

TITLE: [TCS-OC] Monthly Investment Report for Period Ending 31 July 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:

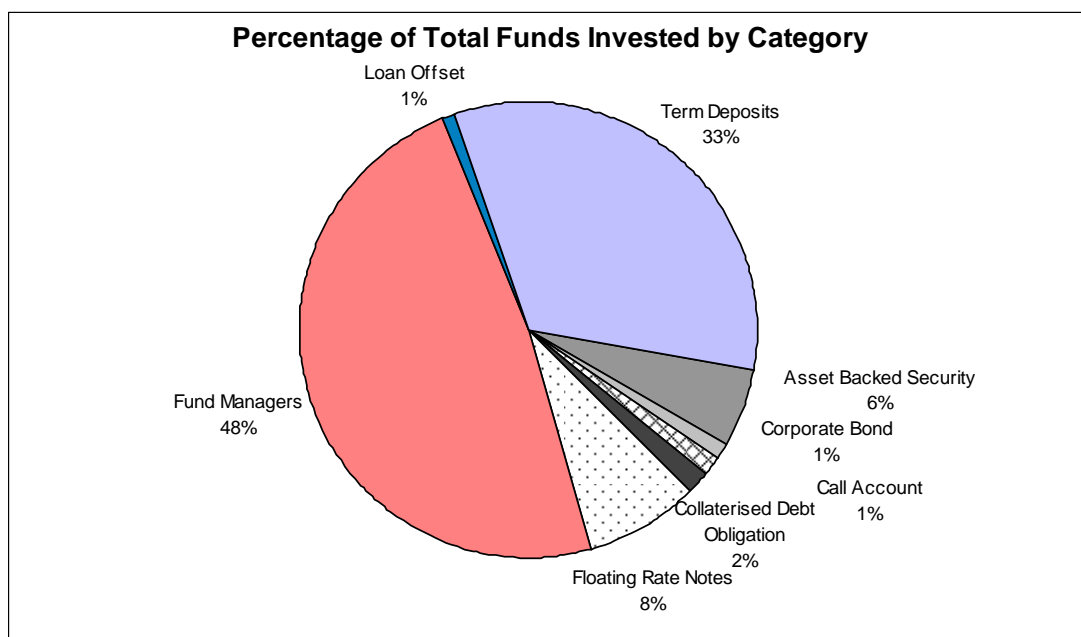
That in accordance with Section 625 of the Local Government Act 1993 the monthly investment report as at 31 July 2008 totalling \$108,894,972.24 be received and noted.

REPORT:

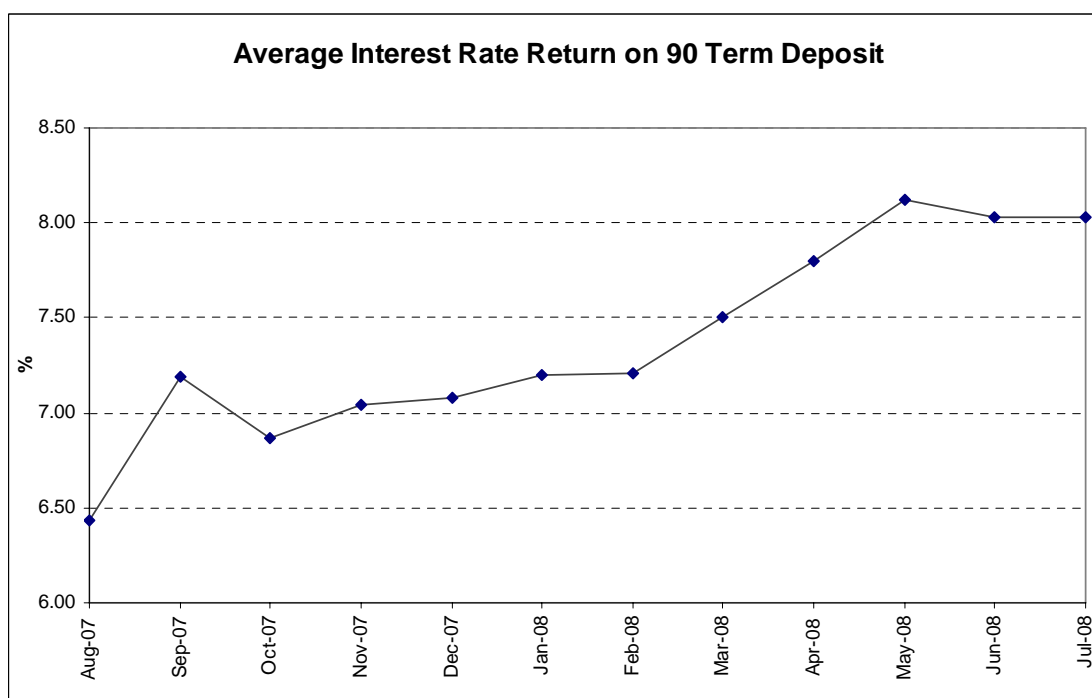
Report for Period Ending 31 July 2008

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.

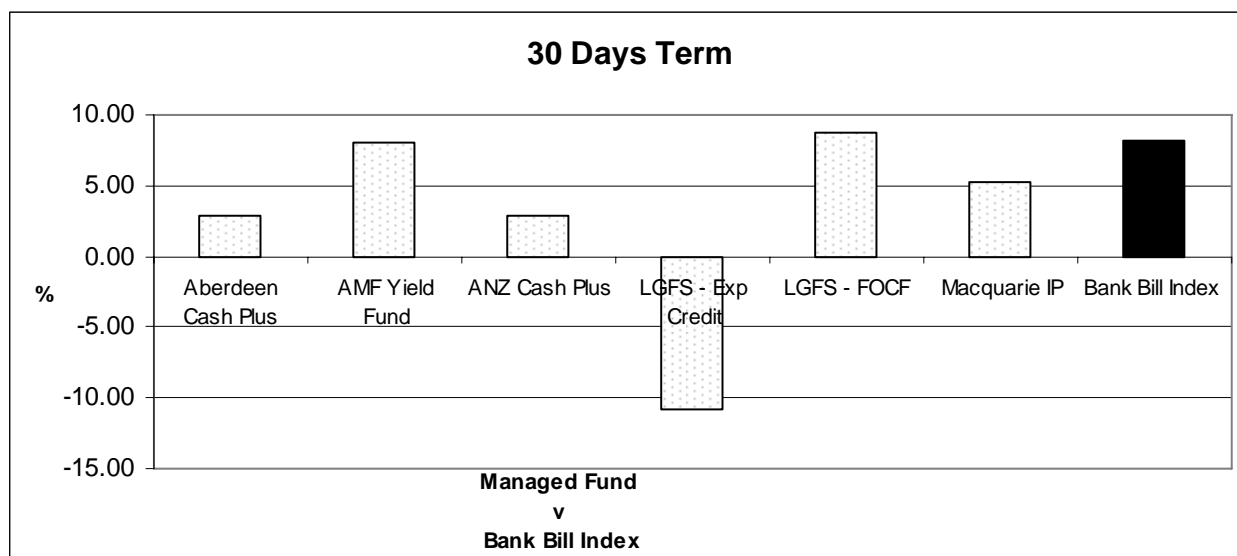
1. CURRENT INVESTMENT PORTFOLIO BY CATEGORY



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



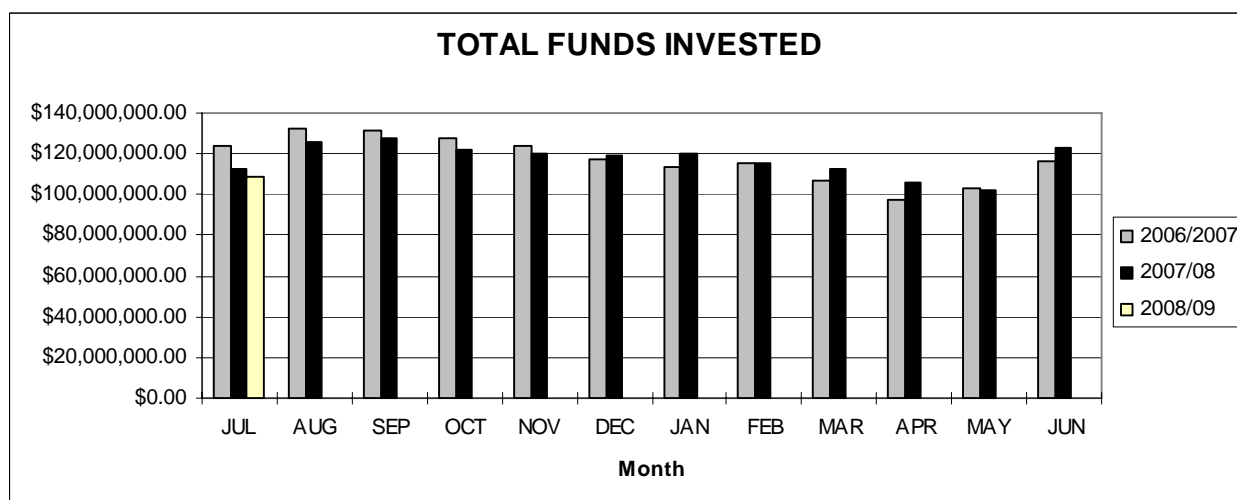
3. ANNUALISED RATE OF RETURN FOR FUNDS MANAGERS - NET OF FEES



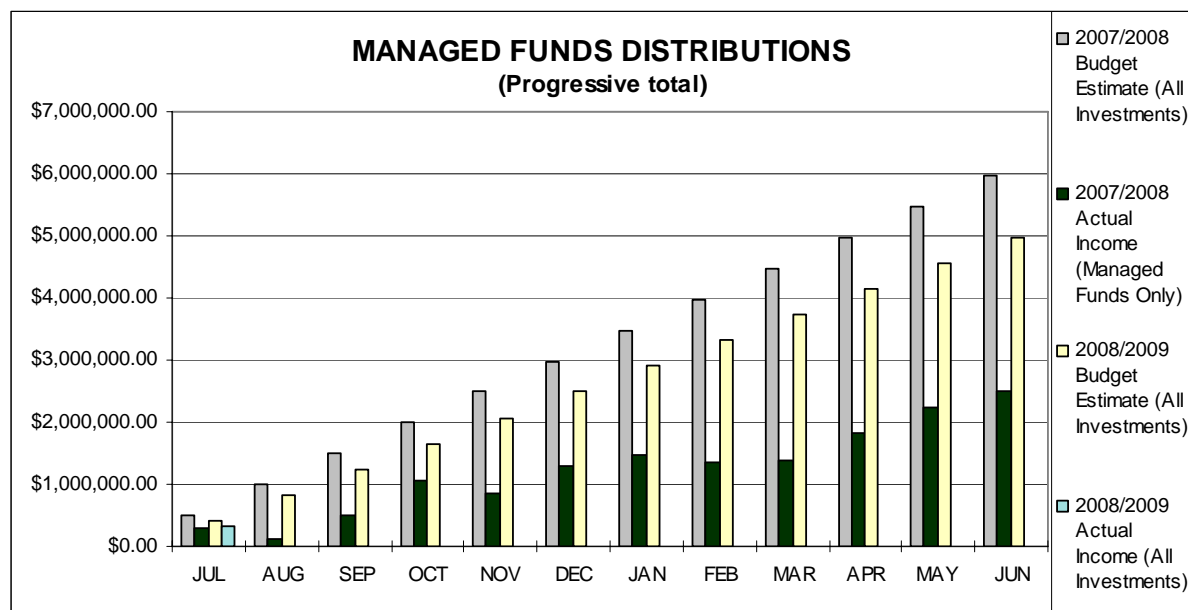
4. FUND MANAGERS END OF MONTH BALANCE

Fund	Amount Invested	Percentage of Total Fund Managers	30 Day Return Current Month (Annualised) %	Current Month Distributions Received	Financial Year to Date Distributions Received
Aberdeen Cash Plus	\$3,672,648	7.00%	2.82	Paid Quarterly	\$0
AMF Yield Fund	\$10,948,084	20.85%	8.08	\$73,463	\$73,463
ANZ Cash Plus	\$899,202	1.71%	2.82	\$4,185	\$4,185
LGFS - Exp Credit	\$5,953,948	11.34%	-10.82	\$19,109	\$19,109
LGFS - FOCF	\$20,366,031	38.79%	8.68	Paid Quarterly	\$0
Macquarie IP	\$10,660,319	20.31%	5.19	Paid Quarterly	\$0
Total	\$52,500,231	100%		\$96,757	\$96,757

5. MONTHLY COMPARISON OF TOTAL FUNDS INVESTED



6. ANNUAL PROGRESSIVE TOTAL OF INTEREST ON TOTAL FUNDS INVESTED



7. INVESTMENT SUMMARY AS AT 31 JULY 2008

Institution	Amount Invested	Term	% Return	Estimated interest received current month	Estimated interest due on maturity
Adelaide Bank	\$2,000,000.00	182	7.750	\$12,916.67	\$77,287.67
Adelaide Bank (interest rate resets every 90 days)	\$3,000,000.00	90	8.050	\$20,125.00	\$59,547.95
Bankwest	\$16,000,000.00	30	7.550	\$100,666.67	\$99,287.67
Bankwest	\$5,000,000.00	91	8.150	\$33,958.33	\$101,595.89
Commonwealth Bank	\$993,000.00	182	7.895	\$6,533.11	\$39,091.28
Citibank	\$3,000,000.00	6	7.600	\$19,000.00	\$3,747.95
Suncorp Metway	\$3,000,000.00	90	7.940	\$19,850.00	\$58,734.25
Suncorp Metway	\$1,000,000.00	365	8.390	\$6,991.67	\$83,900.00
Suncorp Metway	\$3,000,000.00	1095	8.300	\$20,750.00	\$747,000.00
Total	36,993,000.00			\$240,791.45	\$1,270,192.65

8. Direct Investment Coupons

Investment	Purchase Price Amount Invested	Coupons received current month
Argon ABS	\$6,000,000.00	\$73,648.17
CBA FRN	\$2,000,000.00	\$41,400.00
Colonial Finance ABS	\$1,000,000.00	\$20,261.00
Macquarie FRN	\$2,000,000.00	\$42,109.32
Sail CDO	\$2,000,000.00	\$41,860.00
Total	13,000,000.00	\$219,278.49

9. MARKET COMMENTARY

Domestic Economy

The Reserve Bank of Australia left the official cash rate unchanged at 7.25% in early August but made mention of the possibility of rate cuts in the period ahead by stating "the Board's view is that scope to move towards a less restrictive stance of monetary policy in the period ahead is increasing."

During July the National Australia Bank's business condition index fell to its lowest level since December 2001. The measure has declined further during the past six months than during the economic slowdowns of 2000/01 and 1990/91. Falling consumer confidence, rising borrowing costs and share market volatility have shaken business confidence. Global financial market volatility and higher interest rates were hampering business operations and slowing the local economy.

Inflation surged to 4.5% year on year at the end of the June 2008 quarter, which was the fastest pace since 2001 when the Goods and Services Tax was introduced. Market expectations are for inflation to remain at the same level at the end of the September quarter.

Council's Investment Portfolio Performance

Council's Investment Portfolio was again affected by continuing turmoil in financial markets. Fund managers posted mixed returns, dependent upon their exposure to credit markets. Market instability arising from the credit crunch has featured during most of the last financial year and these conditions look like continuing for at least the current financial year.

The total amount Council had invested decreased from \$123m in June to \$108m in July as substantial contract payments were made for construction works at the Tweed Regional Aquatic Centre and the new Bray Park Filtration Plant.

From July, Council's Monthly Investment Report will show total investment income inclusive of term deposit interest, managed funds distributions and direct securities coupons compared with budgeted total investment income. Changes in capital value (marked to market value) will be excluded from total investment income received and reported separately.

Term deposits and floating rate notes are again performing close to long term averages and continue to moderate the volatile returns experienced by the managed funds held in Council's investment portfolio.

Council had \$108,894,972 invested as at 31 July 2008 and the net return on these term deposits, managed funds and direct investments was \$556,827 or 4.26% annualised for the month.

Source: Oakvale Capital Limited

10. Investment Summary as at 31 July 2008

GENERAL FUND			
	COLLATERISED DEBT OBLIGATION	2,029,660.00	
	COMMERCIAL PAPER		
	COMMERCIAL PAPER CORPORATE BOND	1,029,380.00	
	FLOATING RATE NOTE	8,672,439.76	
	ASSET BACKED SECURITY	6,170,261.09	
	FUND MANAGERS	6,326,829.40	
	LOAN OFFSET	993,000.00	
	TERM DEPOSITS	33,000,000.00	
	CALL	1,500,000.00	59,721,570.25
WATER FUND			
	TERM DEPOSITS	0.00	
	FUND MANAGERS	36,811,595.11	36,811,595.11
SEWERAGE FUND			
	TERM DEPOSITS	3,000,000.00	
	FUND MANAGERS	9,361,806.88	12,361,806.88
	TOTAL INVESTMENTS		<u>108,894,972.24</u>

It should be noted that the General Fund investments of \$59 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.

M. Charles

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.
