

Addendum Report

REPORTS FROM THE ACTING DIRECTOR TECHNOLOGY AND CORPORATE SERVICES

a55 [TCS-CM] Monthly Investment and Section 94 Developer Contributions Report for the Period Ending 30 September 2013

SUBMITTED BY: Financial Services

Valid



Civic Leadership

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK:

- 1 Civic Leadership
 - 1.3 Delivering the objectives of this plan
 - 1.3.1 Council's organisation will be resourced to provide the essential services and support functions to deliver the objectives of this Plan
-

SUMMARY OF REPORT:

The "Responsible Accounting Officer" must report monthly to Council, setting out details of all the funds Council has invested. The Manager Financial Services, being the Responsible Accounting Officer, certifies that investments have 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 **\$181,336,878** invested as at **30 September 2013** and the accrued net return on these funds was **\$579,171** or **3.83%** annualised for the month.

RECOMMENDATION:

That in accordance with Section 625 of the Local Government Act 1993 the monthly investment report as at period ending 30 September 2013 totalling \$181,336,878 be received and noted.

Addendum Report

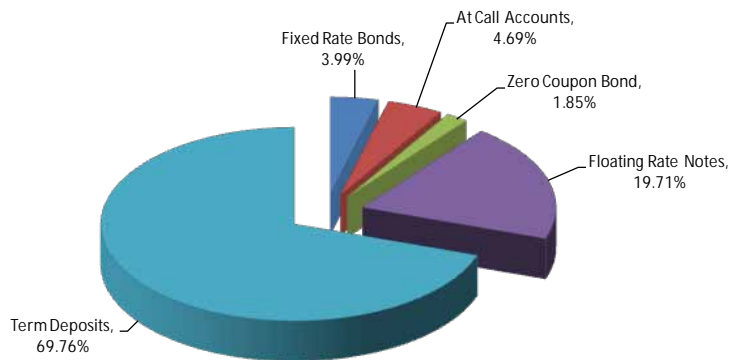
REPORT:

1. Restricted Funds as at 1 July 2012

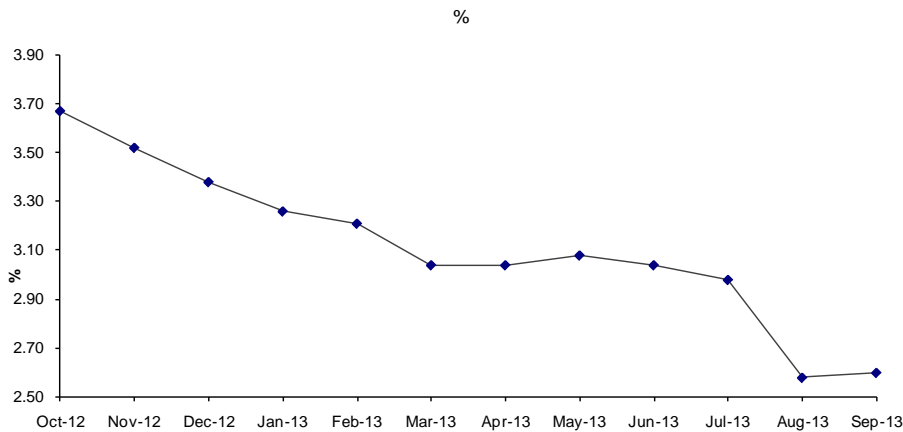
| Description | (\$'000) | | | |
|------------------------------|----------------|---------------|---------------|----------------|
| | General Fund | Water Fund | Sewer Fund | Total |
| Externally Restricted | 1,126 | 18,785 | 39,653 | 59,564 |
| Crown Caravan Parks | 15,926 | | | 15,926 |
| Developer Contributions | 25,917 | 3,916 | | 29,833 |
| Domestic Waste Management | 10,075 | | | 10,075 |
| Grants | 4,975 | | | 4,975 |
| Internally Restricted | 26,122 | | | 26,122 |
| Employee Leave Entitlements | 5,123 | | | 5,123 |
| Grants | 5,930 | | | 5,930 |
| Unexpended Loans | 10,328 | | | 10,328 |
| Total | 105,522 | 22,701 | 39,653 | 167,876 |

Note: Restricted Funds Summary updated September 2013, corresponding with the Annual Financial Statements as at 30 June 2013

2. Investment Portfolio by Category



3. Investment Rates - 90 Day Bank Bill Rate



Addendum Report

4. Direct Securities

| Counterparty | Face Value | Market Value | % Return on Face Value | Investment Type | Maturity Date |
|--|-------------------------------|---|------------------------|-----------------|---------------|
| AMP (ANZ) (03/16) | 1,700,000.00 | 1,708,858.70 | 3.66 | FRN | 14/03/2016 |
| AMP (RBS) (05/17) | 500,000.00 | 503,014.50 | 3.69 | FRN | 29/05/2017 |
| AMP (RBS) (06/14) | 2,000,000.00 | 2,012,026.00 | 3.79 | FRN | 06/06/2014 |
| AMP (RIM) (05/17) | 2,000,000.00 | 2,012,058.00 | 3.69 | FRN | 29/05/2017 |
| Bendigo (FIIG) (11/15) | 1,000,000.00 | 1,018,770.00 | 4.08 | FRN | 02/11/2015 |
| Bendigo (RBS) (05/17) | 2,000,000.00 | 2,010,180.00 | 3.78 | FRN | 17/05/2017 |
| Bendigo (RIM) (05/17) | 1,000,000.00 | 1,005,090.00 | 3.78 | FRN | 17/05/2017 |
| BOQ (ANZ) (05/16) | 1,000,000.00 | 1,010,210.00 | 3.93 | FRN | 30/05/2016 |
| BOQ (RBS) (05/16) | 1,000,000.00 | 1,010,210.00 | 3.93 | FRN | 30/05/2016 |
| CBA (08/16) | 1,000,000.00 | 1,024,060.00 | 3.80 | FRN | 02/08/2016 |
| CBA (08/16) | 2,000,000.00 | 2,048,120.00 | 3.80 | FRN | 02/08/2016 |
| CBA Retail Bond (12/15) | 500,000.00 | 500,750.00 | 3.79 | FRN | 24/12/2015 |
| CBA Retail Bond (12/15) | 500,000.00 | 500,750.00 | 3.79 | FRN | 24/12/2015 |
| CBA Retail Bond (12/15) | 1,000,000.00 | 1,001,500.00 | 3.79 | FRN | 24/12/2015 |
| CBA/Merrill Lynch Zero Coupon Bond (01/18) | 4,000,000.00 | 3,349,800.00 | 7.28 | Bond | 22/01/2018 |
| Heritage (RBS) (06/17) | 1,325,000.00 | 1,434,312.50 | 7.25 | Bond | 20/06/2017 |
| Heritage (RBS) (06/17) | 617,804.40 | 627,850.00 | 5.80 | Bond | 20/06/2017 |
| Heritage (RBS) (06/17) | 85,076.00 | 86,600.00 | 5.80 | Bond | 20/06/2017 |
| ING (RBS) (08/16) | 1,000,000.00 | 1,006,820.00 | 4.25 | FRN | 23/08/2016 |
| ING (RBS) (08/16) | 2,000,000.00 | 2,010,785.90 | 4.25 | FRN | 23/08/2016 |
| ING (RBS) (09/15) | 2,000,000.00 | 2,071,500.00 | 5.50 | Bond | 03/09/2015 |
| ING (RBS) (09/15) | 2,000,000.00 | 2,071,500.00 | 5.50 | Bond | 03/09/2015 |
| Macquarie (RIMSEC) (03/14) | 1,000,000.00 | 1,004,442.00 | 4.72 | FRN | 13/03/2014 |
| NAB (06/16) | 2,000,000.00 | 2,033,700.00 | 3.75 | FRN | 21/06/2016 |
| NAB (11/15) | 1,000,000.00 | 1,021,160.00 | 3.79 | FRN | 05/11/2015 |
| NAB Direct (12/14) | 1,000,000.00 | 1,013,080.00 | 3.85 | FRN | 19/12/2014 |
| Rabo (07/16) | 1,000,000.00 | 1,016,990.00 | 3.86 | FRN | 27/07/2016 |
| Rabo (07/16) | 1,000,000.00 | 1,016,990.00 | 3.86 | FRN | 27/07/2016 |
| Suncorp (05/14) | 2,000,000.00 | 2,014,400.00 | 3.70 | FRN | 26/05/2014 |
| Suncorp (Westpac) (04/15) | 2,000,000.00 | 2,039,500.00 | 4.24 | FRN | 23/04/2015 |
| Suncorp (Westpac) (04/16) | 2,000,000.00 | 2,024,900.00 | 3.80 | FRN | 11/04/2016 |
| Suncorp Covered (RIMSEC) (12/16) | 2,000,000.00 | 2,090,440.00 | 4.75 | Bond | 06/12/2016 |
| Westpac (RBS) (02/17) | 1,000,000.00 | 1,036,510.00 | 4.23 | FRN | 20/02/2017 |
| Totals | 46,227,880.40 | 46,336,877.60 | 4.35 | | |
| LEGEND | Investment Type | ABS = Asset Backed Security Bond = Fixed Rate Bond CDO = Collaterised Debt Obligation FRN = Floating Rate Note | | | |
| Counterparty | BB = Bendigo Bank | ME = Members Equity Bank | | | |
| AMP = AMP Bank | Heritage = Heritage Bank | RaboDirect = Rabo Bank | | | |
| ANZ = ANZ Bank | ING = ING Bank | Rural = Rural Bank | | | |
| BOQ = Bank of Queensland | Investec = Investec Bank | Suncorp = Suncorp Metway Bank | | | |
| CBA = Commonwealth Bank | Macquarie = Macquarie Bank | Westpac = Westpac Bank | | | |
| | NAB = National Australia Bank | | | | |

Addendum Report

5. Term Deposits

| Lodged or Rolled | DUE | Counterparty | PRINCIPAL | TERM | % Yield |
|------------------|-----------|---|--------------|------|---------|
| 23-Apr-13 | 01-Oct-13 | Rural Bank (Oct 2013) | 1,000,000.00 | 161 | 4.40 |
| 23-Apr-13 | 08-Oct-13 | ING (RIMSEC) (Oct 2013) | 2,000,000.00 | 168 | 4.40 |
| 19-Mar-13 | 15-Oct-13 | ING (Curve) (March 2013) | 2,000,000.00 | 210 | 4.42 |
| 09-Jul-13 | 15-Oct-13 | MEB (Jul 2013) | 4,000,000.00 | 98 | 4.30 |
| 02-Jul-13 | 19-Oct-13 | Westpac (Oct 2013) | 2,000,000.00 | 119 | 4.16 |
| 22-Jan-13 | 22-Oct-13 | NAB (Oct 2013) | 2,000,000.00 | 273 | 4.45 |
| 06-Aug-13 | 05-Nov-13 | BOQ (Nov 2013) | 2,000,000.00 | 91 | 4.00 |
| 10-Jul-13 | 05-Nov-13 | BOQ (Nov 2013) | 2,500,000.00 | 118 | 4.20 |
| 12-Aug-13 | 12-Nov-13 | BOQ (Nov 2013) | 2,000,000.00 | 92 | 4.10 |
| 20-Nov-12 | 19-Nov-13 | NAB (Nov 2012) | 2,000,000.00 | 364 | 4.72 |
| 01-Mar-13 | 26-Nov-13 | Rural (Curve) (Nov 2013) | 2,000,000.00 | 270 | 4.30 |
| 30-Aug-13 | 03-Dec-13 | IMB (Dec 2013) | 2,000,000.00 | 91 | 3.83 |
| 28-Aug-13 | 03-Dec-13 | Rural (Curve) (Dec 2013) | 2,000,000.00 | 97 | 3.90 |
| 17-Aug-13 | 17-Dec-13 | NAB | 2,000,000.00 | 91 | 3.80 |
| 30-Jul-13 | 28-Jan-14 | ING (RIMSEC) | 2,000,000.00 | 182 | 4.13 |
| 20-Aug-13 | 20-Nov-13 | ING (FIIG) (Feb 2014) | 1,000,000.00 | 92 | 3.98 |
| 21-Aug-13 | 18-Feb-14 | Beyond Bank | 1,000,000.00 | 181 | 3.85 |
| 20-Feb-13 | 18-Feb-14 | Heritage Bank (Feb 2014) | 2,000,000.00 | 363 | 4.40 |
| 10-Sep-13 | 11-Mar-14 | Westpac (Mar 2014) quarterly interest AMP (CURVE) (Sept 2013) | 2,000,000.00 | 182 | 3.66 |
| 03-Sep-13 | 11-Mar-14 | annual interest | 500,000.00 | 189 | 3.80 |
| 17-Aug-13 | 18-Mar-14 | Westpac (Mar 2014) | 2,000,000.00 | 182 | 3.56 |
| 17-Sep-13 | 18-Mar-14 | Westpac BOQ (Mar 2014) annual interest | 2,000,000.00 | 182 | 3.56 |
| 22-Mar-11 | 25-Mar-14 | interest | 1,000,000.00 | 1099 | 6.75 |
| 04-Jul-13 | 04-Oct-13 | BOQ (Apr 2014) | 2,000,000.00 | 92 | 4.33 |
| 02-Aug-13 | 29-Apr-14 | AMP | 4,000,000.00 | 270 | 4.00 |
| 15-Aug-13 | 13-May-14 | MEB | 3,000,000.00 | 271 | 4.05 |
| 10-Sep-13 | 10-Dec-13 | Investec (RIMSEC) (Jun 2014) | 1,000,000.00 | 91 | 4.55 |
| 10-Sep-13 | 10-Jun-14 | AMP (CURVE) (Sept 2013) annual interest | 500,000.00 | 273 | 3.80 |
| 11-Jun-13 | 17-Jun-14 | MEB (RIMSEC) (June 2014) | 4,000,000.00 | 371 | 4.15 |
| 09-Jul-13 | 09-Oct-13 | ING (RIMSEC) (Jul 2014) | 2,000,000.00 | 93 | 4.27 |
| 24-Jul-13 | 22-Oct-13 | ING (FIIG) (Jul 2014) | 3,000,000.00 | 90 | 4.18 |
| 30-Jul-13 | 29-Jul-14 | MEB | 4,000,000.00 | 364 | 4.15 |
| 30-Jul-13 | 30-Jul-14 | AMP (Curve) | 1,000,000.00 | 365 | 4.00 |
| 03-Sep-13 | 03-Dec-13 | Westpac (Sept 2014) | 4,000,000.00 | 91 | 3.73 |
| 16-Aug-13 | 18-Nov-13 | Westpac (Nov 2014) | 2,000,000.00 | 94 | 3.95 |
| 11-Jul-13 | 07-Jan-14 | RaboDirect (Curve) (Jan 2015) | 1,000,000.00 | 551 | 4.20 |
| 23-Jul-13 | 24-Oct-13 | NAB (July 2013) | 2,000,000.00 | 90 | 4.03 |
| 07-Feb-13 | 07-Feb-14 | RaboDirect (Curve) (Feb 2015) annual interest | 1,000,000.00 | 366 | 6.00 |
| 12-Aug-13 | 12-Nov-13 | NAB (Feb 2015) | 2,000,000.00 | 91 | 4.00 |
| 20-Aug-13 | 20-Nov-13 | ING (RIMSEC) (Feb 2015) | 1,000,000.00 | 92 | 3.98 |
| 03-Sep-13 | 03-Sep-14 | BOQ (Mar 2016) | 3,000,000.00 | 365 | 4.05 |
| 03-Sep-13 | 03-Sep-14 | NAB (Sept 2013) annual interest | 4,000,000.00 | 546 | 4.05 |
| 24-Jul-13 | 24-Jul-14 | RaboDirect (RIMSEC) | 2,000,000.00 | 734 | 4.25 |
| 26-Jul-13 | 26-Jul-14 | RaboDirect (Curve) (Jul 2015) | 1,000,000.00 | 365 | 5.20 |
| 06-Aug-13 | 04-Aug-15 | NAB (Curve) | 2,000,000.00 | 728 | 4.10 |

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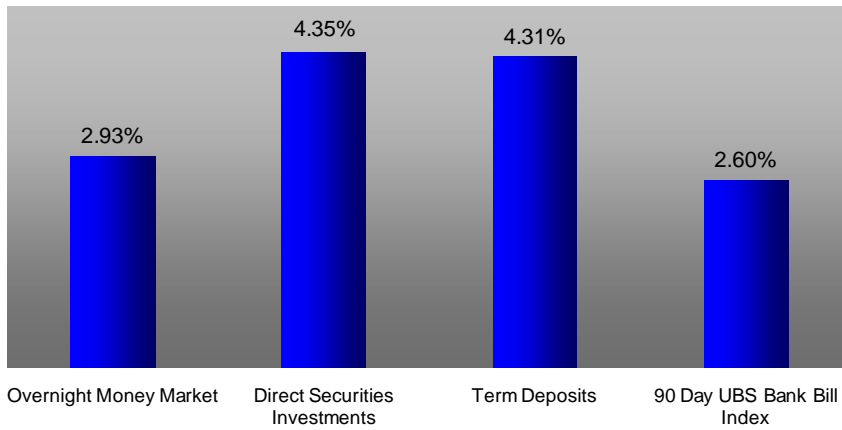
| Lodged or Rolled | DUE | Counterparty | PRINCIPAL | TERM | % Yield |
|------------------|--------------|--|-----------------------|------|---------|
| 06-Aug-13 | 06-Nov-13 | Investec (RIMSEC) (Aug 2013) | 1,000,000.00 | 92 | 4.14 |
| 12-Aug-13 | 11-Nov-13 | NAB (RBS) (Aug 2015) quarterly interest | 2,000,000.00 | 91 | 4.56 |
| 27-Aug-13 | 27-Nov-13 | NAB (RBS) (Aug 2015) | 2,000,000.00 | 92 | 3.80 |
| 03-Sep-13 | 02-Sep-15 | ING (RIMSEC) (Sept 2013) | 1,000,000.00 | 365 | 4.14 |
| 03-Sep-13 | 03-Sep-14 | Investec (RIMSEC) (Sept 2015) annual interest | 1,000,000.00 | 365 | 4.14 |
| 11-Sep-13 | 11-Sep-14 | Investec (Sept 2015) annual interest | 2,000,000.00 | 365 | 4.37 |
| 20-Sep-13 | 20-Sep-14 | BOQ (Sept 2015) annual interest | 2,000,000.00 | 365 | 4.20 |
| 11-Oct-12 | 11-Oct-13 | CBA (Oct 2015) annual interest | 1,000,000.00 | 365 | 4.85 |
| 11-Jul-13 | 11-Oct-13 | Westpac (Jan 2016) | 8,000,000.00 | 92 | 4.05 |
| 19-Aug-13 | 18-Nov-13 | Westpac (Feb 2016) | 2,000,000.00 | 91 | 3.79 |
| 23-Aug-13 | 23-Nov-13 | BOQ (Feb 2016) | 1,000,000.00 | 92 | 4.19 |
| 22-Mar-11 | 22-Mar-16 | RaboDirect (RIMSEC) (Mar 2016) annual interest | 1,000,000.00 | 1827 | 7.15 |
| 08-Jul-13 | 08-Oct-13 | Westpac (Apr 2016) quarterly interest | 2,000,000.00 | 92 | 4.14 |
| 26-Jul-13 | 26-Jul-14 | RaboDirect (Curve) (Jul 2016) | 1,000,000.00 | 365 | 5.40 |
| 04-Sep-13 | 04-Sep-14 | NAB (Sept 2016) | 4,000,000.00 | 1098 | 4.25 |
| 20-Sep-13 | 20-Dec-13 | BOQ (Sept 2016) annual interest | 2,000,000.00 | 91 | 3.85 |
| 12-Nov-12 | 11-Nov-13 | RaboDirect (Curve) (Nov 2016) annual interest | 1,000,000.00 | 366 | 6.40 |
| Total | | | 126,500,000.00 | | 4.31 |
| LEGEND | Counterparty | ING = ING Bank RaboDirect = Rabo Bank Rural = Rural Bank Suncorp = Suncorp Metway Bank Westpac = Westpac Bank AMP = AMP Bank ANZ = ANZ Bank BOQ = Bank of Queensland CBA = Commonwealth Bank Heritage = Heritage Bank Investec = Investec Bank Macquarie = Macquarie Bank NAB = National Australia Bank ME = Members Equity Bank NPBS = Newcastle Permanent Building Society | | | |

6. Performance by Category

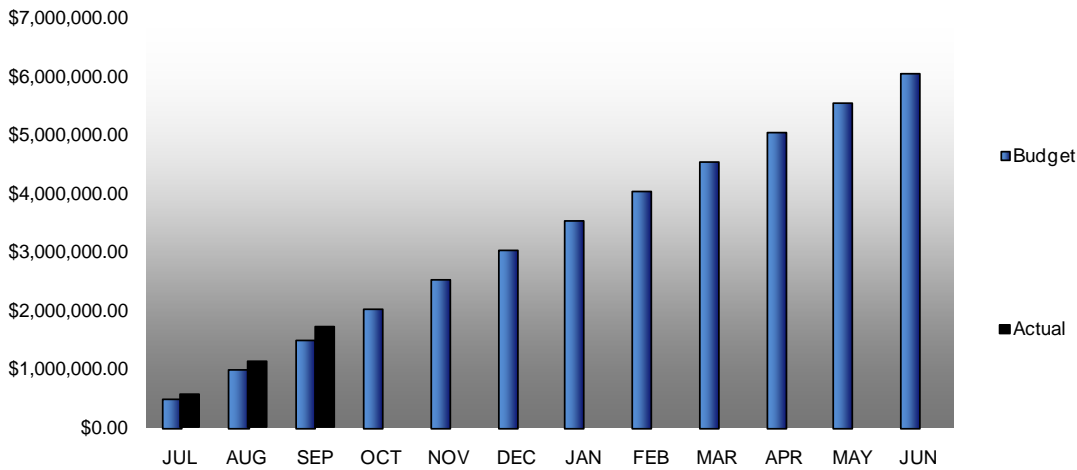
| Category | Face Value | Market Value | Average Return | Above or (Below) 90 day BBSW Benchmark |
|-------------------------------|----------------|----------------|----------------|--|
| Overnight Money Market | 8,500,000.00 | 8,500,000.00 | 2.93% | 0.33% |
| Direct Securities Investments | 46,227,880.40 | 46,336,877.60 | 4.35% | 1.75% |
| Term Deposits | 126,500,000.00 | 126,500,000.00 | 4.31% | 1.71% |
| 90 Day UBS Bank Bill Index | 181,227,880.40 | 181,336,877.60 | 2.60% | Benchmark 90 Day UBS Bank Bill Index |

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Performance by Category Compared with Benchmark



7. Total Portfolio Income v Budget



8. Investment Policy Diversification and Credit Risk

| Total Portfolio Credit Limits Compared to Policy Limits | | | | | |
|--|--------------------------------|-------------------------|----------------------------------|--------------------------------|-------------------------|
| Long-Term Credit Ratings | Investment Policy Limit | Actual Portfolio | Short-Term Credit Ratings | Investment Policy Limit | Actual Portfolio |
| AAA Category | 100% | 1.24% | A-1+ | 100% | 12.85% |
| AA Category | 100% | 22.86% | A-1 | 100% | 19.16% |
| A Category or below | 60% | 11.25% | A-2 | 60% | 18.85% |
| BBB Category or below | 20% | 4.33% | A-3 | 0% | 0.00% |
| Unrated | 10% | 7.00% | Unrated | 10% | 2.46% |

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9. Term to Maturity

| Maturity Profile | Actual % Portfolio | Policy Limits |
|------------------------------|--------------------|--------------------------|
| Less than 365 days | 45.90% | Minimum 40% of portfolio |
| Between 365 days and 2 years | 23.22% | Maximum 60% |
| Between 2 years and 5 years | 30.88% | Maximum 35% |
| Total | 100.00% | |

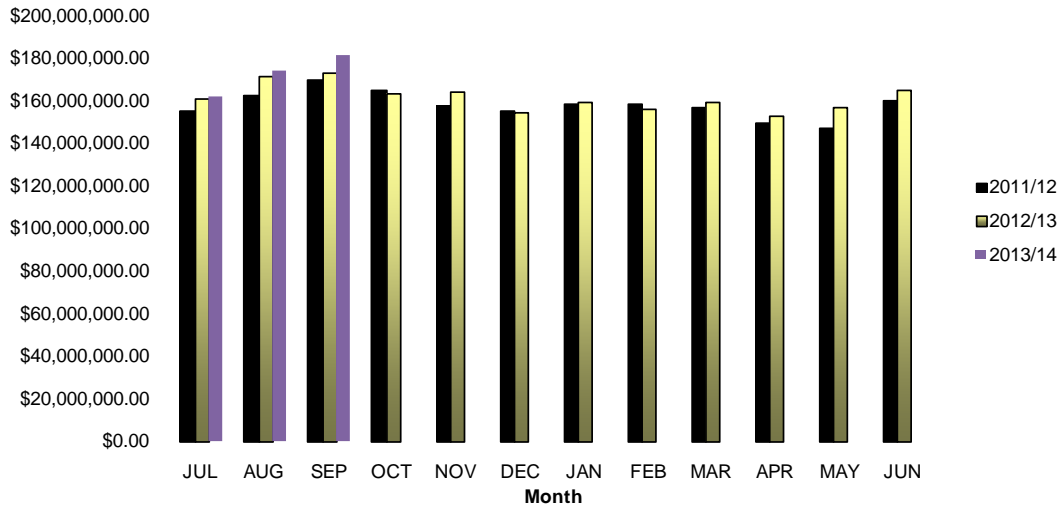
10. Investment Alternatives Explained

| Investment Product | Maturity Range | Usual term to maturity | Major Benefits | Major risks |
|-------------------------|----------------|---------------------------|---|---|
| At Call Cash | At Call | Immediate to a few months | Highly liquid - same day access to funds with no impact on capital | Not a capital growth asset |
| | | | Highly secure as a bank deposit | Underperforms other asset classes in the long term |
| Bank Bill | 1 - 180 days | Less than 1 year | Highly liquid - same day access to funds, usually with no or minimal impact on capital | Not a growth asset |
| | | | Highly secure (bank risk) | Underperforms other asset classes in the long term |
| | | | | May incur a small loss for early redemption |
| Term Deposit | Up to 5 years | Less than 2 years | Liquid - same day access to funds | Will incur a small capital loss for early termination |
| | | | Highly secure as a bank deposit | Underperforms growth assets in the longer term |
| Floating rate Note Bond | 1 - 5 years | Greater than 2 years | Increased yield over bank bills | Not a growth asset |
| | | | Can accrue capital gain if sold ahead of maturity and market interest rates have fallen | Can incur capital losses if sold ahead of maturity and market interest rates have risen |
| | | | Coupon interest rate resets quarterly based on 90 day bank bill swap rate | Credit exposure to company issuing the paper |
| | | | Relatively liquid | May not be bank guaranteed |
| | | | Less administration than bank bills | Underperforms other asset classes in the long term |

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| Investment Product | Maturity Range | Usual term to maturity | Major Benefits | Major risks |
|--------------------|----------------|------------------------|---|---|
| Fixed Rate Bond | 1 - 5 years | Greater than 3 years | Can accrue capital gain if sold before maturity and market interest rates have fallen | Can incur capital losses if sold before maturity and market interest rates have risen |
| | | | Fixed return - semi annual coupons | Credit exposure to company issuing paper |
| | | | Generally liquid | |
| | | | Can be government or corporate issuer | |

11. Monthly Comparison of Total Funds Invested



Addendum Report

12. Section 94 Developer Contributions - Monthly Balances and Receipts

| Contribution Plan | Plan Description | End of Month Balance | Contributions Received for Month |
|-------------------|--|----------------------|----------------------------------|
| 01 | Banora Point West/Tweed Heads South Open Space | 3,946,862 | - |
| 02 | Banora Point Western Drainage | 564,193 | - |
| 03 | Banora Point West/ Tweed Heads South Community Facilities | 4,901 | - |
| 04 | Tweed Road Contribution Plan | 10,459,163 | 564,946 |
| 05 | Local Area Open Space | 832,611 | - |
| 06 | Street Tree Planting in Residential Areas | 136,455 | - |
| 07 | West Kingscliff Opens Space & Drainage | 423,586 | - |
| 10 | Cobaki Lakes Open Space & Community Facilities | (1,270) | - |
| 11 | Shire Wide Library Facilities | 1,518,136 | 55,706 |
| 12 | Bus Shelters | 66,509 | 4,248 |
| 13 | Eviron Cemetery | (21,240) | 8,201 |
| 14 | Mebbin Springs Subdivision - Rural Road Upgrading | 84,920 | - |
| 15 | Community Facilities | 553,472 | 92,323 |
| 16 | Emergency Facilities - Surf Lifesaving | 346,802 | - |
| 18 | Council Administration & Technical Support | 744,930 | 123,687 |
| 19 | Kings Beach/Casuarina/Kings Forest | 209,823 | - |
| 20 | Seabreeze Estate - Open Space | 708 | - |
| 21 | Terranora Village Estate - Open Space & Community Facilities | 29,074 | - |
| 22 | Shirewide Cycleways | 68,859 | 22,231 |
| 23 | Shirewide Carparking | 1,468,258 | 8,949 |
| 25 | Salt Development - Open Space & Car Parking | 1,024,521 | - |
| 26 | Shirewide/Regional Open Space | 1,391,746 | 231,287 |
| 27 | Tweed Heads Masterplan Local Open Space & Streetscaping | 97,874 | - |
| 28 | Seaside City | 107,050 | 27,059 |
| 90 | Footpaths & Cycleway | - | - |
| 91 | DCP14 | 101,626 | - |
| 92 | Public Reserve Contributions | 127,460 | - |
| 95 | Bilambil Heights | 496,960 | - |
| Total | | 24,783,987 | 1,138,637 |

13. Economic Commentary

Australian Economy and Cash Rate

At the Reserve Bank of Australia (RBA) meeting on 1 October 2013 the cash rate remained unchanged at 2.50%.

Recent information is consistent with global growth running a bit below average this year, with reasonable prospects of a pick-up next year. Commodity prices have declined from their peaks, but generally remain at high levels by historical standards. Inflation in most countries remains well contained.

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Overall, global financial conditions remain very accommodative. Changes in the outlook for US monetary policy have increased volatility in financial markets, but long-term interest rates remain very low and there is ample funding available for creditworthy borrowers.

In Australia, the economy has been growing a bit below trend over the past year. This is expected to continue in the near term as the economy adjusts to lower levels of mining investment. The unemployment rate has edged higher. There has been an improvement in indicators of household and business sentiment recently, though it is too soon to judge how persistent this will be. Inflation has been consistent with the medium-term target. With growth in labour costs moderating, this is expected to remain the case over the next one to two years, even with the effects of the lower exchange rate.

Global Economy

The US government shutdown for the first time in 17 years due to the budget not passing Congress. 800,000 public sector workers are taking unpaid leave whilst countless others will work unpaid until the budget is passed. US senate Democrats declined a proposal by the Republican-led House of Representatives to delay Obamacare by a year in return for the temporary funding of the government.

Council's Investment Portfolio

Council's investment portfolio is conservatively structured in accordance with Division of Local Government guidelines with 74.45% of the portfolio held in cash and term deposits. Term deposit and bonds are paying margins well above the 90 day bank bill rate and remain high but margins did contract again during September.

The all time low cash rate is translating to falling total investment yields. This situation continues to present difficulties obtaining reasonable investment income without risking capital.

All investment categories including cash at call out-performed the UBS 90 day bank bill benchmark this month. Overall, the investment portfolio has returned an average 1.26% pa above the 90 day UBS bank bill index for the last month.

Source: RBA Commentary and Oakvale Treasury Report

Addendum Report

14. Investment Summary

GENERAL FUND

| | | |
|----------------------------|---------------|-----------------------|
| CORPORATE FIXED RATE BONDS | 10,590,060.00 | |
| FLOATING RATE NOTES | 35,746,817.60 | |
| TERM DEPOSITS | 49,000,000.00 | |
| CALL ACCOUNT | 8,500,000.00 | 103,836,877.60 |

WATER FUND

| | | |
|---------------|---------------|--|
| TERM DEPOSITS | 31,000,000.00 | |
|---------------|---------------|--|

SEWERAGE FUND

| | | |
|---------------|------|----------------------|
| FUND MANAGERS | 0.00 | 31,000,000.00 |
|---------------|------|----------------------|

| | | |
|---------------|---------------|----------------------|
| TERM DEPOSITS | 46,500,000.00 | |
| FUND MANAGERS | 0.00 | 46,500,000.00 |

| | | |
|--------------------------|--|-----------------------|
| TOTAL INVESTMENTS | | 181,336,877.60 |
|--------------------------|--|-----------------------|

It should be noted that the General Fund investments of **\$104 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 Cl. 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.


Responsible Accounting Officer

Acting Director Technology and Corporate Services
Tweed Shire Council

OPTIONS:

Not Applicable.

CONCLUSION:

Not Applicable.

Addendum Report

COUNCIL IMPLICATIONS:

a. Policy:

Corporate Policy Not Applicable.

b. Budget/Long Term Financial Plan:

Not Applicable.

c. Legal:

Local Government (General) Regulations 2005 - Section 212 - Reports on council investments

"(1) The responsible accounting officer of a council:

(a) must provide the council with a written report (setting out details of all money that the council has invested under section 625 of the Act) to be presented:

(i) if only one ordinary meeting of the council is held in a month, at that meeting, or

(ii) if more than one such meeting is held in a month, at whichever of those meetings the council by resolution determines, and

(b) must include in the report a certificate as to whether or not the investment has been made in accordance with the Act, the regulations and the council's investment policies.

(2) The report must be made up to the last day of the month immediately preceding the meeting."

d. Communication/Engagement:

Inform - We will keep you informed.

UNDER SEPARATE COVER/FURTHER INFORMATION:

Nil.
