growth predictions have been cut to between 1.3% and 2% pa.

Japan's economy grew at a surprisingly strong annual rate of 3.7% in the 4th quarter 2007.

ADDENDUM

China's economic growth will slow to 10.5% in the first quarter of 2008 based on weaker overseas sales and the worst snowstorms in 50 years disrupting consumer spending and investment.

Council's Investment Portfolio Performance

Due to ongoing tightening in credit markets, some of Council's managed funds suffered substantial falls in their unit prices, reflected in a reduction in the capital value of funds such as BlackRock and Aberdeen. Further widening in credit spreads is expected as risk aversion prevails in credit markets and borrowing becomes more expensive.

Council's Investment Advisors, Oakvale Capital Limited, have suggested Council remain in the existing fund managers and not materialise the "paper losses" being shown by the fund manager unit prices at the moment. Oakvale Capital argue that running yields for Council's fund manager indicate a substantial turnaround in both capital value and distributions will occur when credit margins return to normal levels.

Further information concerning Council's Investment Portfolio is contained in Council's February Business Paper.

9. INVESTMENT SUMMARY AS AT 29 FEBRUARY 2008.

Investment Summary as at	29-Feb-08	
GENERAL FUND		
COLLATERISED DEBT OBLIGATION	4,009,740.00	
COMMERCIAL PAPER	998,618.39	
FLOATING RATE NOTE	9,806,952.71	
ASSET BACKED SECURITY	4,813,928.00	
FUND MANAGERS	38,348,216.64	
LOAN OFFSET	1,034,375.00	
TERM DEPOSITS	13,000,000.00	
CALL	4,000,000.00	76,011,830.74
WATER FUND		
TERM DEPOSITS	0.00	
FUND MANAGERS	22,099,916.58	22,099,916.58
SEWERAGE FUND		
TERM DEPOSITS	0.00	
FUND MANAGERS	17,412,121.53	17,412,121.53
TOTAL INVESTMENTS		115,523,868.85

ADDENDUM

It should be noted that the General Funds investments of \$76 million are not available to be used for general purpose expenditure. It is virtually all restricted by legislation and council resolution for such purposes as unexpended loans, developer contributions, unexpended grants and various specific purpose reserves such as domestic waste, land development and employee leave entitlements.

Statutory Statement - Local Government (General) Regulation 2005 Clause 212

I certify that Council's investments have been made in accordance with the Local Government Act 1993, the Local Government (General) Regulations and Council's investment policies.



Chief Financial Officer (Responsible Accounting Officer)

LEGAL/RESOURCE/FINANCIAL IMPLICATIONS:

Nil.

POLICY IMPLICATIONS:

Nil.

UNDER SEPARATE COVER/FURTHER INFORMATION:

*To view any "**non confidential**" attachments listed below, access the meetings link on Council's website www.tweed.nsw.gov.au or visit Council's offices at Tweed Heads or Murwillumbah (from Friday the week before the meeting) or Council's libraries (from Monday the week of the meeting).*

Nil.



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ADDENDUM