

## **REPORTS THROUGH THE GENERAL MANAGER**

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

**a33 [TCS-CM] Monthly Investment Report for Period Ending 30 April 2011**

#### **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 \$160,299,152 invested as at 30 April 2011 and the net return on these funds was \$796,994 or 5.96% annualised for the month.

#### **RECOMMENDATION:**

**That in accordance with Section 625 of the Local Government Act 1993 the monthly investment report as at 30 April 2011 totalling \$160,299,152 be received and noted.**

**REPORT:**

**Report for Period Ending 30 April 2011**

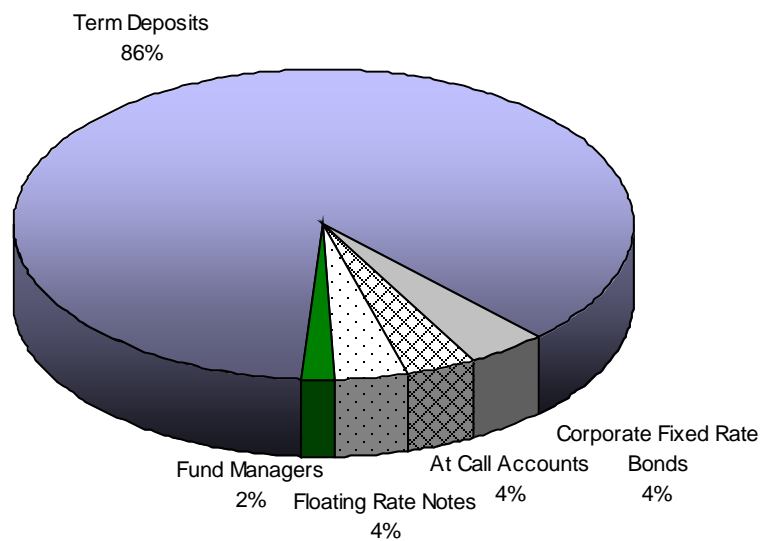
The "Responsible Accounting Officer" must report monthly to Council, setting out details of all the funds Council has invested and certification has been made in accordance with Section 625 of the Local Government Act (1993), Clause 212 of the Local Government (General) Regulations and Council policies.

**1. RESTRICTED FUNDS AS AT 1 JULY 2010**

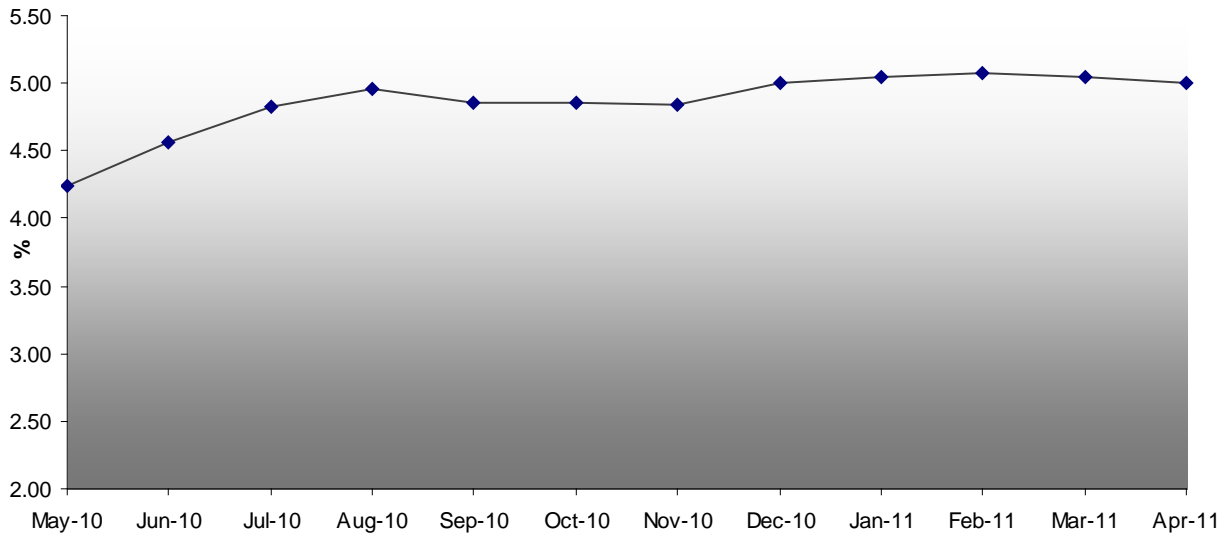
Description	(\$'000)			
	General Fund	Water Fund	Sewer Fund	Total
<b>Externally Restricted</b>	948	14,977	37,039	<b>52,964</b>
Crown Caravan Parks	11,013			<b>11,013</b>
Developer Contributions	30,195	16,801		<b>46,996</b>
Domestic Waste Management	8,262			<b>8,262</b>
Grants	4,261			<b>4,261</b>
<b>Internally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

*Note: Restricted Funds Summary updated September 2010*

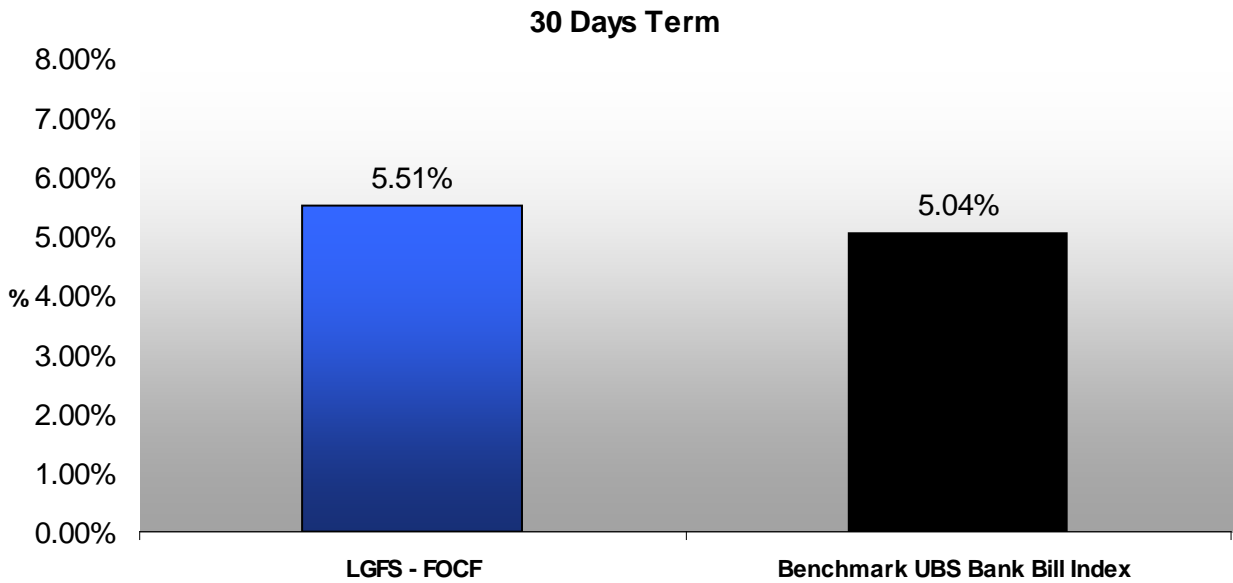
**2. CURRENT INVESTMENT PORTFOLIO BY CATEGORY**



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



**4. FUNDS MANAGERS PERFORMANCE FOR MONTH - NET OF FEES (NOT ANNUALISED)**



**5. FUND MANAGERS AT END OF MONTH**

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
LGFS - FOCF	AA-	100%	\$2,734,201	\$2,746,282	\$12,081	Quarterly
Total		100%	\$2,734,201	\$2,746,282	\$12,081	

**6. DIRECT SECURITIES AT END OF MONTH**

Counterparty/ Product Name	Face Value	Market Value	% Return on Face Value	Investment Type	Final Maturity Date	Credit Rating	Next Quarterly or Final Coupon
ANZ Bank	1,000,000.00	1,051,590.00	5.15	Fixed Rate Bond	08/11/2011	AA	20,252.86
ANZ Bank	1,000,000.00	1,004,880.00	8.65	Fixed Rate Bond	22/04/2013	AA	96,650.68
CBA	1,000,000.00	992,000.00	6.04	FRN	24/12/2015	AA	9,760.68
CBA	1,000,000.00	1,011,376.23	6.00	FRN	17/04/2012	AA	9,760.68
CBA/Merrill Lynch Zero Coupon Bond	4,000,000.00	2,520,000.00	7.28	Fixed Rate Bond	22/01/2018	AA	0.00
Deutsche Bank	1,000,000.00	926,664.00	5.91	FRN	23/11/2012	A+	142,930.14
Members Equity Bank	2,000,000.00	1,984,460.00	5.99	FRN	08/03/2012	BBB-	112,602.74
National Australia Bank	1,000,000.00	1,003,880.00	6.10	FRN	05/11/2015	AA	
Westpac Bank	1,000,000.00	1,029,010.00	5.15	Fixed Rate Bond	24/09/2012	AA	28,257.53
Westpac Bank	1,000,000.00	1,029,010.00	4.90	Fixed Rate Bond	24/09/2012	AA	4,295.89
<b>Total</b>	<b>14,000,000.00</b>	<b>12,552,870.23</b>	<b>6.12</b>				<b>424,511.20</b>

ABS = Asset Backed Security  
Bond = Fixed Rate Bond  
CDO = Collateralised Debt Obligation  
FRN = Floating Rate Note

**7. TERM DEPOSITS AT END OF MONTH**

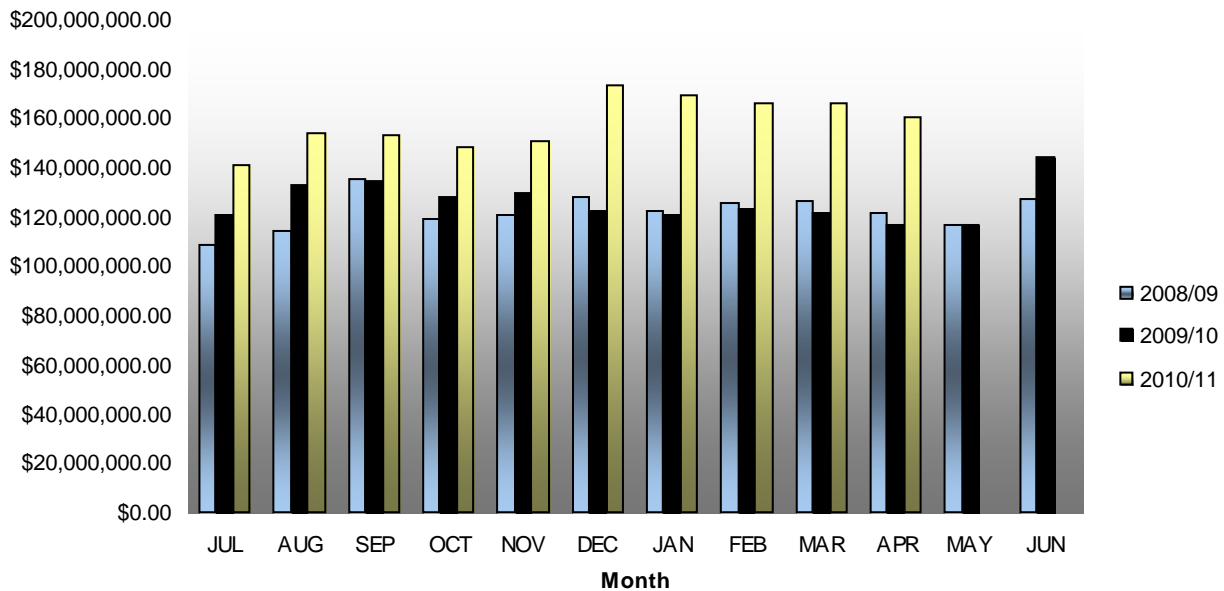
<b>TERM DEPOSITS AS AT 30/04/11</b>									
Lodged	Due	Counterparty	PRINCIPAL	TERM	% Yield	INCOME RECEIVABLE	FOR M	Notes	Maturity
4/08/10	10/05/11	Bankwest	2,000,000.00	279	6.150	94,019.18	TD	Fixed Rate	10/05/2011
14/02/11	12/05/11	Bank of QLD	2,000,000.00	92	6.422	32,372.41	TD	Floating 90DBBSW + 1.50	12/11/2013
19/05/10	17/05/11	QTCU	1,000,000.00	363	6.450	64,146.58	TD	Fixed Rate	17/05/2011
18/02/11	18/05/11	IMB (RIMSEC)	1,000,000.00	89	6.150	14,995.89	TD	Floating 90DBBSW + 1.25	18/11/2011
18/02/11	18/05/11	Westpac Bank	2,000,000.00	91	6.110	30,466.30	TD	Floating 90DBBSW +1.21%	18/02/2016
27/05/10	24/05/11	Adelaide Bendigo Bank	2,000,000.00	362	6.400	126,947.95	TD	Fixed Rate	24/05/2011
22/02/11	24/05/11	ING (RIMSEC)	1,000,000.00	91	5.810	14,485.21	TD	Fixed Rate	24/05/2011
28/02/11	30/05/11	LGFS CRI	5,000,000.00	91	5.970	74,420.55	TD	Floating 90DBBSW + 1%	30/05/2011
1/03/11	31/05/11	NPBS	1,000,000.00	91	6.000	14,958.90	TD	Fixed Rate	31/05/2011
4/08/10	14/06/11	Bank of QLD	2,000,000.00	314	6.330	108,910.68	TD	Fixed Rate	14/06/2011
15/03/11	14/06/11	CPS CU NECU	1,000,000.00	91	6.150	15,332.88	TD	Fixed Rate	14/06/2011
12/01/11	14/06/11	(RIMSEC)	1,000,000.00	153	6.250	26,198.63	TD	Fixed Rate	14/06/2011

## Addendum

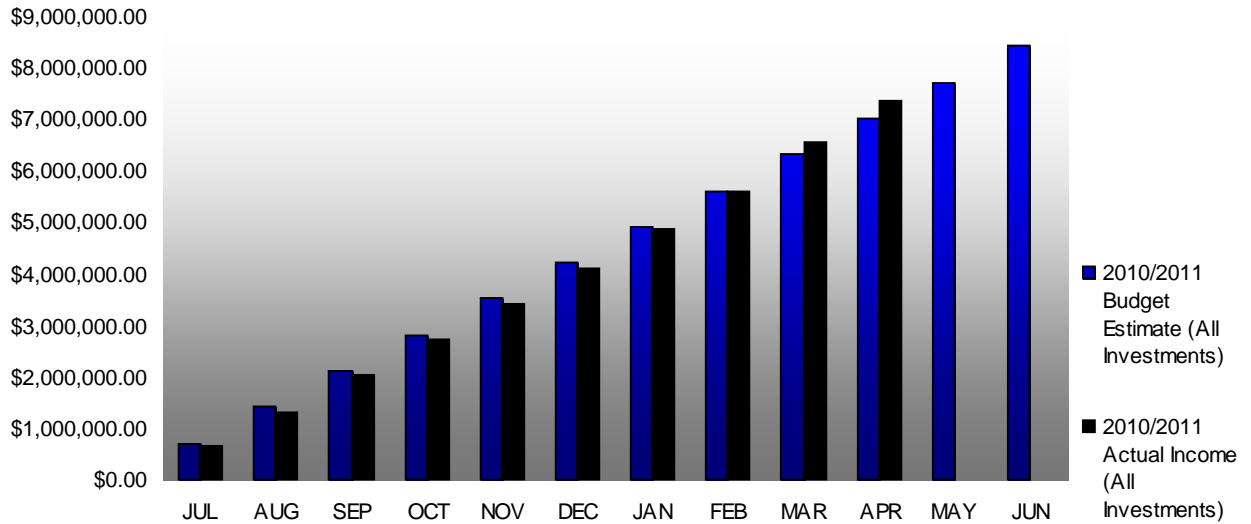
21/03/11	20/06/11	LGFS CRI	1,000,000.00	91	5.640	14,061.37	TD	Floating 90DBBSW + 0.80	20/03/2012
22/12/10	21/06/11	QLD Country Credit Union	1,000,000.00	181	6.450	31,984.93	TD	Fixed Rate	21/06/2011
19/01/11	28/06/11	LGFS	5,000,000.00	160	6.350	139,178.08	TD	Fixed Rate Floating 90DBBSW + 1.05	28/06/2011
28/03/11	28/06/11	LGFS CRI	4,000,000.00	91	5.970	59,536.44	TD	Floating 90DBBSW +1.25%	27/06/2012
11/04/11	11/07/11	Westpac Bank	8,000,000.00	91	6.150	122,663.01	TD		11/01/2016
6/07/10	12/07/11	Summerland Credit Union Suncorp Metway	1,000,000.00	371	6.550	66,576.71	TD	Fixed Rate	12/07/2011
11/01/11	12/07/11	(RBS)	5,000,000.00	182	6.320	157,567.12	TD	Fixed Rate	12/07/2011
22/07/10	19/07/11	Wide Bay CU	1,000,000.00	362	6.550	64,961.64	TD	Fixed Rate	19/07/2011
12/01/11	26/07/11	NAB Suncorp Metway	10,000,000.00	195	6.300	336,575.34	TD	Fixed Rate	26/07/2011
9/11/10	9/08/11	Metway	2,000,000.00	274	6.520	97,889.32	TD	Fixed Rate	09/08/2011
17/02/11	16/08/11	Adelaide Bendigo Bank	2,000,000.00	180	6.250	61,643.84	TD	Fixed Rate	16/08/2011
11/08/10	16/08/11	AMP Bank (RIMSEC)	1,000,000.00	370	6.310	63,964.38	TD	Fixed Rate	16/08/2011
16/02/11	23/08/11	ADCU	1,000,000.00	188	6.230	32,088.77	TD	Fixed Rate	23/08/2011
1/12/10	30/08/11	ANZ	4,000,000.00	272	6.420	191,368.77	TD	Fixed Rate	30/08/2011
1/09/10	30/08/11	Bankwest	3,000,000.00	363	6.000	179,013.70	TD	Fixed Rate	30/08/2011
31/08/10	31/08/11	AMP Bank (RIMSEC)	1,000,000.00	365	6.310	63,100.00	TD	Fixed Rate	31/08/2011
1/09/10	6/09/11	Adelaide Bendigo Bank	3,000,000.00	370	6.200	188,547.95	TD	Fixed Rate	06/09/2011
3/09/10	6/09/11	Heritage BS	1,000,000.00	368	6.250	63,013.70	TD	Fixed Rate	06/09/2011
10/03/11	6/09/11	RaboDirect	1,000,000.00	180	6.400	31,561.64	TD	Fixed Rate	06/09/2011
15/09/10	20/09/11	CUA Suncorp Metway	1,000,000.00	370	6.330	64,167.12	TD	Fixed Rate	20/09/2011
8/02/11	4/10/11	Metway	1,000,000.00	238	6.330	41,275.07	TD	Fixed Rate	04/10/2011
14/01/11	11/10/11	Bank of QLD	5,000,000.00	270	6.450	238,561.64	TD	Fixed Rate	11/10/2011
12/01/11	18/10/11	Bank of QLD (RIMSEC) Suncorp Metway	4,000,000.00	279	6.400	195,682.19	TD	Fixed Rate	18/10/2011
19/04/11	18/10/11	Metway	2,000,000.00	182	6.150	61,331.51	TD	Fixed Rate	18/10/2011
3/02/11	8/11/11	Bank of QLD Suncorp Metway	2,000,000.00	278	6.450	98,252.05	TD	Fixed Rate	08/11/2011
12/11/08	11/11/11	Metway	4,000,000.00	1094	6.880	824,846.03	TD	Fixed Rate	11/11/2011
12/11/08	14/11/11	Investec Bank Suncorp Metway	1,000,000.00	1099	6.880	207,153.97	TD	Fixed Rate	14/11/2011
5/01/11	5/12/11	Suncorp Metway	5,000,000.00	334	6.440	294,652.05	TD	Fixed Rate	05/12/2011
5/01/11	5/12/11	Suncorp Metway	2,000,000.00	334	6.440	117,860.82	TD	Fixed Rate	05/12/2011
1/03/11	13/12/11	Bank of QLD	2,000,000.00	287	6.350	99,860.27	TD	Fixed Rate	13/12/2011
4/04/11	10/01/12	RaboDirect	1,000,000.00	281	6.400	49,271.23	TD	Fixed Rate	10/01/2012
11/01/11	17/01/12	Members Equity Bank ING	1,000,000.00	371	6.500	66,068.49	TD	Fixed Rate	17/01/2012
17/02/11	14/02/12	(RIMSEC)	1,000,000.00	362	6.450	63,969.86	TD	Fixed Rate	14/02/2012
2/03/11	6/03/12	IMB	1,000,000.00	370	6.360	64,471.23	TD	Fixed Rate	06/03/2012
7/03/11	6/03/12	RaboDirect	1,000,000.00	365	6.600	66,000.00	TD	Fixed Rate	06/03/2012
3/05/11	8/05/12	NAB Suncorp Metway	2,000,000.00	371	6.330	128,681.11	TD	Fixed Rate	08/05/2011
22/07/10	18/07/12	Metway	2,000,000.00	727	6.720	267,695.34	TD	Fixed Rate	18/07/2012
6/08/10	7/08/12	Adelaide Bendigo Bank	2,000,000.00	732	6.600	264,723.29	TD	Fixed Rate	07/08/2012
8/12/10	11/12/12	NAB	2,000,000.00	733	6.950	279,142.47	TD	Fixed Rate	11/12/2012
4/03/11	5/03/13	Westpac	2,000,000.00	735	6.350	255,739.73	TD	Fixed Rate	05/03/2013

		Bank							
22/03/11	19/03/13	Adelaide Bendigo Bank	1,000,000.00	728	6.500	129,643.84	TD	Fixed Rate	19/03/2013
22/03/11	26/03/13	NAB	1,000,000.00	735	6.380	128,473.97	TD	Fixed Rate	26/03/2013
21/07/10	23/07/13	Suncorp Metway	1,000,000.00	1097	7.300	219,400.00	TD	Fixed Rate	23/07/2013
12/08/10	13/08/13	Bank of QLD	2,000,000.00	1097	7.050	423,772.60	TD	Fixed Rate	13/08/2013
1/09/10	2/09/13	NAB	4,000,000.00	1098	6.520	784,543.56	TD	Fixed Rate	02/09/2013
22/03/11	25/03/14	Bank of QLD	1,000,000.00	1099	6.750	203,239.73	TD	Fixed Rate	25/03/2014
4/04/11	8/04/14	Bank of QLD	2,000,000.00	1100	6.390	385,150.68	TD	Fixed Rate	08/04/2014
11/08/10	11/08/15	NAB (RBS)	2,000,000.00	1095	6.000	360,000.00	TD	Fixed & Floating 1.96	11/08/2015
27/08/10	27/08/15	NAB (RBS)	2,000,000.00	365	7.000	140,000.00	TD	Fixed & Floating 1.20	27/08/2015
22/03/11	22/03/16	RaboDirect	1,000,000.00	1827	7.150	357,891.78	TD	Fixed Rate	22/03/2016
7/04/11	7/04/16	Westpac Bank	2,000,000.00	1825	7.000	700,000.00	TD	Fixed 1yr x 7% Floating 4yrs x 90DBBSW +1.30% Capped 7.25%	07/04/2016
			139,000,000.00		6.409				

**8. MONTHLY COMPARISON OF TOTAL FUNDS INVESTED**



**9. TOTAL PORTFOLIO INCOME YEAR TO DATE**



**10. PERFORMANCE BY INVESTMENT CATEGORY**

Category	Face Value	Market Value	Average Return	Above/(Below) 30 day BBSW Benchmark
Overnight Money Market	\$6,000,000.00	\$6,000,000.00	5.43%	0.42%
Managed Funds	\$2,746,282.11	\$2,746,282.11	5.28%	0.27%
Direct Securities Investments	\$14,000,000.00	\$12,552,870.23	6.12%	1.11%
Term Deposits	\$139,000,000.00	\$139,000,000.00	6.41%	1.40%
Benchmark	\$161,746,282.11	\$160,299,152.34	5.01%	Benchmark 30 Day UBS Bank Bill Index

## 11. SECTION 94 DEVELOPER CONTRIBUTIONS - MONTHLY BALANCES REPORT - PERIOD ENDING - 30 APRIL 2011

Contribution Plan	Plan Description	End of Month Balance	Contributions Received for Month
01	DCP3 Open Space	3,891,728	-
02	Western Drainage	494,002	-
03	DCP3 Community Facilities	35,917	-
04	Tweed Road Contribution Plan	11,206,398	41,471
05	Open Space	1,174,963	-
06	Contribution Street Trees	225,468	-
07	West Kingscliff	484,177	-
10	Cobaki Lakes	(749)	-
11	Libraries	1,585,291	-
12	Bus Shelters	45,791	-
13	Cemeteries	(46,897)	-
14	Mebbin Springs	74,355	-
15	Community Facilities	1,332,815	-
16	Surf Lifesaving	385,235	-
18	Council Administration & Technical Support	1,439,982	388
19	Kings Beach	986,476	-
20	Seabreeze Estate	620	-
21	Terranora Village Footpath	25,457	-
22	Shirewide Cycleways	332,254	-
23	Shirewide Carparking	1,831,692	-
25	Salt Development	833,287	-
26	Shirewide Open Space	2,967,342	2,714
27	Tweed Heads Masterplan & Streetscaping	86,823	-
28	Seaside City	(696)	-
90	Footpath Cycleway	(41,904)	-
91	DCP14	88,983	-
92	Public Reserve Contributions	111,692	-
95	Bilambil Heights	435,134	-
<b>Total</b>		<b>29,985,637</b>	<b>44,573</b>



## **12. ECONOMIC COMMENTARY**

### **Global Economy**

#### United States

Recent signs of a US economic recovery have eased somewhat over the month of April. Calls for the recent QE2 stimulus to be scrapped have been refuted by the Federal Reserve, with Chairman Bernanke confirming that the current stimulus would continue through to the scheduled June completion. Forecasts for 2011 GDP have been scaled back, while the Federal Reserve raised inflationary concerns at the last FOMC meeting.

#### Japan

Japan continues to face a massive recovery effort after natural disasters devastated the island nation. Japan's parliament has recently passed a tsunami recovery budget of \$48bn but that is only expected to start to cover the cost of what needs to be repaired. The budget will cover the building of new homes for the 100k left homeless and help with the clearing of debris and rubble.

#### China

Rising inflation in China is having ramifications around the world as the once low cost producer fights rising food prices and wage growth. The Peoples Bank of China has been tightening policy over the last 12 months and is confident it can control inflation. A vice-president at the Peoples Bank of China expected that policy would take hold and inflation would moderate in the second half of 2011.

#### Euro Zone

The Euro-zone is facing inflation problems, however managing the two-speed economy will be paramount for policymakers. On one hand there are large member states such as France and Germany who are performing well whilst during the month Portugal became the third member state to seek a multibillion-euro bailout package. The European Central Bank raised rates in April by 0.25%.

#### New Zealand

New Zealand is slowly recovering from its earthquake disaster. After steadily increasing rates in 2010 the central bank slashed rates to the lows of the GFC where they remain at 2.5%. There were positive signs for the economy with a jump in employment during the month; however rates are still expected to remain on hold for much of 2011.

### **Domestic Economy**

The Reserve Bank of Australia again left the cash rate on hold at 4.75% at their meeting on 3 May 2011. The RBA statement that accompanied the cash rate decision said that "recent information suggests that the marked decline in underlying inflation from the peak in 2008 has now run its course. While the rising exchange rate will be helping to hold down prices for some consumer products over the coming few quarters, over the longer term inflation can be expected to increase somewhat if economic conditions evolve broadly as expected. The Board judged that the current mildly restrictive stance of monetary policy remained appropriate. In future meetings, the Board will continue to assess carefully the evolving outlook for growth and inflation."

## Council's Investment Portfolio

Council's investment portfolio is very conservatively structured in accordance with Division of Local Government guidelines with 90% of the portfolio held in term deposits or cash at call. This investment segment continues to provide above trend returns while minimizing capital risk.

All investment categories out-performed the UBS 30 day bank bill benchmark this month. Overall, the investment portfolio has returned an average 2.38% pa above the 30 day UBS bank bill index for the last 12 month period. Only 2% of the portfolio is invested in the relatively volatile managed funds sector.

An indication of Portfolio performance is provided by totalling investment income for the month and disregarding changes in capital values as follows. Council had \$160,299,152 invested as at 30 April, 2011 and the accrued net return on these funds was \$796,994 or 5.96% annualised for the month.

### 13. INVESTMENT SUMMARY AS AT 30 APRIL 2011

#### GENERAL FUND

COLLATERISED DEBT OBLIGATIONS	0.00	
COMMERCIAL PAPER	0.00	
CORPORATE FIXED RATE BONDS	6,634,490.00	
FLOATING RATE NOTES	5,918,380.23	
ASSET BACKED SECURITIES	0.00	
FUND MANAGERS	0.00	
TERM DEPOSIT - LOAN 104 OFFSET	0.00	
TERM DEPOSITS	51,000,000.00	
CALL ACCOUNT	6,000,000.00	<b>69,552,870.23</b>

#### WATER FUND

TERM DEPOSITS	23,000,000.00	
FUND MANAGERS	2,746,282.11	<b>25,746,282.11</b>

#### SEWERAGE FUND

TERM DEPOSITS	65,000,000.00	
FUND MANAGERS	0.00	<b>65,000,000.00</b>

<b>TOTAL INVESTMENTS</b>		<b>160,299,152.34</b>
--------------------------	--	-----------------------

It should be noted that the General Funds investments of \$69 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.

**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.

---

**THIS PAGE IS BLANK**

