

Addendum Report

REPORTS FROM THE DIRECTOR TECHNOLOGY AND CORPORATE SERVICES

a45 [TCS-CM] Monthly Investment Report for Period Ending 28 February 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 \$166,240,528 invested as at 28 February, 2011 and the net return on these funds was \$745,606 or 5.38% annualised for the month.

RECOMMENDATION:

That, in accordance with Section 625 of the Local Government Act 1993 the monthly investment report as at 28 February 2011 totalling \$166,240,528 be received and noted.

Addendum Report

REPORT:

Report for Period Ending 28 February 2011

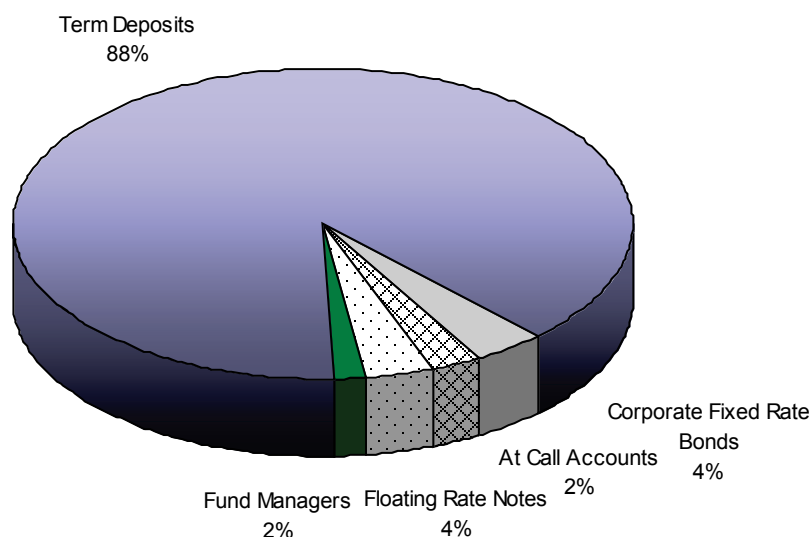
The "Responsible Accounting Officer" must report monthly to Council, setting out details of all the funds Council has invested and certification has been made in accordance with Section 625 of the Local Government Act (1993), Clause 212 of the Local Government (General) Regulations and Council policies.

1. RESTRICTED FUNDS AS AT 1 JULY 2010

Description	(\$'000)			
	General Fund	Water Fund	Sewer Fund	Total
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

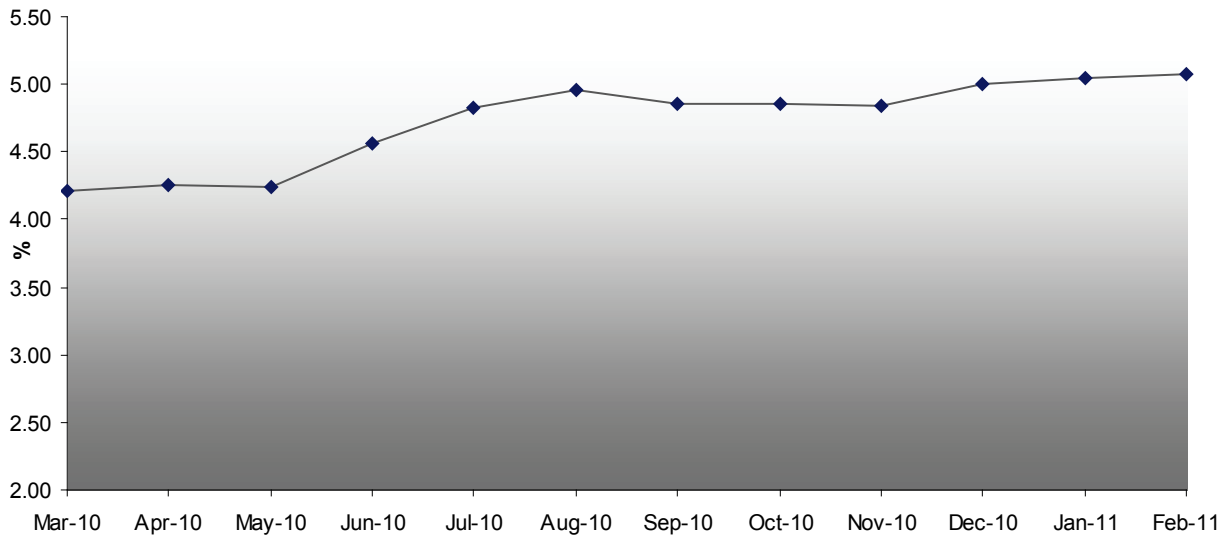
Note: Restricted Funds Summary updated September 2010

2. CURRENT INVESTMENT PORTFOLIO BY CATEGORY

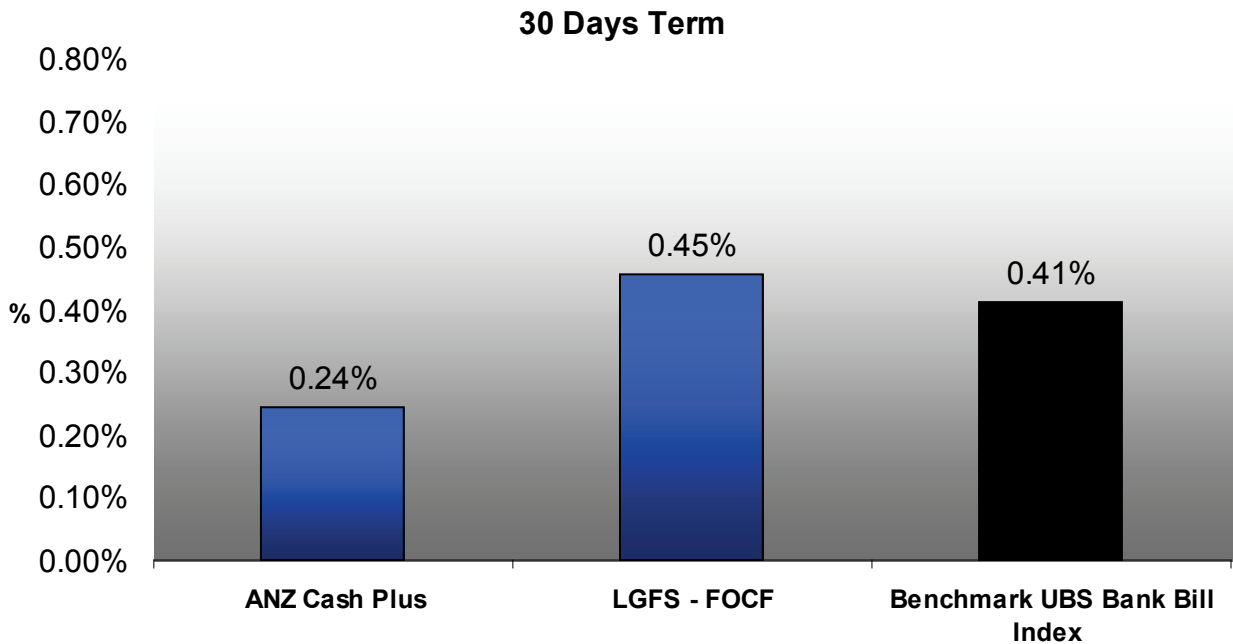


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3. INVESTMENT RATES - 90 DAY BANK BILL RATE (%)



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



5. 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
ANZ Cash Plus	AA	\$0	\$25,060	\$25,320	\$55
LGFS - FOCF	AA-	99.08%	\$2,710,652	\$2,721,700	\$11,049
Total		100%	\$2,735,711	\$2,747,020	\$11,104

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6. DIRECT SECURITIES

Counterparty/ Product Name	Face Value	Market Value	% Return on Face Value	Investment Type	Final Maturity Date
ANZ Bank	1,000,000.00	1,028,090.00	5.150	Fixed Rate Bond	08/11/2011
ANZ Bank	1,000,000.00	1,082,230.00	8.650	Fixed Rate Bond	22/04/2013
CBA	1,000,000.00	1,005,000.00	6.042	FRN	24/12/2015
CBA	1,000,000.00	1,017,416.87	5.220	FRN	17/04/2012
CBA/Merrill Lynch Zero Coupon Bond	4,000,000.00	2,400,000.00	7.280	Fixed Rate Bond	22/01/2018
Deutsche Bank Members Equity Bank	1,000,000.00	908,621.00	6.055	FRN	23/11/2012
National Australia Bank	2,000,000.00	1,939,280.00	5.778	FRN	08/03/2012
Westpac Bank	1,000,000.00	1,003,650.00	6.080	FRN	05/11/2015
Westpac Bank	1,000,000.00	1,054,610.00	5.150	Fixed Rate Bond	24/09/2012
Westpac Bank	1,000,000.00	1,054,610.00	4.900	Fixed Rate Bond	24/09/2012
Total	14,000,000.00	12,493,507.87	6.03		

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

7. TERM DEPOSITS

TERM DEPOSITS SORTED BY MATURITY AS AT 28/02/11								
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield	Maturity	Accrual period	Accrued Interest
09-Mar-10	08-Mar-11	(BCU) Bananacoast CU	1,000,000.00	364	6.85	08/03/2011	28	5,254.79
07-Sep-10	15-Mar-11	CPS CU	1,000,000.00	189	6.1	15/03/2011	28	4,679.45
20-Dec-10	21-Mar-11	LGFS CRI	1,000,000.00	91	5.75	20/03/2012	28	4,410.96
29-Dec-10	21-Mar-11	LGFS CRI	4,000,000.00	89	6.067	27/06/2012	28	18,616.55
25-Jun-10	22-Mar-11	Adelaide Bendigo Bank	2,000,000.00	270	6.25	22/03/2011	28	9,589.04
25-Jun-10	22-Mar-11	Bank of QLD	5,000,000.00	270	6.3	22/03/2011	28	24,164.38
29-Jun-10	22-Mar-11	LGFS	2,000,000.00	266	6.25	22/03/2011	28	9,589.04
14-Sep-10	22-Mar-11	NAB	3,000,000.00	189	6.18	22/03/2011	28	14,222.47
08-Dec-10	29-Mar-11	DFCU	1,000,000.00	111	6.25	29/03/2011	28	4,794.52
02-Apr-08	01-Apr-11	Suncorp Metway	3,000,000.00	1095	8.3	01/04/2011	28	19,101.37
06-Jul-10	05-Apr-11	Adelaide Bendigo Bank	2,000,000.00	273	6.3	05/04/2011	28	9,665.75
11-Jan-11	11-Apr-11	Westpac Bank	8,000,000.00	90	6	11/01/2016	28	36,821.92

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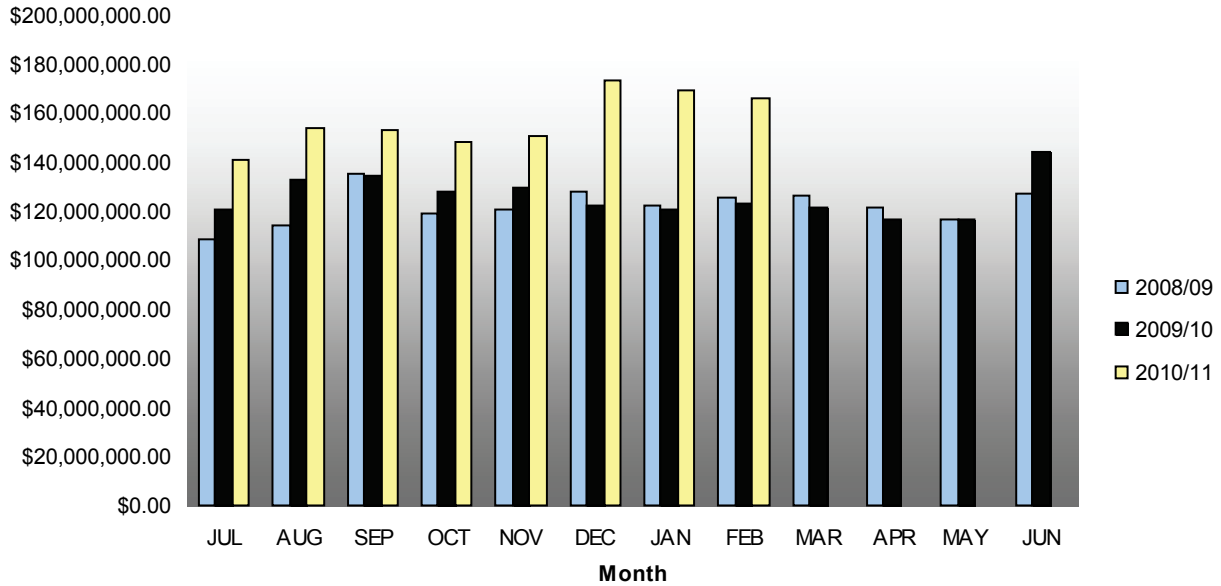
TERM DEPOSITS SORTED BY MATURITY AS AT 28/02/11								
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield	Maturity	Accrual period	Accrued Interest
17-Nov-10	12-Apr-11	Suncorp Metway	1,000,000.00	146	6.25	17/11/2010	28	4,794.52
19-Oct-10	19-Apr-11	NAB	2,000,000.00	182	6.2	26/04/2011	12	4,076.71
11-Jan-11	19-Apr-11	Suncorp Metway	5,000,000.00	98	6.16	19/04/2011	28	23,627.40
03-Sep-10	03-May-11	NAB	2,000,000.00	242	6.1	03/05/2011	28	9,358.90
04-Aug-10	10-May-11	Bankwest	2,000,000.00	279	6.15	04/08/2010	28	9,435.62
14-Feb-11	12-May-11	Bank of QLD	2,000,000.00	92	6.422	12/11/2013	18	6,333.73
19-May-10	17-May-11	QTCU	1,000,000.00	363	6.45	17/05/2011	28	4,947.95
18-Feb-11	18-May-11	IMB CRI	1,000,000.00	89	6.15	18/11/2011	28	4,717.81
18-Feb-11	18-May-11	Westpac (STGB)	2,000,000.00	91	6.11	18/02/2016	10	3,347.95
27-May-10	24-May-11	Adelaide Bendigo Bank	2,000,000.00	362	6.4	27/05/2010	28	9,819.18
22-Feb-11	24-May-11	ING (RIMSEC)	1,000,000.00	91	5.81	24/05/2011	6	955.07
28-Feb-11	30-May-11	LGFS CRI	5,000,000.00	91	5.97	30/05/2011	28	22,898.63
04-Aug-10	14-Jun-11	Bank of QLD	2,000,000.00	314	6.33	14/06/2011	28	9,711.78
12-Jan-11	14-Jun-11	NECU (RIMSEC)	1,000,000.00	153	6.25	14/06/2011	28	4,794.52
22-Dec-10	21-Jun-11	QLD Country Credit Union	1,000,000.00	181	6.45	21/06/2011	8	1,413.70
19-Jan-11	28-Jun-11	LGFS	5,000,000.00	160	6.35	28/06/2011	12	10,438.36
06-Jul-10	12-Jul-11	Summerland Credit Union	1,000,000.00	371	6.55	12/07/2011	28	5,024.66
11-Jan-11	12-Jul-11	Suncorp Metway (RBS Morgans)	5,000,000.00	182	6.32	12/07/2011	28	24,241.10
22-Jul-10	19-Jul-11	Wide Bay Aus	1,000,000.00	362	6.55	19/07/2011	28	5,024.66
12-Jan-11	26-Jul-11	NAB	10,000,000.00	195	6.3	26/07/2011	28	48,328.77
09-Nov-10	09-Aug-11	Suncorp Metway	2,000,000.00	274	6.52	09/11/2010	28	10,003.29
17-Feb-11	16-Aug-11	Adelaide Bendigo Bank	2,000,000.00	180	6.25	16/08/2011	28	9,589.04
11-Aug-10	16-Aug-11	AMP Bank (RIMSEC)	1,000,000.00	370	6.31	16/08/2011	28	4,840.55
16-Feb-11	23-Aug-11	ADCU	1,000,000.00	188	6.23	23/08/2011	28	4,779.18
01-Dec-10	30-Aug-11	ANZ	4,000,000.00	272	6.42	30/08/2011	28	19,699.73
01-Sep-10	30-Aug-11	Bankwest	3,000,000.00	363	6	30/08/2011	28	13,808.22
31-Aug-10	31-Aug-11	AMP Bank (RIMSEC)	1,000,000.00	365	6.31	31/08/2011	28	4,840.55
01-Sep-10	06-Sep-11	Adelaide Bendigo Bank	3,000,000.00	370	6.2	06/09/2011	28	14,268.49
03-Sep-10	06-Sep-11	Heritage BS	1,000,000.00	368	6.25	06/09/2011	28	4,794.52
15-Sep-10	20-Sep-11	CUA	1,000,000.00	370	6.33	20/09/2011	28	4,855.89
08-Feb-11	04-Oct-11	Suncorp Metway	1,000,000.00	238	6.33	04/10/2011	20	4,980.82

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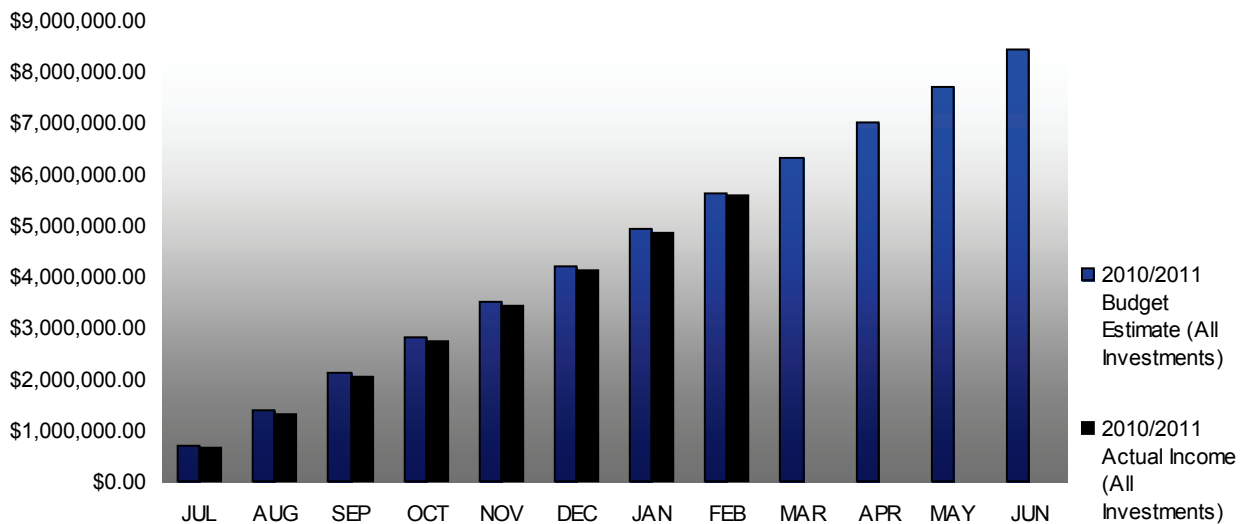
TERM DEPOSITS SORTED BY MATURITY AS AT 28/02/11								
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield	Maturity	Accrual period	Accrued Interest
14-Jan-11	11-Oct-11	Bank of QLD	5,000,000.00	270	6.45	11/10/2011	28	24,739.73
12-Jan-11	18-Oct-11	Bank of QLD (RIMSEC)	4,000,000.00	279	6.4	18/10/2011	28	19,638.36
03-Feb-11	08-Nov-11	Bank of QLD	2,000,000.00	278	6.45	08/11/2011	25	8,835.62
12-Nov-08	11-Nov-11	Suncorp Metway	4,000,000.00	1094	6.88	11/11/2011	28	21,111.23
12-Nov-08	14-Nov-11	Investec Bank	1,000,000.00	1099	6.88	14/11/2011	28	5,277.81
05-Jan-11	05-Dec-11	Suncorp Metway	2,000,000.00	334	6.44	05/12/2011	28	9,880.55
05-Jan-11	05-Dec-11	Suncorp Metway	5,000,000.00	334	6.44	05/12/2011	28	24,701.37
11-Jan-11	17-Jan-12	Members Equity Bank	1,000,000.00	371	6.5	17/01/2012	28	4,986.30
17-Feb-11	14-Feb-12	ING (RIMSEC)	1,000,000.00	362	6.45	14/02/2012	28	4,947.95
22-Jul-10	18-Jul-12	Suncorp Metway	2,000,000.00	727	6.72	18/07/2012	28	10,310.14
06-Aug-10	07-Aug-12	Adelaide Bendigo Bank	2,000,000.00	732	6.6	07/08/2012	28	10,126.03
08-Dec-10	11-Dec-12	NAB	2,000,000.00	733	6.95	11/12/2012	28	10,663.01
21-Jul-10	23-Jul-13	Suncorp Metway	1,000,000.00	1097	7.3	23/07/2013	28	5,600.00
12-Aug-10	13-Aug-13	Bank of QLD	2,000,000.00	1097	7.05	13/08/2013	28	10,816.44
01-Sep-10	02-Sep-13	NAB	4,000,000.00	1098	6.52	02/09/2013	28	20,006.58
11-Aug-10	11-Aug-15	NAB (RBS)	2,000,000.00	1095	6	11/08/2015	28	9,205.48
27-Aug-10	27-Aug-15	NAB (RBS)	2,000,000.00	365	7	27/08/2015	28	10,739.73
			147,000,000.00		6.4			

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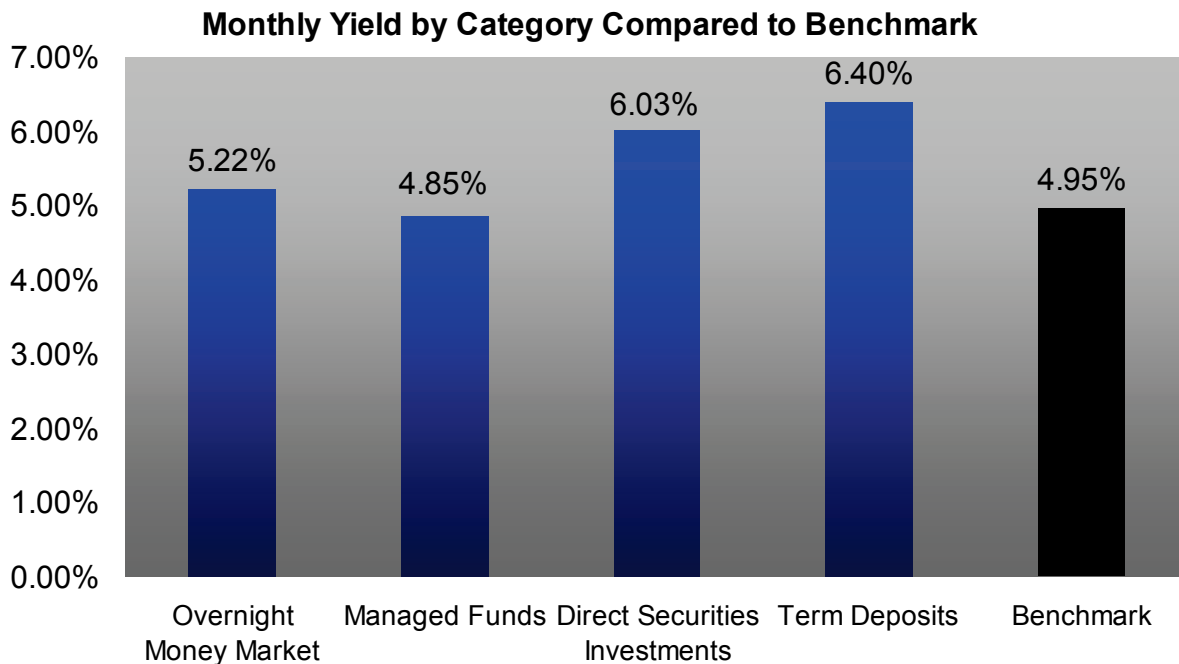
8. MONTHLY COMPARISON OF TOTAL FUNDS INVESTED



9. TOTAL PORTFOLIO INCOME YEAR TO DATE



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10. PERFORMANCE BY CATEGORY

Category	Face Value	Market Value	Average Return	Above/(Below) 30 day BBSW Benchmark
Overnight Money Market	\$4,000,000.00	\$4,000,000.00	5.22%	0.27%
Managed Funds	\$2,747,020.33	\$2,747,020.33	4.85%	-0.10%
Direct Securities Investments	\$14,000,000.00	\$12,493,507.87	6.03%	1.08%
Term Deposits	\$147,000,000.00	\$147,000,000.00	6.40%	1.45%
Benchmark	\$167,747,020.33	\$166,240,528.20	4.95%	Benchmark 30 Day UBS Bank Bill Index

11. SECTION 94 DEVELOPER CONTRIBUTIONS - MONTHLY BALANCES REPORT - PERIOD ENDING - 28 FEBRUARY 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	11,151,216	18,563
05	Open Space	1,173,635	(77,370)*
06	Contribution Street Trees	225,468	-
07	West Kingscliff	484,177	-
10	Cobaki Lakes	(749)	-
11	Libraries	1,584,063	752

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12	Bus Shelters	45,746	-
13	Cemeteries	(47,083)	114
14	Mebbin Springs	74,355	-
15	Community Facilities	1,330,791	-
16	Surf Lifesaving	385,235	-
18	Council Administration & Technical Support	1,436,866	508
19	Kings Beach	986,476	-
20	Seabreeze Estate	620	-
21	Terranora Village Footpath	25,457	-
22	Shirewide Cycleways	331,919	-
23	Shirewide Carparking	1,831,692	-
25	Salt Development	833,287	-
26	Shirewide Open Space	2,959,714	82,860
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	-
Total		29,914,565	25,427

* Negative receipt equals refund

12. ECONOMIC COMMENTARY**Global Economy**

US Federal Reserve Governor Bernanke warned the Government's Financial Services Committee on March 2 that even mild cuts in spending would cost the US economy 200,000 jobs. There is growing concern in the US regarding the fate of equity and credit markets when the Federal Reserve Bank stops monthly cash injections of US\$75 billion into the economy under its Quantitative Easing II package.

The Bank of Japan stated that Japan will gradually start to see clear signs that its economy is moving towards a self-sustaining recovery based on solid export growth.

The European Central Bank appears to be priming markets for a rate rise later in 2011 as they continue to focus on inflation and remove some economic crisis support measures.

The New Zealand economy, already suffering a slowdown before the Christchurch earthquake now needs significant support from the Government. Economic stimulus measures to assist the economy will be needed and the NZ Reserve Bank may cut the cash rate by 0.5% rather than continuing to raise rates in the immediate future.

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Domestic Economy

The Reserve Bank of Australia left the cash rate to 4.75% at the 1 March meeting. The Board also noted inflation was set to remain steady over the next few quarters, suggesting the RBA is in no hurry to raise rates. Most economists expect that the RBA will have to increase rates by the second quarter of this year.

The slowing economy towards the end of 2010 and a drop in the rate of inflation were two key factors that kept the RBA on the sidelines this month. Strong Capital Expenditure figures this month will have the RBA on high inflation watch in coming months.

The Australian dollar remained slightly above parity with a weak US dollar during February.

Council's Investment Portfolio

Council's investment portfolio continues to be very conservatively structured in accordance with Division of Local Government guidelines. 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 except the Cash at Call out-performed the UBS 30 day bank bill benchmark this month. Overall, the investment portfolio has returned an average 2.16% pa above the 30 day UBS bank bill index for the last 12 month period. Only 2% of the portfolio is invested in the 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 \$166,240,528 invested as at 28 February, 2011 and the accrued net return on these funds was \$745,606 or 5.38% annualised for the month.

Source: Oakvale Capital Limited & Governor of the RBA

13. INVESTMENT SUMMARY AS AT 28 FEBRUARY 2011

GENERAL FUND

COLLATERISED DEBT OBLIGATIONS	0.00	
COMMERCIAL PAPER	0.00	
CORPORATE FIXED RATE BONDS	6,619,540.00	
FLOATING RATE NOTES	5,873,967.87	
ASSET BACKED SECURITIES	0.00	
FUND MANAGERS	19,812.32	
TERM DEPOSIT - LOAN 104 OFFSET	0.00	
TERM DEPOSITS	60,000,000.00	
CALL ACCOUNT	4,000,000.00	76,513,320.19

WATER FUND

TERM DEPOSITS	29,000,000.00	
FUND MANAGERS	2,727,239.45	31,727,239.45

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SEWERAGE FUND

TERM DEPOSITS	58,000,000.00	
FUND MANAGERS	-31.44	57,999,968.56
		TOTAL INVESTMENTS
		<u>166,240,528.20</u>

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.

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:

Amendments required to Council's Investment Policy.

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.

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