

Addendum Report

REPORTS FROM THE DIRECTOR TECHNOLOGY AND CORPORATE SERVICES

a43 [TCS-CM] Monthly Investment Report for Period Ending 30 September 2010

ORIGIN:

Financial Services

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 \$152,808,811 invested as at 30 September 2010 and the accrued net return on these funds was \$734,137 or 5.76% annualised for the month.

RECOMMENDATION:

That in accordance with Section 625 of the Local Government Act 1993 the monthly investment report as at 30 September 2010 totalling \$152,808,811 be received and noted.

Addendum Report

REPORT:

Report for Period Ending 30 September 2010

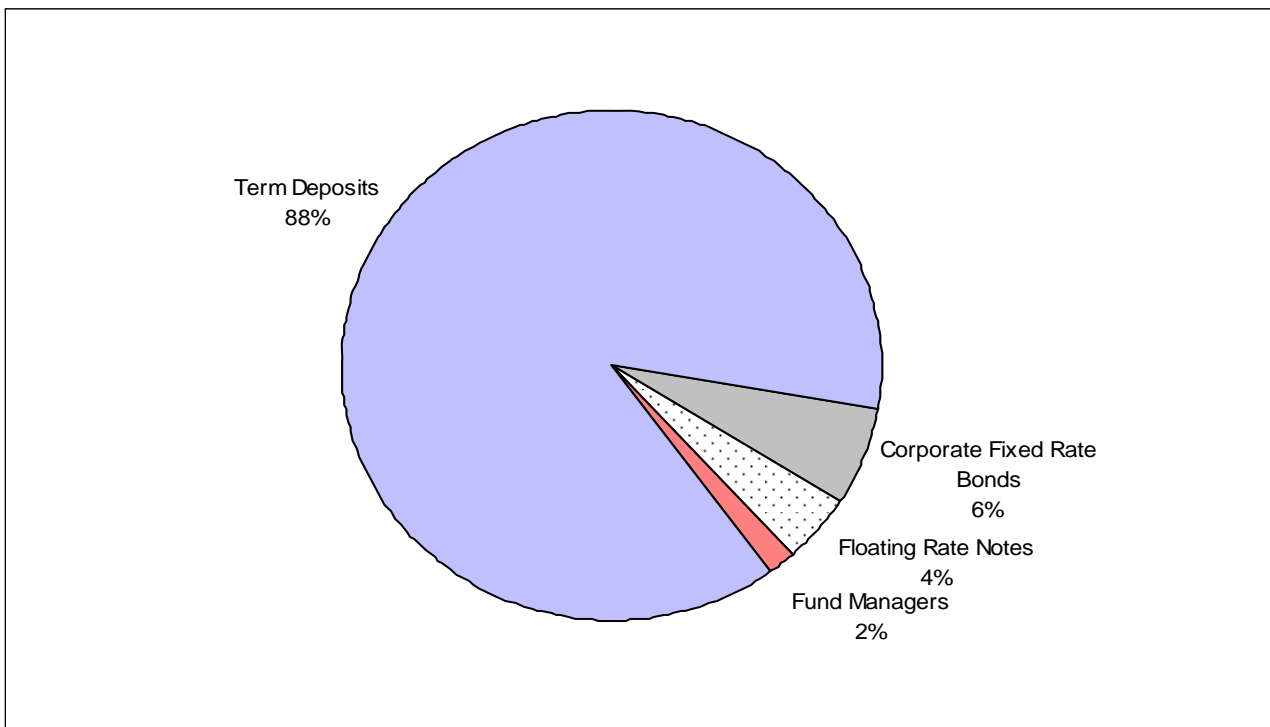
The "Responsible Accounting Officer" must report monthly to Council, setting out details of all the funds Council has invested and certification has been made in accordance with Section 625 of the Local Government Act (1993), Clause 212 of the Local Government (General) Regulations and Council policies.

1. RESTRICTED FUNDS AS AT 1 JULY 2010

Description	(\$'000)			Total
	General Fund	Water Fund	Sewer Fund	
Externally Restricted	948	14,977	37,039	52,964
Crown Caravan Parks	11,013			11,013
Developer Contributions	30,195	16,801		46,996
Domestic Waste Management	8,262			8,262
Grants	4,261			4,261
Internally Restricted	15,097			15,097
Employee Leave Entitlements	1,833			1,833
Grants	3,185			3,185
Unexpended Loans	9,847			9,847
Total	84,641	31,778	37,039	153,458

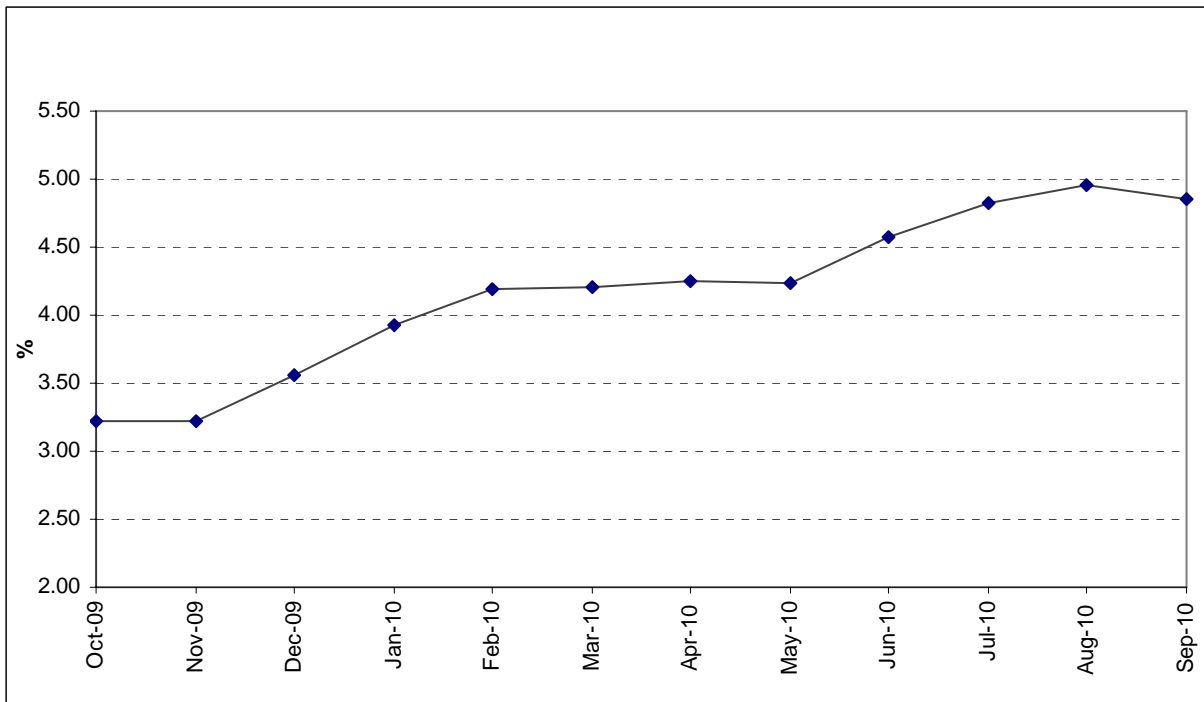
Note: Restricted Funds Summary next update September 2011

2. CURRENT INVESTMENT PORTFOLIO BY CATEGORY

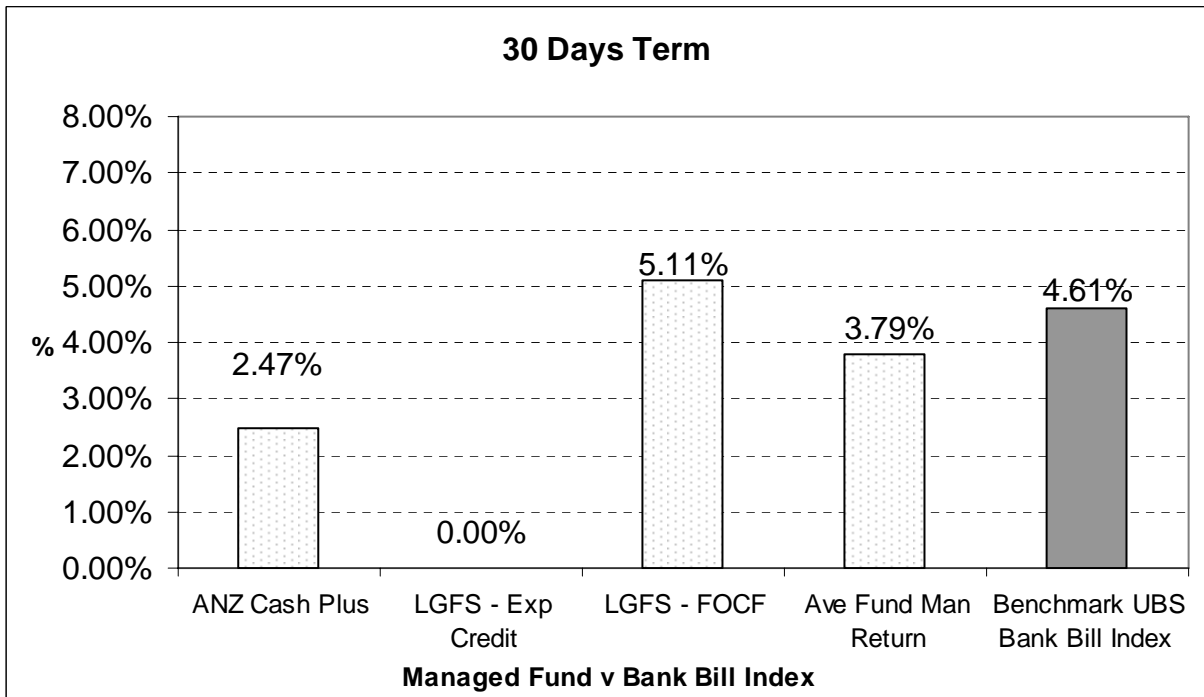


Addendum Report

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



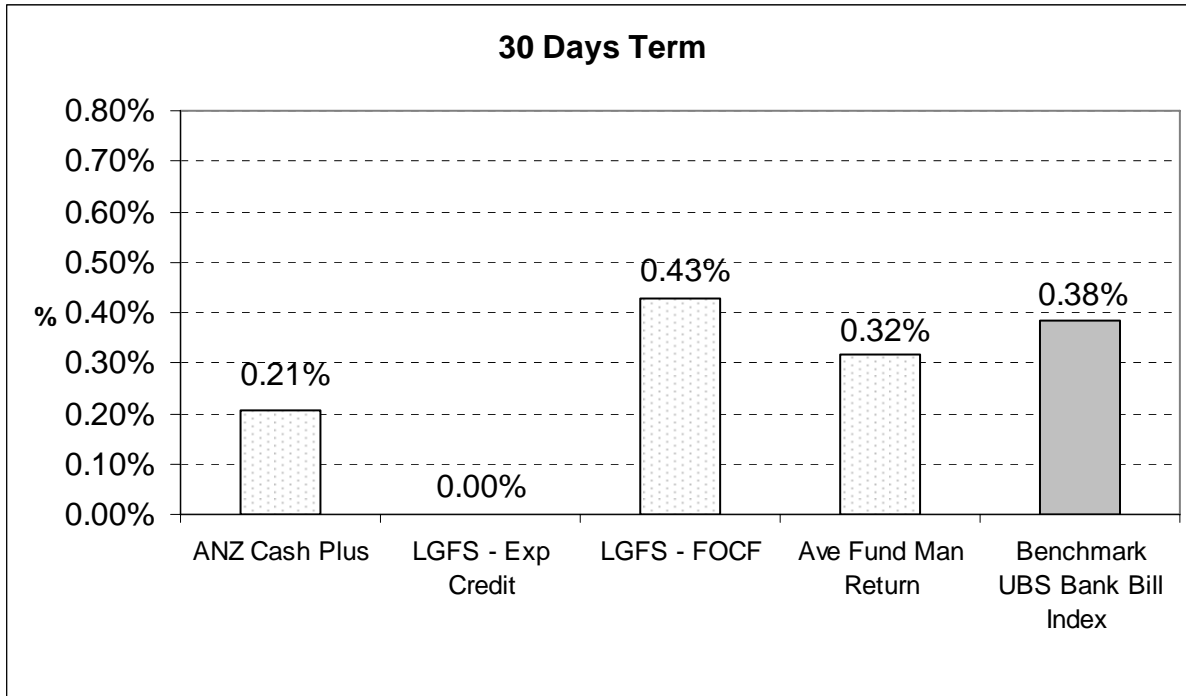
4. FUNDS MANAGERS PERFORMANCE FOR MONTH - NET OF FEES (ANNUALISED)



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	3.96%	\$109,575	\$109,795	\$220	Monthly
LGFS - Enhanced Cash	n/a	0.00%	\$1,791,940	\$0	\$6,181	Monthly
LGFS - FOCF	AA-	96.04%	\$2,650,931	\$2,661,822	\$10,891	Quarterly
Total		100%	\$4,552,446	\$2,771,617	\$17,292	

Addendum Report

7. DIRECT SECURITIES

Counterparty/ Product Name	Face Value	Market Value	% Return on Face Value	Investment Type	Final Maturity Date	Credit Rating
ANZ	1,000,000.00	1,035,910.00	5.15	Bond	08/11/2011	AA
ANZ	1,000,000.00	1,095,610.00	8.65	Bond	22/04/2013	AA
Bank of Queensland	1,500,000.00	1,529,296.84	5.55	Bond	02/12/2010	BBB+
Bank of Queensland	1,000,000.00	1,019,531.23	6.00	Bond	02/12/2010	BBB+
CBA	1,000,000.00	1,010,716.84	5.29	FRN	21/01/2011	AA
CBA	1,000,000.00	1,023,820.54	6.10	FRN	17/04/2012	AA
Deutsche Bank	1,000,000.00	893,968.00	5.72	FRN	23/11/2012	A+
Macquarie/HSBC	2,000,000.00	2,014,440.93	5.42	FRN	24/01/2011	A
Members Equity	2,000,000.00	1,919,500.00	5.78	FRN	08/03/2012	BBB-
Westpac	1,000,000.00	1,027,400.00	4.90	Bond	24/09/2012	AA
Westpac	1,000,000.00	1,027,400.00	5.15	Bond	24/09/2012	AA
CBA Zero Coupon Bond	2,000,000.00	2,439,600.00	7.28	Bond	22/01/2018	AA
Total	16,500,000	16,037,194.38	6.34			

ABS = Asset Backed Security

Bond = Fixed Rate Bond

CDO = Collateralised Debt Obligation

FRN = Floating Rate Note

Addendum Report

8. TERM DEPOSITS

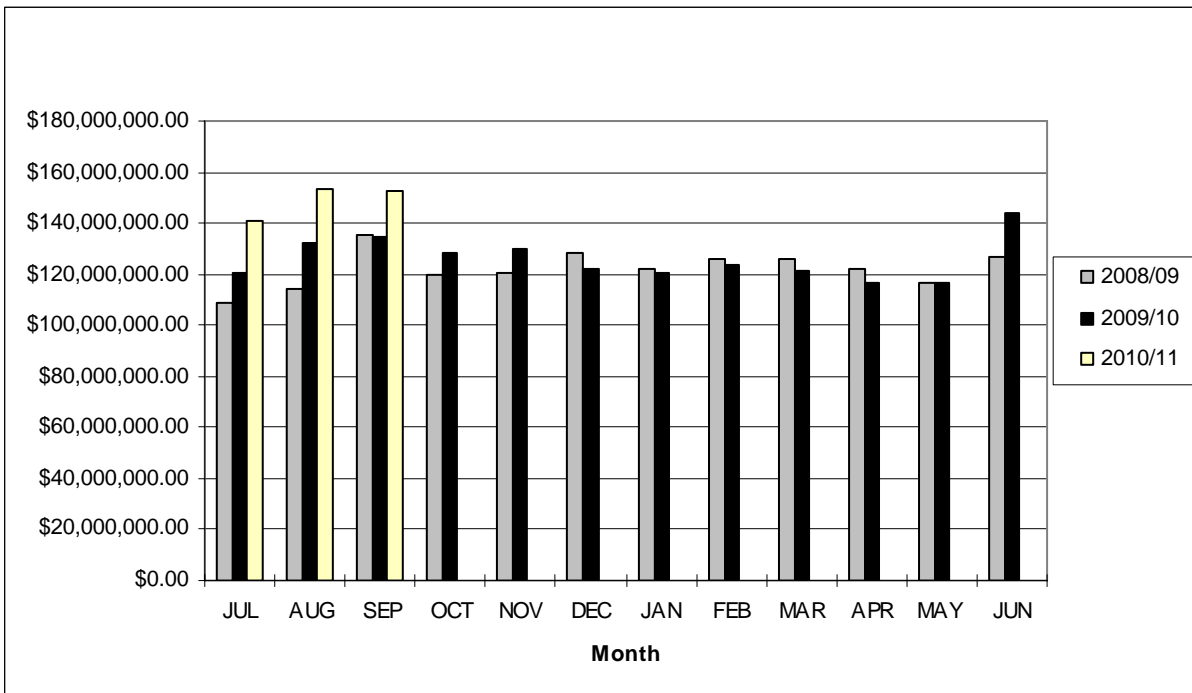
TERM DEPOSITS SORTED BY MATURITY AS AT 30/09/10											
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield	INCOME RECEIVABLE	FORM	Notes	Maturity	Accrual period	Accrued Interest
07-Oct-09	05-Oct-10	Suncorp Metway	1,000,000.00	363	6.010	59,770.68	TD	Fixed Rate	05/10/2010	30	4,939.73
05-Nov-09	05-Oct-10	Westpac Bank	2,000,000.00	334	6.260	114,566.58	TD	Fixed Rate	05/10/2010	30	10,290.41
09-Feb-10	12-Oct-10	Westpac Bank	2,000,000.00	245	6.800	91,287.67	TD	Fixed Rate	12/10/2010	30	11,178.08
09-Jun-10	12-Oct-10	Qantas CU	1,000,000.00	125	6.100	20,890.41	TD	Fixed Rate	12/10/2010	30	5,013.70
20-Oct-09	19-Oct-10	Bank of QLD	1,000,000.00	364	6.050	60,334.25	TD	Fixed Rate	19/10/2010	30	4,972.60
20-Oct-09	19-Oct-10	Bankwest	1,000,000.00	364	6.000	59,835.62	TD	Fixed Rate	19/10/2010	30	4,931.51
17-Feb-10	26-Oct-10	Westpac Bank Suncorp	2,000,000.00	251	6.760	92,973.15	TD	Fixed Rate	26/10/2010	30	11,112.33
03-Aug-10	02-Nov-10	Metway	1,000,000.00	91	6.060	15,108.49	TD	Fixed Rate	02/11/2010	30	4,980.82
03-Aug-10	02-Nov-10	Newcastle Permanent Building Society	1,000,000.00	91	5.930	14,784.38	TD	Fixed Rate	02/11/2010	30	4,873.97
23-Feb-10	09-Nov-10	Bank of QLD	2,000,000.00	259	6.300	89,408.22	TD	Fixed Rate	09/11/2010	30	10,356.16
02-Mar-10	16-Nov-10	IMB	1,000,000.00	259	6.290	44,633.15	TD	Fixed Rate	16/11/2010	30	5,169.86
19-May-10	17-Nov-10	Suncorp Metway	1,000,000.00	182	6.320	31,513.42	TD	Fixed Rate	17/11/2010	30	5,194.52
18-Aug-10	18-Nov-10	IMB CRI	1,000,000.00	93	5.990	15,262.19	TD	Floating 90DBBSW + 1.25	18/11/2011	30	4,923.29
02-Mar-10	29-Nov-10	ANZ	3,000,000.00	272	6.250	139,726.03	TD	Floating 90DBBSW	29/11/2010	30	15,410.96
30-Aug-10	29-Nov-10	LGFS CRI	5,000,000.00	91	5.900	73,547.95	TD	+ 1%	30/05/2011	30	24,246.58
01-Jun-10	30-Nov-10	ADCU	1,000,000.00	182	6.200	30,915.07	TD	Fixed Rate	30/11/2010	30	5,095.89
04-Mar-10	01-Dec-10	ANZ	4,000,000.00	272	6.300	187,791.78	TD	Fixed Rate	01/12/2010	30	20,712.33
01-Jun-10	07-Dec-10	Members Equity Bank	1,000,000.00	189	6.200	32,104.11	TD	Fixed Rate	07/12/2010	30	5,095.89
01-Dec-09	07-Dec-10	Westpac Bank	2,000,000.00	370	6.800	137,863.01	TD	Fixed Rate	07/12/2010	30	11,178.08
10-Dec-09	14-Dec-10	NAB	1,000,000.00	369	6.650	67,228.77	TD	Fixed Rate	14/12/2010	30	5,465.75
03-Dec-09	14-Dec-10	Westpac Bank	1,000,000.00	376	7.050	72,624.66	TD	Fixed Rate	14/12/2010	30	5,794.52
20-Sep-10	20-Dec-10	LGFS CRI	1,000,000.00	91	5.540	13,812.05	TD	Floating Rate 90DBBSW + 0.80	20/03/2012	30	4,553.42
16-Dec-09	21-Dec-10	Westpac Bank	1,000,000.00	370	7.000	70,958.90	TD	Fixed Rate	21/12/2010	30	5,753.42
05-Jan-10	21-Dec-10	Suncorp Metway	1,000,000.00	350	6.900	66,164.38	TD	Fixed Rate	21/12/2010	30	5,671.23
27-Sep-10	29-Dec-10	LGFS CRI	4,000,000.00	93	6.000	61,150.68	TD	+ 1.05	27/06/2012	30	19,726.03
06-Jul-10	04-Jan-11	Bankwest	2,000,000.00	182	6.050	60,334.25	TD	Fixed Rate	04/01/2011	30	9,945.21
25-Jun-10	05-Jan-11	Suncorp Metway	5,000,000.00	194	6.300	167,424.66	TD	Fixed Rate	05/01/2011	30	25,890.41
29-Jun-10	05-Jan-11	Suncorp Metway	2,000,000.00	190	6.500	67,671.23	TD	Fixed Rate	05/01/2011	30	10,684.93
28-Jun-10	11-Jan-11	LGFS	5,000,000.00	197	6.300	170,013.70	TD	Fixed Rate	11/01/2011	30	25,890.41
28-Jun-10	11-Jan-11	Suncorp Metway	5,000,000.00	197	6.310	170,283.56	TD	Fixed Rate	11/01/2011	30	25,931.51
06-Jul-11	11-Jan-11	Members Equity Bank	1,000,000.00	189	6.250	32,363.01	TD	Fixed Rate	11/01/2011	30	5,136.99
14-Jul-10	11-Jan-11	Westpac Bank	2,000,000.00	181	6.020	59,705.21	TD	Fixed Rate	11/01/2011	30	9,895.89
24-Aug-10	25-Jan-11	Bankwest	2,000,000.00	154	6.000	50,630.14	TD	Fixed Rate	25/01/2011	30	
03-Aug-10	01-Feb-11	Community Mutual Group	1,000,000.00	182	6.190	30,865.21	TD	Fixed Rate	01/02/2011	30	5,087.67
17-Feb-09	16-Feb-11	Elders Rural Bank	1,000,000.00	729	4.620	92,273.42	TD	Fixed Rate	16/02/2011	30	3,797.26
17-Feb-09	17-Feb-11	Adelaide Bendigo Bank	2,000,000.00	730	4.700	188,000.00	TD	Fixed Rate	17/02/2011	30	7,726.03
25-Aug-10	22-Feb-11	ING (RIMSEC)	1,000,000.00	181	6.320	31,340.27	TD	Fixed Rate	22/02/2011	30	
24-Aug-10	23-Feb-11	Bank of QLD	2,000,000.00	183	6.200	62,169.86	TD	Fixed Rate	23/02/2011	30	

Addendum Report

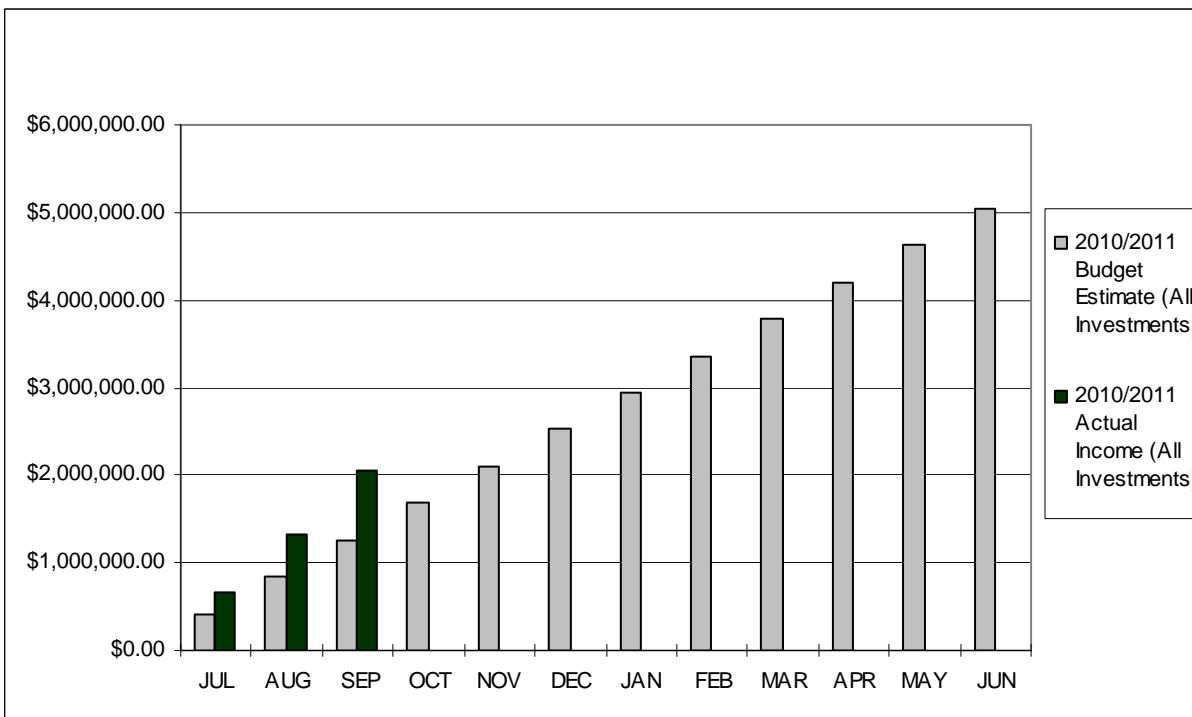
09-Mar-10	08-Mar-11	(BCU) Bananacoast CU	1,000,000.00	364	6.850	68,312.33	TD	Fixed Rate	08/03/2011	30	5,630.14
07-Sep-10	15-Mar-11	CPS CU	1,000,000.00	189	6.100	31,586.30	TD	Fixed Rate	15/03/2011	30	5,013.70
25-Jun-10	22-Mar-11	Bank of QLD	5,000,000.00	270	6.300	233,013.70	TD	Fixed Rate	22/03/2011	30	25,890.41
25-Jun-10	22-Mar-11	Bendigo Adelaide Bank	2,000,000.00	270	6.250	92,465.75	TD	Fixed Rate	22/03/2011	30	10,273.97
29-Jun-10	22-Mar-11	LGFS	2,000,000.00	266	6.250	91,095.89	TD	Fixed Rate	22/03/2011	30	10,273.97
14-Sep-10	22-Mar-11	NAB	3,000,000.00	189	6.180	96,001.64	TD	Fixed Rate	22/03/2011	16	8,127.12
02-Apr-08	01-Apr-11	Suncorp Metway	3,000,000.00	1095	8.300	747,000.00	TD	Fixed Rate	01/04/2011	30	20,465.75
06-Jul-10	05-Apr-11	Adelaide Bendigo Bank	2,000,000.00	273	6.300	94,241.10	TD	Fixed Rate	05/04/2011	30	10,356.16
03-Sep-10	03-May-11	NAB	2,000,000.00	242	6.100	80,887.67	TD	Fixed Rate	03/05/2011	27	9,024.66
04-Aug-10	10-May-11	Bankwest	2,000,000.00	279	6.150	94,019.18	TD	Fixed Rate	04/08/2010	30	10,109.59
19-May-10	17-May-11	QTCU	1,000,000.00	363	6.450	64,146.58	TD	Fixed Rate	17/05/2011	30	5,301.37
27-May-10	24-May-11	ANZ	2,000,000.00	362	6.400	126,947.95	TD	Fixed Rate	27/05/2010	30	10,520.55
04-Aug-10	14-Jun-11	Bank of QLD	2,000,000.00	314	6.330	108,910.68	TD	Fixed Rate	14/06/2011	30	10,405.48
06-Jul-10	12-Jul-11	Summerland Credit Union	1,000,000.00	371	6.550	66,576.71	TD	Fixed Rate	12/07/2011	30	5,383.56
22-Jul-10	19-Jul-11	Wide Bay CU	1,000,000.00	362	6.550	64,961.64	TD	Fixed Rate	19/07/2011	30	5,383.56
11-Aug-10	16-Aug-11	AMP Bank (RIMSEC)	1,000,000.00	370	6.310	63,964.38	TD	Fixed Rate	16/08/2011	30	5,186.30
01-Sep-10	30-Aug-11	Bankwest	3,000,000.00	363	6.000	179,013.70	TD	Fixed Rate	30/08/2011	29	14,301.37
31-Aug-10	31-Aug-11	AMP Bank (RIMSEC)	1,000,000.00	365	6.310	63,100.00	TD	0.0631		30	5,186.30
03-Sep-10	06-Sep-11	Heritage BS	1,000,000.00	368	6.250	63,013.70	TD	Fixed Rate	06/09/2011	27	4,623.29
01-Sep-10	06-Sep-11	Adelaide Bendigo Bank	3,000,000.00	370	6.200	188,547.95	TD	Fixed Rate	06/09/2011	29	14,778.08
15-Sep-10	20-Sep-11	CUA	1,000,000.00	370	6.330	64,167.12	TD	Fixed Rate	20/09/2011	30	5,202.74
12-Nov-08	11-Nov-11	Suncorp Metway	4,000,000.00	1094	6.880	824,846.03	TD	Fixed Rate	11/11/2011	30	22,619.18
12-Nov-08	14-Nov-11	Investec Bank	1,000,000.00	1099	6.880	207,153.97	TD	Fixed Rate	14/11/2011	30	5,654.79
19-Aug-10	17-Dec-11	ING	1,000,000.00	182	6.360	31,712.88	TD	Fixed Rate	17/12/2011	30	5,227.40
22-Jul-10	18-Jul-12	Suncorp Metway	2,000,000.00	727	6.720	267,695.34	TD	Fixed Rate	18/07/2012	30	11,046.58
06-Aug-10	07-Aug-12	Adelaide Bendigo Bank	2,000,000.00	732	6.600	264,723.29	TD	Fixed Rate	07/08/2012	30	10,849.32
21-Jul-10	23-Jul-13	Suncorp Metway	1,000,000.00	1097	7.300	219,400.00	TD	Fixed Rate	23/07/2013	30	6,000.00
12-Aug-10	13-Aug-13	Bank of QLD	2,000,000.00	1097	7.050	423,772.60	TD	Fixed Rate	13/08/2013	30	11,589.04
01-Sep-10	02-Sep-13	NAB	4,000,000.00	1098	6.520	784,543.56	TD	Fixed Rate	02/09/2013	30	21,435.62
11-Aug-10	11-Aug-15	NAB (RBS)	2,000,000.00	1095	6.000	360,000.00	TD	Fixed & Floating 1.96bps	11/08/2015	30	9,863.01
27-Aug-10	27-Aug-15	NAB (RBS)	2,000,000.00	365	7.000	140,000.00	TD	Fixed & Floating 120bps	27/08/2015	30	11,506.85
			134,000,000.00		6.34						

Addendum Report

9. MONTHLY COMPARISON OF TOTAL FUNDS INVESTED



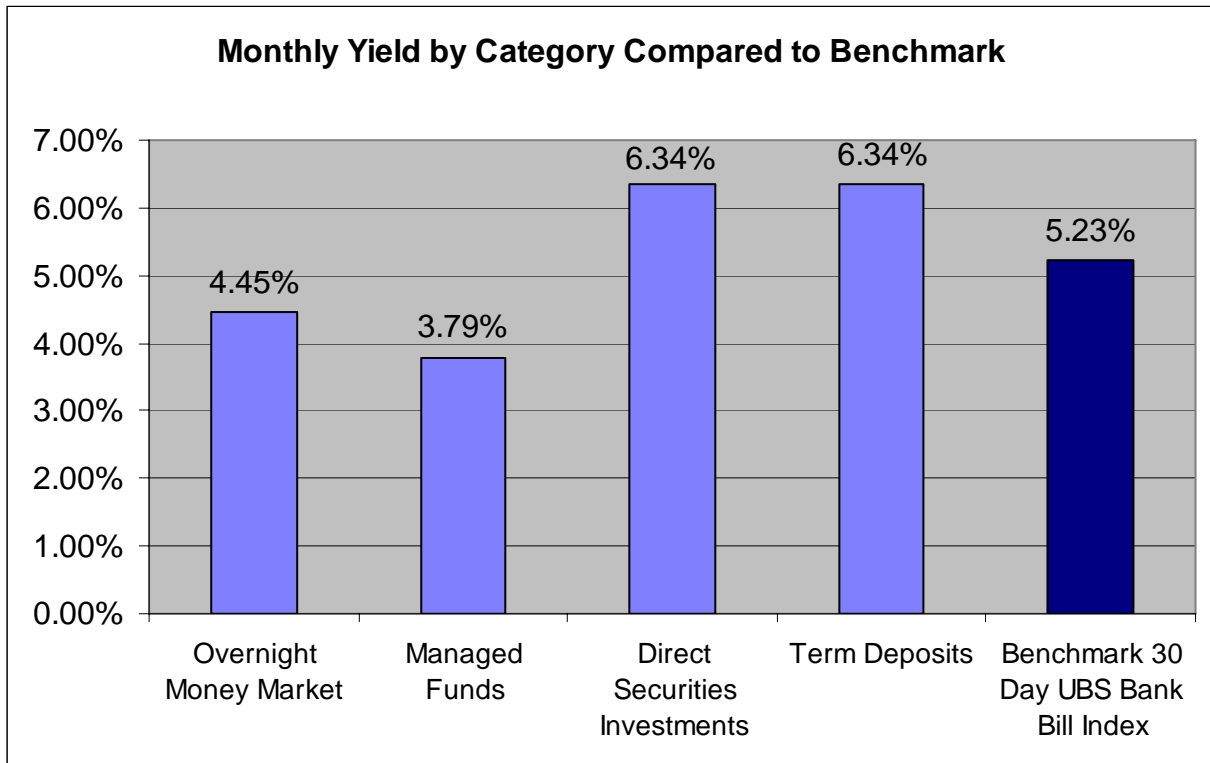
10. TOTAL PORTFOLIO INCOME YEAR TO DATE



Addendum Report

11. PERFORMANCE BY CATEGORY

Category		Face Value	Market Value	Average Yield	Above/(Below) 30 day BBSW Benchmark
Overnight Money Market		\$0.00	\$0.00	4.45%	-0.16%
Managed Funds		\$2,771,616.67	\$2,771,616.67	3.79%	-0.82%
Direct Securities Investments		\$17,500,000.00	\$16,037,194.38	6.34%	1.73%
Term Deposits		\$134,000,000.00	\$134,000,000.00	6.34%	1.73%
Benchmark 30 Day UBS Bank Bill Index	4.61%	\$154,271,616.67	\$152,808,811.05	5.23%	



Addendum Report

**12. SECTION 94 DEVELOPER CONTRIBUTIONS - MONTHLY BALANCES & RECEIPTS REPORT
PERIOD ENDING 30 SEPTEMBER 2010**

Contribution Plan	Plan Description	End of Month Balance	Contributions Received for Month
01	DCP3 Open Space	3,870,717	-
02	Western Drainage	478,924	-
03	DCP3 Community Facilities	34,821	-
04	Tweed Road Contribution Plan	10,473,371	9,101
05	Open Space	1,142,669	188
06	Contribution Street Trees	202,640	
07	West Kingscliff	825,647	-
10	Cobaki Lakes	(726)	-
11	Libraries	1,485,356	924
12	Bus Shelters	40,156	70
13	Cemeteries	(54,716)	140
14	Mebbin Springs	72,085	-
15	Community Facilities	1,299,591	97
16	Surf Lifesaving	372,037	-
18	Council Administration & Technical Support	1,321,900	2,053
19	Kings Beach	962,960	-
20	Seabreeze Estate	601	-
21	Terranora Village Footpath	24,680	-
22	Shirewide Cycleways	310,838	522
23	Shirewide Carparking	1,775,785	-
25	Salt Development	814,446	-
26	Shirewide Open Space	3,970,123	5,425
27	Tweed Heads Masterplan & Streetscaping	84,278	1,047
28	Seaside City	(675)	-
91	DCP14	86,267	-
92	Public Reserve Contributions	108,283	-
95	Bilambil Heights	421,853	-
	Total	30,123,912	19,567

Addendum Report

13. ECONOMIC COMMENTARY

Global Economy

Parts of the global economy continue to flounder with sovereign debt issues affecting Greece, Spain and Portugal. Ratings Agency Fitch downgraded Ireland's long-term foreign debt to A+ from AA-, with a negative outlook.

During the Great Depression increased protectionism was a result of countries increasing import tariffs to protect their export industries in the face of reduced demand. Similarities can be drawn with the present global situation with various countries manipulating their currencies, effectively devaluing them to make their exports less expensive.

The US Federal Reserve Bank left benchmark interest rates at 0-0.25% in September. The market is awaiting an announcement as to the timing and scope of a second round of quantitative easing, known as QE2. The US Federal Reserve announced that QE2 will involve principal payments from currently held debt and mortgage backed securities being used to purchase Treasury bonds, thereby increasing funds available for lending and putting downward pressure on interest rates.

The Japanese economy has been under pressure due to an increasing yen making that country's exports uncompetitive. The Bank of Japan spent over US\$20 billion during September in foreign exchange markets to weaken the yen and lowered the official interest rate to 0 - 0.1% from an already record low 0.1%. The BOJ has committed a further US\$60 billion to purchase government bonds, commercial paper and other assets in order to shore up the economic recovery.

Domestic Economy

The Reserve Bank of Australia again left the cash rate at 4.50% at the 5 October meeting. The RBA implied that rates will rise by noting that "if economic conditions evolve as the Board expects it is likely that higher interest rates will be required, at some point, to ensure inflation remains consistent with the medium term target."

ANZ job advertisements rose 2.6% in September to a 19 month high and up 36.1% on the same time last year. A senior economist at ANZ says this suggests Australian businesses are confident about the local outlook despite the uncertain global economic environment.

Council's Investment Portfolio Performance

Council's investment portfolio is very conservatively structured with 88% of the portfolio held in term deposits. This investment segment continues to provide above trend returns while minimizing capital risk.

All investment categories except the Cash at Call Account and Managed Funds outperformed the UBS 30 day bank bill benchmark this month. Overall, the investment portfolio has returned an average 2.12% pa above the 30 day UBS bank bill index for the last 12 month period. 88% of available funds are now invested in term deposits with managed funds being reduced to a minimum to take advantage of relatively high returns and lower risks associated with term deposits.

Addendum Report

An indication of Portfolio performance is provided by totalling investment income for the month and disregarding changes in capital values. Council had \$152,808,811 invested as at 30 September, 2010 and the accrued net return on these funds was \$734,137 or 5.76% annualised for the month.

14. INVESTMENT SUMMARY AS AT 30 SEPTEMBER 2010

GENERAL FUND

COLLATERISED DEBT OBLIGATIONS	0.00	
COMMERCIAL PAPER	0.00	
CORPORATE FIXED RATE BONDS	9,174,748.07	
FLOATING RATE NOTES	6,862,446.31	
ASSET BACKED SECURITIES	0.00	
FUND MANAGERS	50,642.98	
TERM DEPOSIT - LOAN 104 OFFSET	0.00	
TERM DEPOSITS	80,000,000.00	
CALL ACCOUNT		96,087,837.36

WATER FUND

TERM DEPOSITS	21,000,000.00	
FUND MANAGERS	2,692,630.95	23,692,630.95

SEWERAGE FUND

TERM DEPOSITS	33,000,000.00	
FUND MANAGERS	28,342.74	33,028,342.74

TOTAL INVESTMENTS		152,808,811.05
--------------------------	--	-----------------------

It should be noted that the General Funds investments of \$96million 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)**

Addendum Report

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 (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.
