

## **ADDENDUM REPORT**

### **REPORTS FROM THE DIRECTOR TECHNOLOGY AND CORPORATE SERVICES**

**a42 [TCS-CM] Monthly Investment Report for period ending 31 July 2010**

#### **ORIGIN:**

**Financial Services**

#### **SUMMARY OF REPORT:**

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), Cl. 212 of the Local Government (General) Regulations and Council policies.

Council had \$140,649,103.28 invested as at 31 July 2010 and the accrued net return on these funds was \$644,602.46 or 5.43% annualised for the month.

#### **RECOMMENDATION:**

**That in accordance with Section 625 of the Local Government Act 1993 the monthly investment report as at 31 July 2010 totalling \$140,649,103.28 be received and noted.**

**ADDENDUM REPORT**

**REPORT:**

**Report for Period Ending 31 July 2010**

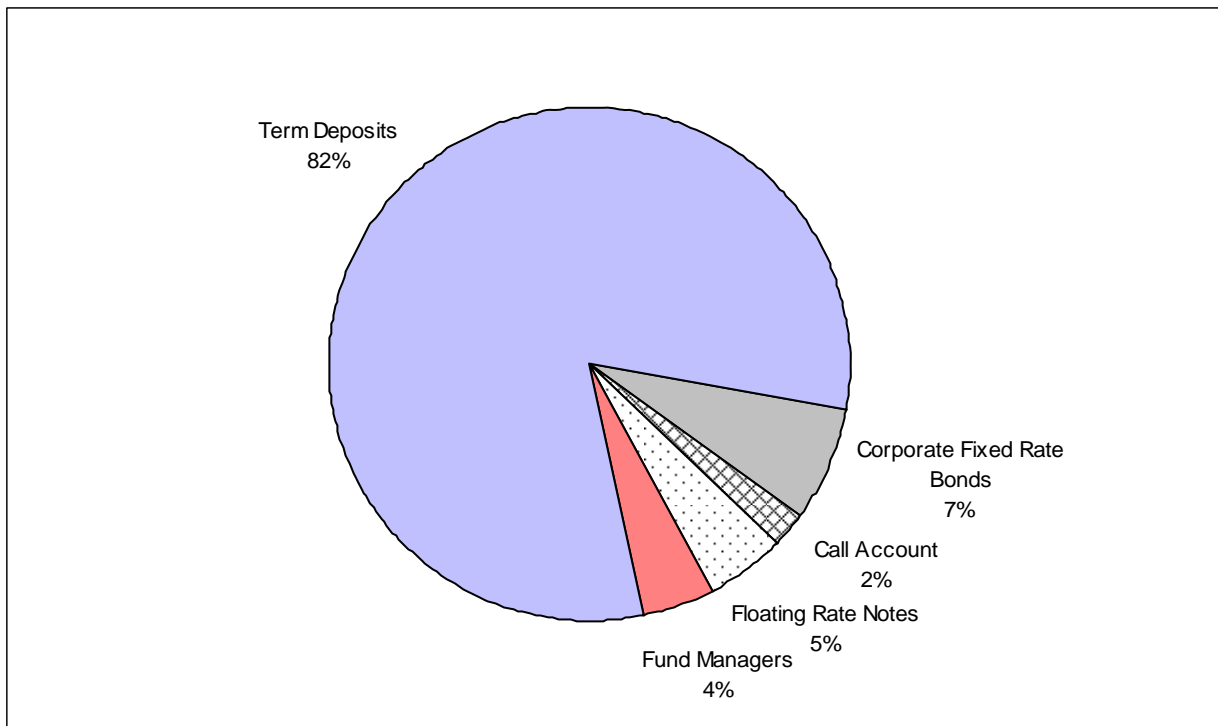
The "Responsible Accounting Officer" must report monthly to Council, setting out details of all the funds Council has invested and certification has been made in accordance with Section 625 of the Local Government Act (1993), Clause 212 of the Local Government (General) Regulations and Council policies.

**1. RESTRICTED FUNDS AS AT 1 JULY 2009**

Description	(\$'000)			Total
	General Fund	Water Fund	Sewer Fund	
<b>Externally Restricted</b>	15,427	13,980	14,908	<b>44,315</b>
Crown Caravan Parks	10,145			<b>10,145</b>
Developer Contributions	29,762	19,327		<b>49,089</b>
Domestic Waste Management	8,035			<b>8,035</b>
Grants	3,794			<b>3,794</b>
<b>Internally Restricted</b>	13,816			<b>13,816</b>
Employee Leave Entitlements	1,685			<b>1,685</b>
Grants	2,535			<b>2,535</b>
Unexpended Loans	5,889			<b>5,889</b>
<b>Total</b>	<b>91,088</b>	<b>33,307</b>	<b>14,908</b>	<b>139,303</b>

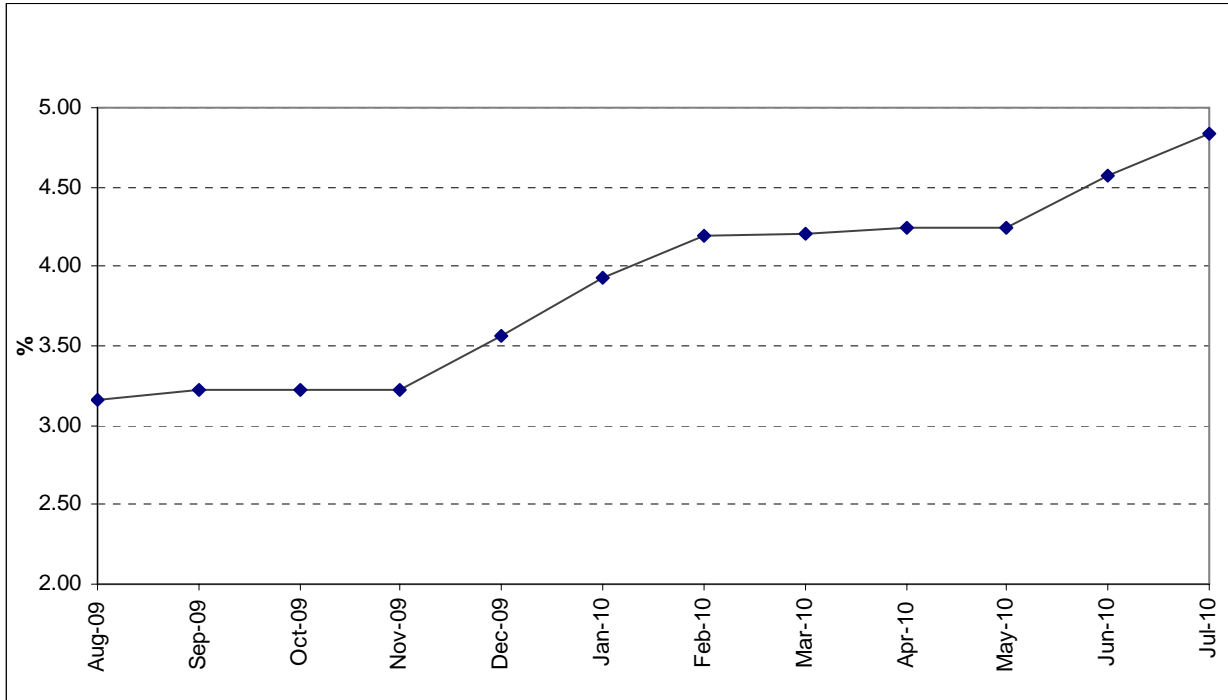
Note: Restricted Funds Summary next update September 2010

**2. CURRENT INVESTMENT PORTFOLIO BY CATEGORY**

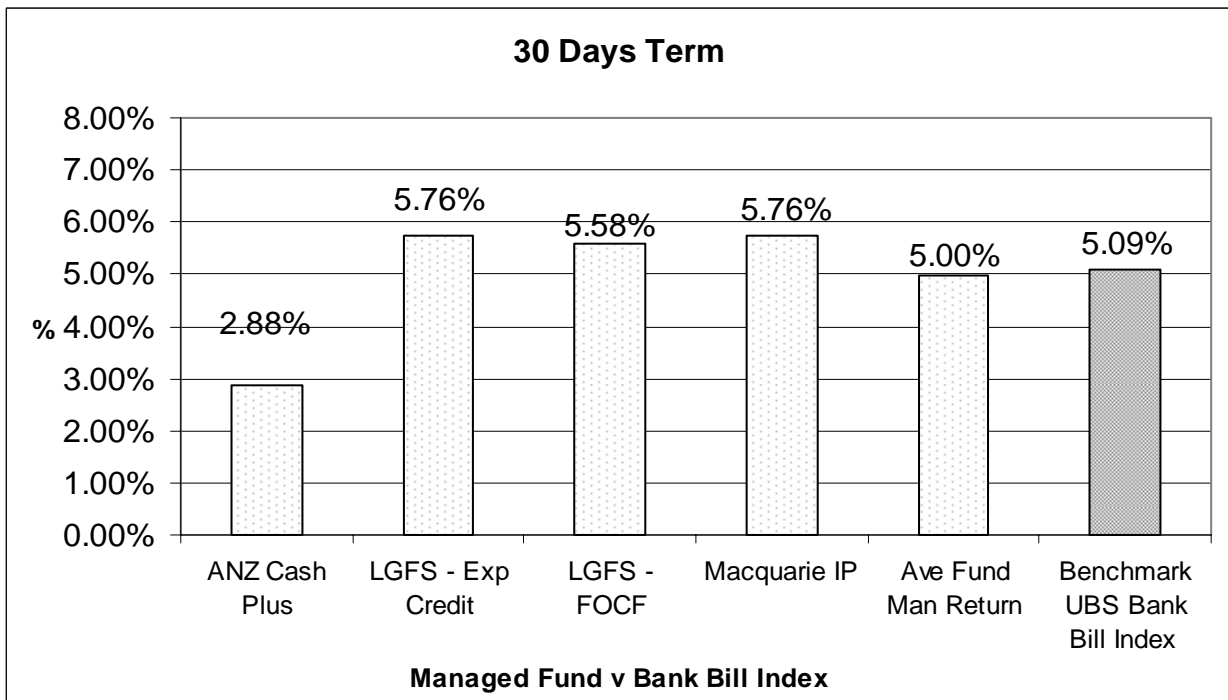


**ADDENDUM REPORT**

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

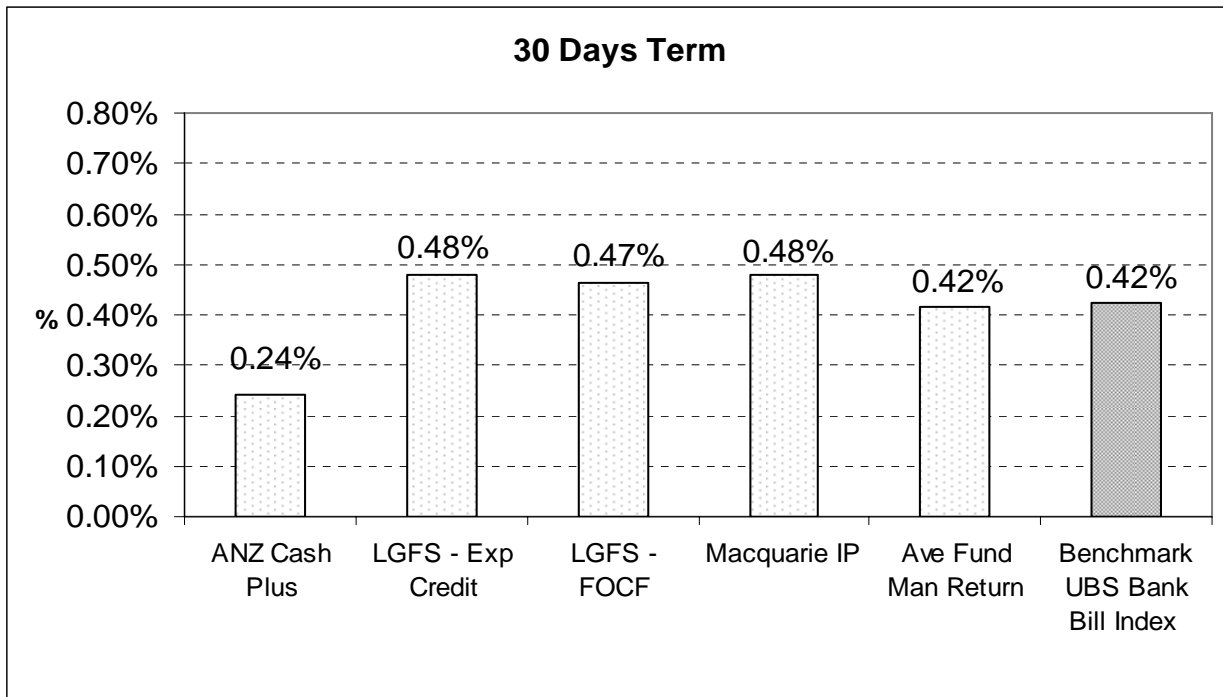


**4. FUNDS MANAGERS PERFORMANCE FOR MONTH - NET OF FEES (ANNUALISED)**



## ADDENDUM REPORT

**5. FUNDS MANAGERS PERFORMANCE FOR MONTH**  
 - NET OF FEES AND CAPITAL VALUE CHANGES (NOT ANNUALISED)



**6. FUND MANAGERS - DETAILED INFORMATION**

Fund	Credit Rating	Percentage of Total Fund Managers Current Month	Fund Managers Balance end of Previous month	Fund Managers Balance end of Current month	Distribution for Month/Quarter	Coupon Paid
ANZ Cash Plus	AA	3.68%	\$230,179	\$230,734	\$0	Monthly
LGFS - Enhanced Cash	n/a	28.46%	\$1,775,401	\$1,783,867	\$8,466	Monthly
LGFS - FOCF	AA-	42.11%	\$2,626,992	\$2,639,146	\$0	Quarterly
Macquarie IP	A	25.75%	\$5,601,307	\$1,614,203	\$0	Quarterly
<b>Total</b>		<b>100%</b>	<b>\$10,233,880</b>	<b>\$6,267,949</b>	<b>\$8,466</b>	

## ADDENDUM REPORT

### 7. DIRECT SECURITIES

Investment Type	Final Maturity	Counterparty/ Product Name	Face Value	Market Value	% Return on Face Value	Credit Rating
FRN	17/08/2010	ANZ	1,000,000.00	1,010,889.00	5.14	AA
Bond	02/12/2010	Bank of Queensland	1,500,000.00	1,514,280.44	5.55	BBB+
Bond	02/12/2010	Bank of Queensland	1,000,000.00	1,009,520.29	6.00	BBB+
FRN	21/01/2011	CBA	1,000,000.00	997,413.49	5.29	AA
FRN	24/01/2011	Macquarie/HSBC	2,000,000.00	1,993,516.79	5.42	A
Bond	08/11/2011	ANZ	1,000,000.00	1,029,080.00	5.15	AA
FRN	08/03/2012	Members Equity	2,000,000.00	1,931,820.00	5.32	BBB-
FRN	17/04/2012	CBA	1,000,000.00	1,014,351.15	6.10	AA
Bond	24/09/2012	Westpac	1,000,000.00	1,058,550.00	4.90	AA
Bond	24/09/2012	Westpac	1,000,000.00	1,058,550.00	5.15	AA
FRN	23/11/2012	Deutsche Bank	1,000,000.00	891,183.00	5.75	A+
Bond	22/04/2013	ANZ	1,000,000.00	1,092,000.00	8.65	AA
Bond	22/01/2018	CBA Zero Coupon Bond	2,000,000.00	2,480,000.00	7.28	AA
ABS = Asset Backed Security Bond = Fixed Rate Bond CDO = Collateralised Debt Obligation FRN = Floating Rate Note		Total	16,500,000.00	17,081,154.16	5.82	

### 8. TERM DEPOSITS

Term Deposits sorted by Maturity as at 31/07/10						
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield	INCOME RECEIVABLE
17-Feb-10	03-Aug-10	Suncorp Metway	3,000,000.00	181	6.500	96,698.63
03-Feb-10	03-Aug-10	Westpac Bank	3,000,000.00	167	6.600	90,591.78
11-May-10	11-Aug-10	SLCU	1,000,000.00	92	6.300	15,879.45
18-May-10	18-Aug-10	IMB CRI	1,000,000.00	92	6.085	15,337.53
21-Aug-09	24-Aug-10	Bank of QLD	2,000,000.00	368	5.300	106,871.23
28-May-10	30-Aug-10	LGFS CRI	5,000,000.00	94	5.950	76,616.44
01-Sep-09	01-Sep-10	NAB	4,000,000.00	365	5.530	221,200.00
09-Jun-10	07-Sep-10	CPS CU	1,000,000.00	90	6.100	15,041.10
11-Feb-10	07-Sep-10	Citibank	1,000,000.00	208	6.280	35,787.40
15-Jun-10	14-Sep-10	Suncorp Metway	2,000,000.00	91	6.050	30,167.12
10-Dec-09	14-Sep-10	Westpac Bank	1,000,000.00	278	6.750	51,410.96

**ADDENDUM REPORT**

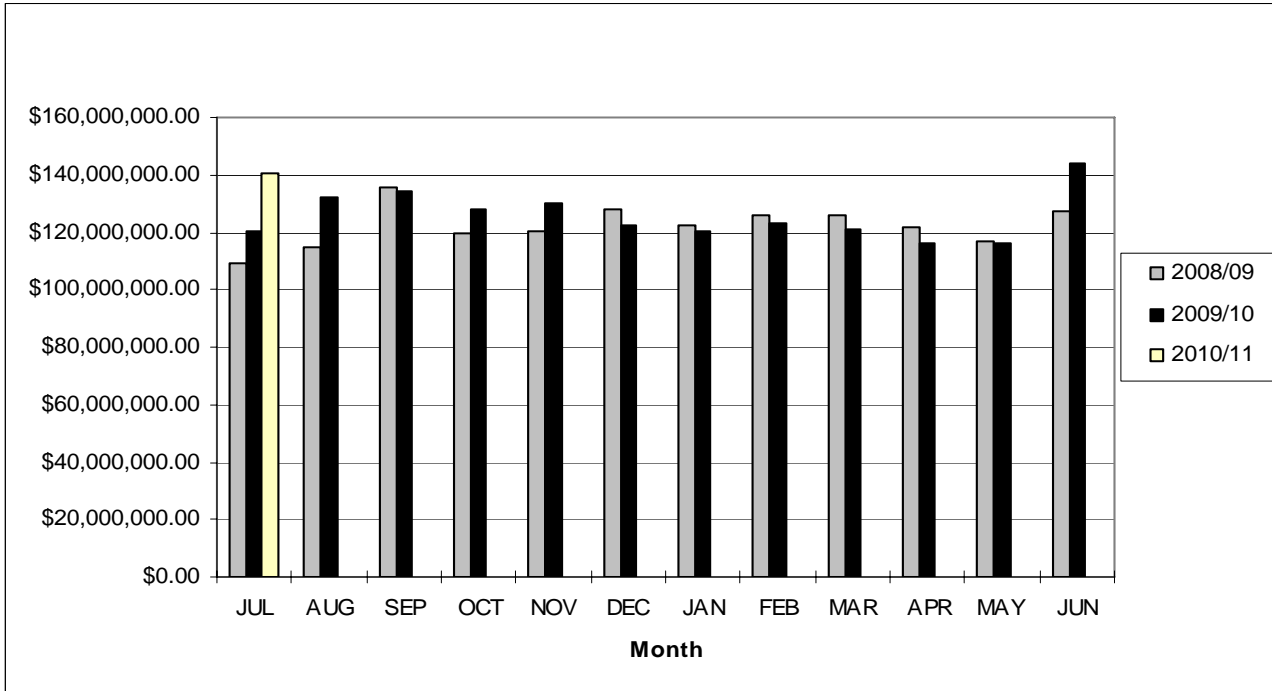
<b>Term Deposits sorted by Maturity as at 31/07/10</b>						
<b>Lodged or Rolled</b>	<b>DUE</b>	<b>Counterparty</b>	<b>PRINCIPAL</b>	<b>TERM</b>	<b>% Yield</b>	<b>INCOME RECEIVABLE</b>
01-Jun-10	15-Sep-10	IMB	1,000,000.00	106	6.030	17,511.78
21-Jun-10	20-Sep-10	LGFS CRI	1,000,000.00	92	5.700	14,367.12
19-Jan-10	21-Sep-10	Westpac Bank	2,000,000.00	245	6.630	89,005.48
09-Jun-10	27-Sep-10	LGFS CRI	4,000,000.00	110	5.980	72,087.67
07-Oct-09	05-Oct-10	Suncorp Metway	1,000,000.00	363	6.010	59,770.68
05-Nov-09	05-Oct-10	Westpac Bank	2,000,000.00	334	6.260	114,566.58
09-Jun-10	12-Oct-10	Qantas	1,000,000.00	125	6.100	20,890.41
09-Feb-10	12-Oct-10	Westpac Bank	2,000,000.00	245	6.800	91,287.67
20-Oct-09	19-Oct-10	Bankwest	1,000,000.00	364	6.000	59,835.62
20-Oct-09	19-Oct-10	Bank of QLD	1,000,000.00	364	6.050	60,334.25
17-Feb-10	26-Oct-10	Westpac Bank	2,000,000.00	251	6.760	92,973.15
23-Feb-10	09-Nov-10	Bank of QLD	2,000,000.00	259	6.300	89,408.22
02-Mar-10	16-Nov-10	IMB	1,000,000.00	259	6.290	44,633.15
19-May-10	17-Nov-10	Suncorp Metway	1,000,000.00	182	6.320	31,513.42
02-Mar-10	29-Nov-10	ANZ	3,000,000.00	272	6.250	139,726.03
01-Jun-10	30-Nov-10	ADCU	1,000,000.00	182	6.200	30,915.07
04-Mar-10	30-Nov-10	ANZ	4,000,000.00	272	6.300	187,791.78
01-Jun-10	07-Dec-10	Members Equity Bank	1,000,000.00	189	6.200	32,104.11
01-Dec-09	07-Dec-10	Westpac Bank	2,000,000.00	370	6.800	137,863.01
10-Dec-09	14-Dec-10	NAB	1,000,000.00	369	6.650	67,228.77
03-Dec-09	14-Dec-10	Westpac Bank	1,000,000.00	376	7.050	72,624.66
05-Jan-10	21-Dec-10	Suncorp Metway	1,000,000.00	350	6.900	66,164.38
16-Dec-09	21-Dec-10	Westpac Bank	1,000,000.00	370	7.000	70,958.90
06-Jul-10	04-Jan-11	Bankwest	2,000,000.00	182	6.050	60,334.25
25-Jun-10	05-Jan-11	Suncorp Metway	5,000,000.00	194	6.300	167,424.66
29-Jun-10	05-Jan-11	Suncorp Metway	2,000,000.00	190	6.500	67,671.23
06-Jul-10	11-Jan-11	Members Equity Bank	1,000,000.00	189	6.250	32,363.01

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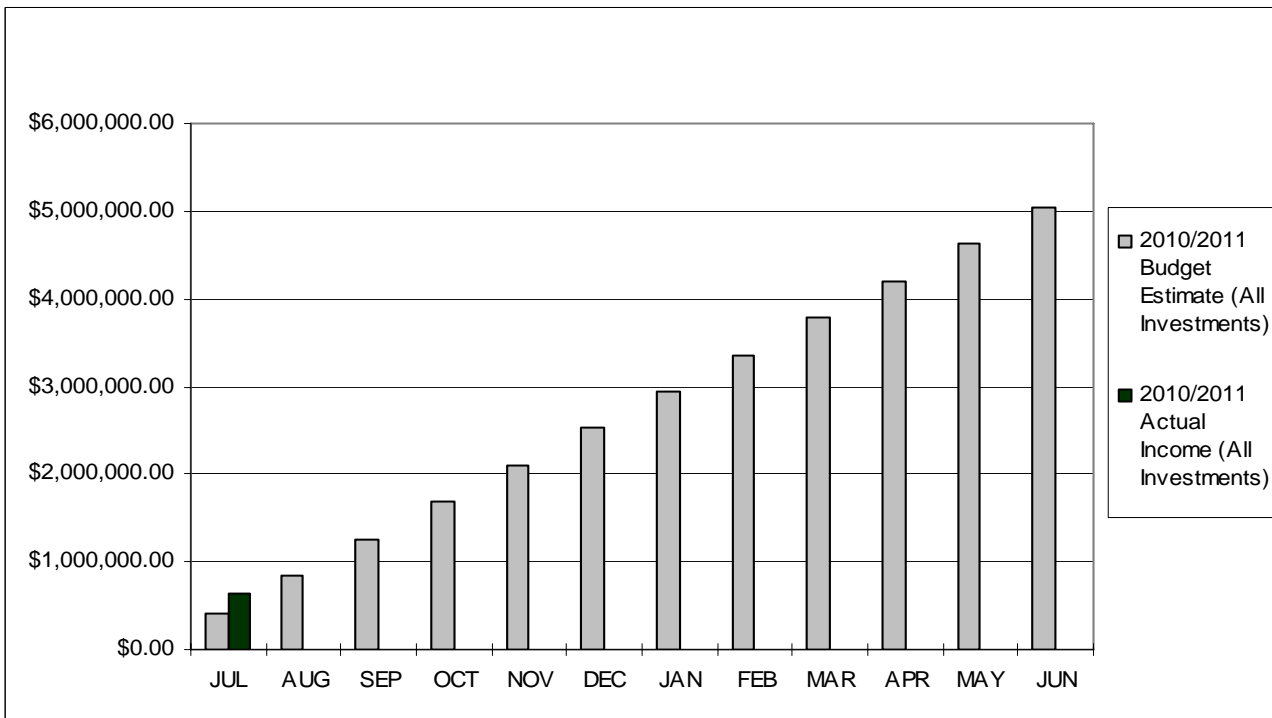
Term Deposits sorted by Maturity as at 31/07/10						
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield	INCOME RECEIVABLE
28-Jun-10	11-Jan-11	LGFS	5,000,000.00	197	6.300	170,013.70
28-Jun-10	11-Jan-11	Suncorp Metway	5,000,000.00	197	6.310	170,283.56
14-Jul-10	18-Jan-11	Westpac Bank	2,000,000.00	188	6.020	62,014.25
17-Feb-09	16-Feb-11	Elders Rural Bank	1,000,000.00	729	4.620	92,273.42
17-Feb-09	17-Feb-11	Adelaide Bendigo Bank (BCU)	2,000,000.00	730	4.700	188,000.00
09-Mar-10	08-Mar-11	Bananacoast CU	1,000,000.00	364	6.850	68,312.33
25-Jun-10	22-Mar-11	Adelaide Bendigo Bank	2,000,000.00	270	6.250	92,465.75
29-Jun-10	22-Mar-11	LGFS	2,000,000.00	266	6.250	91,095.89
25-Jun-10	22-Mar-11	Bank of QLD	5,000,000.00	270	6.300	233,013.70
02-Apr-08	01-Apr-11	Suncorp Metway	3,000,000.00	1095	8.300	747,000.00
06-Jul-10	05-Apr-11	Adelaide Bendigo Bank	2,000,000.00	273	6.300	94,241.10
19-May-10	17-May-11	QTCU	1,000,000.00	363	6.450	64,146.58
27-May-10	24-May-11	Adelaide Bendigo Bank	2,000,000.00	362	6.400	126,947.95
06-Jul-10	12-Jul-11	Summerland Credit Union	1,000,000.00	371	6.550	66,576.71
22-Jul-10	19-Jul-11	Wide Bay CU	1,000,000.00	362	6.550	64,961.64
12-Nov-08	11-Nov-11	Suncorp Metway	4,000,000.00	1094	6.880	824,846.03
12-Nov-08	16-Nov-11	Investec Bank	1,000,000.00	1099	6.880	207,153.97
22-Jul-10	18-Jul-12	Suncorp Metway	2,000,000.00	727	6.720	267,695.34
21-Jul-10	23-Jul-13	Suncorp Metway	1,000,000.00	1097	7.300	219,400.00
			<b>114,000,000.00</b>		<b>6.33</b>	

## ADDENDUM REPORT

### 9. MONTHLY COMPARISON OF TOTAL FUNDS INVESTED



### 10. TOTAL PORTFOLIO INCOME YEAR TO DATE

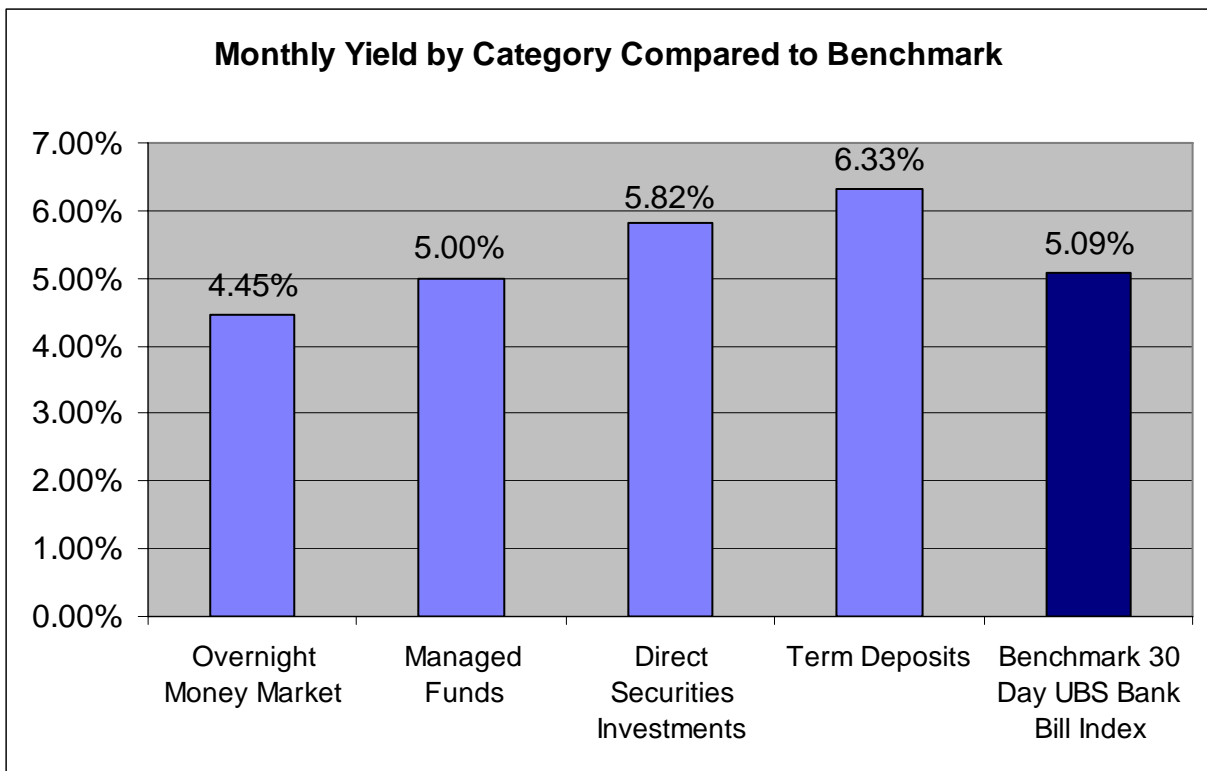




**ADDENDUM REPORT**

**11. PERFORMANCE BY CATEGORY**

Category	Face Value	Market Value	Average Yield	Above/(Below) 30 day BBSW Benchmark
Overnight Money Market	\$3,300,000.00	\$3,300,000.00	4.45%	-0.64%
Managed Funds	\$6,267,949.12	\$6,267,949.12	5.00%	-0.10%
Direct Securities Investments	\$16,500,000.00	\$17,081,154.16	5.82%	0.73%
Term Deposits	\$114,000,000.00	\$114,000,000.00	6.33%	1.24%
Benchmark 30 Day UBS Bank Bill Index	\$140,067,949.12	\$140,649,103.28	5.09%	Benchmark 30 Day UBS Bank Bill Index



**ADDENDUM REPORT**

**12. SECTION 94 DEVELOPER CONTRIBUTIONS**

**MONTHLY BALANCES & RECEIPTS REPORT PERIOD ENDING 31 JULY 2010**

<b>Contribution Plan</b>	<b>Plan Description</b>	<b>End of Month Balance</b>	<b>Contributions Received for Month</b>
01	DCP3 Open Space	3,872,661	-
02	Western Drainage	479,152	-
03	DCP3 Community Facilities	34,821	-
04	TRCP	12,228,151	9,101
05	O/Space	1,389,156	188
06	Contribution Street Trees	213,898	-
07	West K'Cliff	861,604	-
10	Cobaki Lakes	(170)	-
11	Libraries	1,685,591	924
12	Bus Shelters	32,335	70
13	Cemeteries	17,594	140
14	Mebbin Springs	72,085	-
15	Community Facilities	1,303,568	97
16	Surf Lifesaving	428,487	-
18	Council Admin - Tech Support	1,772,811	2,053
19	Kings Beach	1,099,356	-
20	Seabreeze Estate	601	-
21	Terranora Village Footpath	26,062	-
22	Shirewide Cycleways	492,769	522
23	Shirewide Carparking	1,822,612	-
25	Salt Development	814,542	-
26	Plan 26 Shirewide Open Space	4,251,686	5,425
27	Tweed Hds Masterplan & Streetscaping	84,592	1,047
28	Seaside City	(675)	-
91	DCP14	86,267	-
92	Public Reserve Contributions	108,454	-
94	Terranora Village Footpath	(117,550)	-
95	Bilambil Heights	516,596	-
96	Community Fac Shire Wide	71,838	-
98	Marana Park Roundabout	-	-
<b>Total</b>		<b>33,648,896</b>	<b>19,567</b>

## ADDENDUM REPORT

### 13. ECONOMIC COMMENTARY

#### **Domestic Economy**

The Reserve Bank of Australia (RBA) left the official cash rate at 4.50% at its 4 August meeting, as widely expected. The RBA still views rates as “appropriate” and have adopted a neutral stance in place of their previous tightening bias. Future changes in the cash rate are “pending further information about international and local conditions for demand and prices“, reinforcing their neutral stance.

#### **Global Economy**

United States benchmark interest rates remained at 0-0.25% in July. Poor employment statistics further supports the view that the US economic recovery is losing momentum and hints of further stimulus being required.

The Reserve Bank of New Zealand (RBNZ) raised its benchmark interest rate 0.25% for the second consecutive month in July. The RBNZ Governor said “while the outlook for economic growth has softened somewhat, it is still appropriate to continue to reduce the extraordinary level of support implemented during the 2008/09 recession.”

China annual GDP growth slowed in the first half of the year. The National Bureau of Statistics said “there are still a lot of difficulties and problems in the course of economic recovery.” Economists have suggested China will continue its active fiscal policy and loose monetary policy.

#### **Council's Investment Portfolio Performance**

All investment categories except fund managers and cash-at-call again out-performed the UBS 30 day bank bill benchmark this month.

Overall, the investment portfolio has returned an average 2.29% pa above the 30 day UBS bank bill index for the last 12 month period.

82% of available funds are now invested in term deposits with managed funds being gradually reduced to take advantage of higher returns and lower risks associated with term deposits.

An indication of Portfolio performance is provided by totalling investment income for the month and disregarding changes in capital values. Council had \$140,649,103.28 invested as at 31 July, 2010 and the accrued net return on these funds was \$644,602.46 or 5.43% annualised for the month.

## ADDENDUM REPORT

### 14. INVESTMENT SUMMARY AS AT 31 JULY 2010

#### GENERAL FUND

COLLATERISED DEBT OBLIGATIONS	0.00	
COMMERCIAL PAPER	0.00	
CORPORATE FIXED RATE BONDS	9,241,980.73	
FLOATING RATE NOTES	7,839,173.43	
ASSET BACKED SECURITIES	0.00	
FUND MANAGERS	1,547,301.23	
TERM DEPOSIT - LOAN 104 OFFSET	0.00	
TERM DEPOSITS	60,000,000.00	
CALL ACCOUNT	3,300,000.00	<b>81,928,455.39</b>

#### WATER FUND

TERM DEPOSITS	22,000,000.00	
FUND MANAGERS	3,920,897.65	<b>25,920,897.65</b>

#### SEWERAGE FUND

TERM DEPOSITS	32,000,000.00	
FUND MANAGERS	799,750.24	<b>32,799,750.24</b>

**TOTAL INVESTMENTS 140,649,103.28**

It should be noted that the General Fund investments of **\$81 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.

All Water and Sewerage Fund investments can only be expended in accordance with Government regulation and Council resolution.

#### **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.

## ADDENDUM REPORT

### 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](http://www.tweed.nsw.gov.au) (from 8.00pm Wednesday the week before the meeting) or visit Council's offices at Tweed Heads or Murwillumbah (from 8.00am Thursday the week before the meeting) or Council's libraries (from 10.00am Thursday the week of the meeting).*

Nil.

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