

REPORTS THROUGH THE GENERAL MANAGER

REPORTS FROM DIRECTOR CORPORATE SERVICES

a38 [CS-CM] Monthly Investment and Section 94 Development Contribution Report for Period ending 28 February 2017

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), Clause 212 of the Local Government (General) Regulations and Council policies. Council had **\$271,732,522** invested as at **28 February 2017** and the accrued net return on these funds was **\$656,022** or **2.90%** 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 28 February 2017 totalling \$271,732,522 be received and noted.

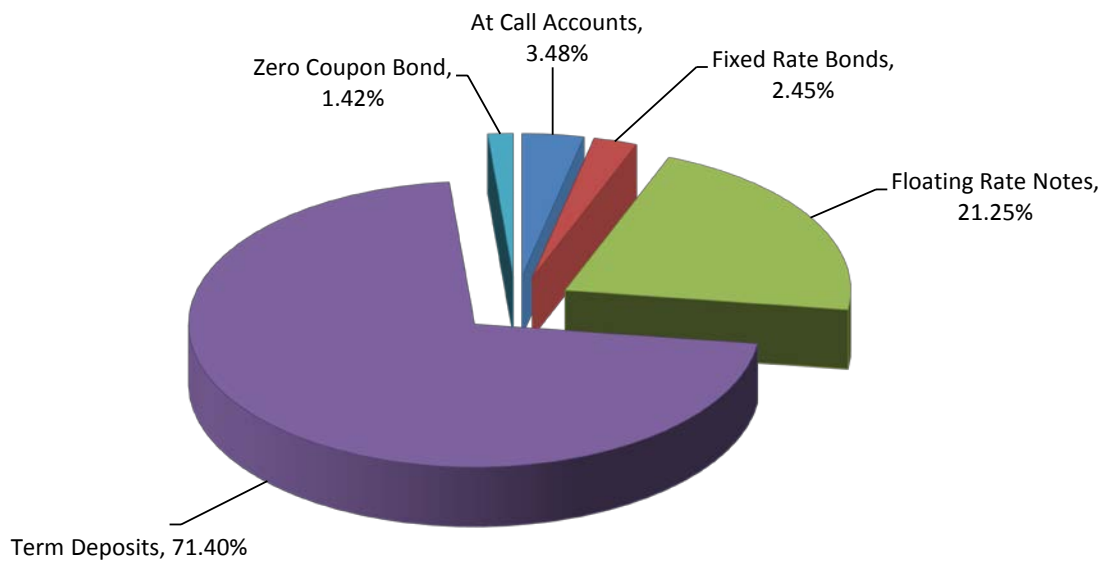
REPORT:

1. Restricted Funds as at 1 September 2016

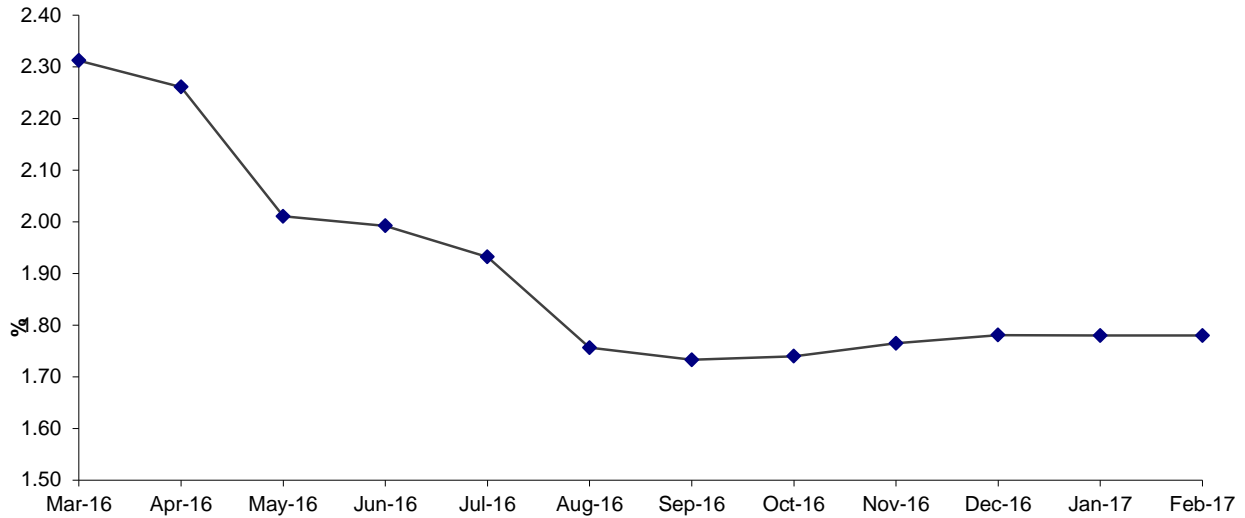
Description	(\$'000)			
	General Fund	Water Fund	Sewer Fund	Total
Externally Restricted (Other)	10,867	41,915	69,816	116,351
Crown Caravan Parks	19,035			19,035
Developer Contributions	31,046	1,701		32,747
Domestic Waste Management	14,482			14,912
Grants	4,846			4,846
Internally Restricted (Other)	44,046			48,756
Employee Leave Entitlements	11,596			12,703
Grants	3,344			3,344
Unexpended Loans	7,445			7,445
Total	146,707	43,616	69,816	260,139

Note: Restricted Funds Summary updated September 2016, corresponding with the Annual Financial Statements as at 30 June 2016

2. Investment Portfolio by Category



3. Investment Rates - 90 Day Bank Bill Rate



4. Bond and Floating Rate Note Securities

Counterparty	Face Value	Market Value	% Return on Face Value	Investment Type	Maturity Date
AMP (Morgans) (6/18)	1,000,000.00	1,007,350.00	2.64	FRN	06-Jun-18
ANZ (04/20)	1,600,000.00	1,609,744.00	2.60	FRN	17-Apr-20
* ANZ Green Bond (06/20)	2,000,000.00	2,033,760.00	3.25	Fixed Rate Bond	03-Jun-20
* Bendigo (RBS) (11/18)	1,000,000.00	1,009,700.00	3.05	FRN	14-Nov-18
* Bendigo (Westpac) (08/20)	1,000,000.00	1,003,610.00	2.88	FRN	18-Aug-20
* Bendigo Bank (04/21)	3,000,000.00	3,054,480.00	3.24	FRN	20-Apr-21
* Bendigo Bank FRN (CBA) (02/20)	1,000,000.00	1,003,690.00	2.88	FRN	21-Feb-20
* BOQ (06/18)	1,000,000.00	1,024,840.00	4.00	Fixed Rate Bond	12-Jun-18
* BOQ (06/18)	1,000,000.00	1,008,000.00	2.77	FRN	12-Jun-18
* BOQ (10/20)	2,500,000.00	2,522,075.00	2.94	FRN	20-Oct-20
CBA (01/21)	1,000,000.00	1,016,150.00	2.93	FRN	18-Jan-21
CBA (04/19)	1,000,000.00	1,007,860.00	2.66	FRN	24-Apr-19
CBA (07/20)	2,000,000.00	2,017,300.00	2.68	FRN	17-Jul-20
CBA (10/19)	2,000,000.00	2,015,760.00	2.63	FRN	18-Oct-19
CBA Bond (04/19)	1,000,000.00	1,048,820.00	4.25	Fixed Rate Bond	24-Apr-19

	CBA/Merrill Lynch Zero Coupon Bond (01/18)	4,000,000.00	3,865,600.00	7.17	Fixed Rate Bond	22-Jan-18
*	CUA (03/17)	1,000,000.00	1,006,300.00	3.09	FRN	20-Mar-17
*	CUA (03/17) (CBA)	1,000,000.00	1,006,300.00	3.09	FRN	20-Mar-17
*	CUA (04/19)	1,900,000.00	1,969,461.00	3.40	FRN	01-Apr-19
*	CUA (04/19)	2,000,000.00	1,969,461.00	3.40	FRN	01-Apr-19
*	CUA (12/17) ANZ	1,000,000.00	1,006,880.00	2.94	FRN	22-Dec-17
*	Heritage (Morgans) (05/18)	3,000,000.00	3,001,680.00	2.92	FRN	07-May-18
*	Heritage (RBS/RIMSEC) (06/17)	2,500,000.00	2,560,000.00	7.25	Fixed Rate Bond	20-Jun-17
	Macquarie (ANZ) (10/18)	1,000,000.00	1,007,230.00	2.82	FRN	26-Oct-18
	Macquarie (RIMSEC) (03/20)	2,000,000.00	2,023,720.00	2.87	FRN	03-Mar-20
*	ME Bank (04/18)	1,000,000.00	1,005,880.00	3.08	FRN	17-Apr-18
*	ME Bank (ANZ) (07/19)	1,000,000.00	1,007,620.00	3.23	FRN	18-Jul-19
*	ME Bank (ANZ) (11/17)	2,000,000.00	2,002,320.00	2.78	FRN	17-Nov-17
*	NPBS (Morgans) (02/18)	1,000,000.00	1,001,250.00		FRN	27-Feb-18
*	NPBS (WBC) (01/22)	2,000,000.00	2,020,060.00	3.43	FRN	24-Jan-22
*	NPBS (Westpac) (04/20)	2,000,000.00	2,005,880.00	3.13	FRN	07-Apr-20
	Rabo (ANZ) (03/21)	2,000,000.00	2,053,440.00	3.27	FRN	04-Mar-21
	Rabo (Morgans) (02/20)	2,000,000.00	2,010,860.00	2.83	FRN	11-Feb-20
*	Suncorp (04/21)	2,000,000.00	2,035,920.00	3.16	FRN	12-Apr-21
*	Suncorp (11/19)	1,000,000.00	997,170.00	2.47	FRN	05-Nov-19
*	Suncorp (CBA) (08/19)	1,000,000.00	1,002,050.00	2.72	FRN	20-Aug-19
*	Suncorp (NAB) (10/20)	3,000,000.00	3,040,830.00	3.03	FRN	20-Oct-20
*	Suncorp Metway (Covered Bond) (06/21)	2,000,000.00	2,018,180.00	2.84	FRN	22-Jun-21

	TMB (NAB) (10/19)	1,250,000.00	1,253,862.50	3.17	FRN	28-Oct-19
*	Westpac (07/20)	2,000,000.00	2,014,740.00	2.67	FRN	28-Jul-20
*	Westpac (WBC) (10/20)	1,000,000.00	1,012,690.00	2.85	FRN	28-Oct-20
		67,750,000.00	68,282,523.50	3.22		
LEGEND						
Investment Type			ABS = Asset Backed Security			
			Bond = Fixed Rate Bond			
			FRN = Floating Rate Note			
Counterparty			Bendigo = Bendigo & Adelaide Bank		NPBS - Newcastle Permanent Building Society	
AMP = AMP Bank			Heritage = Heritage Bank		ME = Members Equity Bank	
ANZ = ANZ Bank			ING = ING Bank		RaboDirect = Rabo Bank	
BOQ = Bank of Queensland			Investec = Investec Bank		Rural = Rural Bank (previously Elders Bank)	
CBA = Commonwealth Bank			Macquarie = Macquarie Bank		Suncorp = Suncorp Metway Bank	
CUA = Credit Union Australia			NAB = National Australia Bank		WBC = WBC Banking Corporation	

5. Term Deposits

Counterparty	Lodged or Rolled	Interest Due	Maturity Date	Principal	% Yield
BCU (Curve) (Mar 2017)	30-Aug-16	07-Mar-17	07-Mar-17	1,000,000.00	2.85
NAB (Mar 2017)	07-Sep-16	07-Mar-17	07-Mar-17	4,000,000.00	2.63
Rabo Bank (Mar 2017) (RIMSEC)	04-Mar-14	07-Mar-17	07-Mar-17	2,000,000.00	4.15
* Rural Bank (Curve) (Mar 2017)	08-Mar-16	07-Mar-17	07-Mar-17	1,000,000.00	3.05
* Bendigo Bank (March 2017)	08-Sep-16	14-Mar-17	14-Mar-17	1,000,000.00	2.80
* Heritage (Mar 2017)	16-Mar-16	14-Mar-17	14-Mar-17	4,000,000.00	3.25
ING (Curve) (Sept 2017)	07-Sep-16	14-Mar-17	14-Mar-17	3,000,000.00	2.69
NAB (Dec 2019)	19-Dec-16	20-Mar-17	17-Dec-19	2,000,000.00	2.84
* IMB (Mar 2020)	19-Dec-16	20-Mar-17	17-Mar-20	2,000,000.00	2.84
* Suncorp (Mar 2017)	20-Sep-16	21-Mar-17	21-Mar-17	4,000,000.00	2.60
* Suncorp (March 2017)	30-Aug-16	28-Mar-17	28-Mar-17	2,000,000.00	2.65
* Bankwest (Jan 2017)	24-Jan-17	28-Mar-17	28-Mar-17	2,000,000.00	2.55
* BOQ (Mar 2017) quarterly interest	20-Sep-16	28-Mar-17	28-Mar-17	2,000,000.00	2.70
* IMB (Jan 2020)	06-Jan-17	06-Apr-17	06-Jan-20	1,000,000.00	2.74

*	Westpac (Apr 2021) quarterly interest	09-Jan-17	07-Apr-17	07-Apr-21	1,000,000.00	3.08
*	Westpac (Jan 2021)	11-Jan-17	11-Apr-17	12-Jan-21	6,000,000.00	2.88
*	Bendigo Bank (Curve) (April 2017)	13-Oct-16	18-Apr-17	18-Apr-17	2,000,000.00	3.00
*	St George (Dec 2016) ING (RIMSEC) (Jan 2019)	19-Dec-16	18-Apr-17	18-Apr-17	1,000,000.00	2.55
*	Suncorp (May 2017)	29-Jan-17	01-May-17	29-Jan-19	2,000,000.00	2.62
*	Suncorp (May 2017)	25-Oct-16	02-May-17	02-May-17	2,000,000.00	2.70
*	Suncorp (May 2017)	25-Oct-16	02-May-17	02-May-17	2,000,000.00	2.70
*	NAB (Feb 2020)	03-Feb-17	03-May-17	03-Feb-20	1,000,000.00	2.79
*	IMB (Nov 2017) AMP (RIMSEC) (May 2017) ING (RIMSEC) (Feb 2020)	06-Feb-17	05-May-17	06-Nov-17	1,000,000.00	2.62
	NAB (Feb 2020) annual interest	10-May-16	09-May-17	09-May-17	3,000,000.00	3.00
	CBA (Feb 2020)	13-Feb-17	11-May-17	11-Feb-20	1,000,000.00	2.73
	Westpac (Feb 2021)	13-Feb-17	12-May-17	12-Feb-20	2,000,000.00	2.93
*	Westpac (Feb 2021)	13-Feb-17	15-May-17	13-Feb-20	1,000,000.00	2.68
*	Westpac (Feb 2021)	17-Feb-17	17-May-17	17-Nov-21	1,000,000.00	3.00
*	Westpac (Curve) (Feb 2021)	17-Feb-17	17-May-17	17-Nov-21	1,000,000.00	2.98
*	Westpac (Feb 2021)	20-Feb-17	18-May-17	18-Feb-21	2,000,000.00	3.01
	CBA (May 2020)	20-Feb-17	19-May-17	19-May-20	1,000,000.00	2.65
	CBA (May 2020)	20-Feb-17	19-May-17	19-May-20	2,000,000.00	2.50
	NAB (May 2018)	22-Feb-17	22-May-17	22-May-18	2,000,000.00	2.74
*	Westpac (Aug 2020)	27/02/17	25-May-17	25-Aug-20	2,000,000.00	2.51
	NAB (May 2017)	29-Nov-16	30-May-17	30-May-17	3,000,000.00	2.75
	CBA (Aug 2021)	28-Feb-17	31-May-17	31-Aug-21	6,000,000.00	3.40
*	Bendigo Bank (Curve) (June 2019)	01-Jun-16	01-Jun-17	04-Jun-19	2,000,000.00	3.15

*	MyState (July 2017)	01-Sep-16	04-Jul-17	04-Jul-17	2,000,000.00	2.70
*	Bankwest (Feb 2017)	07-Feb-17	11-Jul-17	11-Jul-17	3,000,000.00	2.60
	Australian Military Bank (Curve) (July 2017)	05-Jul-16	11-Jul-17	11-Jul-17	1,000,000.00	3.15
	RaboDirect (Curve) (Jul 2021)	27-Jul-16	27-Jul-17	27-Jul-21	1,000,000.00	3.30
*	Suncorp (May 2015)	31-Jan-17	01-Aug-17	01-Aug-17	2,000,000.00	2.65
	RaboDirect (Curve) (Aug 2019)	07-Aug-16	07-Aug-17	13-Aug-19	2,000,000.00	4.30
*	BOQ (Aug 2017)	06-Aug-16	08-Aug-17	08-Aug-17	3,000,000.00	3.00
*	BOQ (Aug 2017)	06-Aug-17	08-Aug-17	08-Aug-17	2,000,000.00	3.00
*	CUA (Aug 2017)	09-Aug-16	08-Aug-17	08-Aug-17	2,000,000.00	2.70
	AMP (Curve) (Aug 2017)	03-Aug-16	08-Aug-17	08-Aug-17	2,000,000.00	2.80
*	BOQ (Aug 2017)	06-Aug-17	08-Aug-17	08-Aug-17	1,000,000.00	3.00
*	BOQ (Aug 2020)	09-Aug-16	09-Aug-17	11-Aug-20	5,000,000.00	3.20
	MMBS (Curve) (Aug 2018)	15-Aug-16	16-Aug-17	21-Aug-18	2,000,000.00	3.00
	Rabo (RIMSEC) (Feb 2018)	19-Aug-16	21-Aug-17	20-Feb-18	3,000,000.00	3.00
	Rabo Bank (Curve) (Aug 2018)	21-Aug-16	21-Aug-17	21-Aug-18	2,000,000.00	4.10
*	BOQ (Aug 2017)	21-Feb-17	22-Aug-17	22-Aug-17	4,000,000.00	2.70
*	Bendigo Bank (Aug 2019)	23-Aug-16	23-Aug-17	27-Aug-19	5,000,000.00	2.90
	CBA (Oct 2019)	23-Aug-16	23-Aug-17	23-Oct-19	1,999,999.00	3.20
	Rabo (Curve) (Aug 2018)	26-Aug-16	26-Aug-17	28-Aug-18	3,000,000.00	3.00
	ING (Curve) (Aug 2017)	21-Feb-17	29-Aug-17	29-Aug-17	1,000,000.00	2.60
*	Bendigo Bank (Curve) (Mar 2018)	31-Aug-16	31-Aug-17	06-Mar-18	2,000,000.00	2.70
	Rabo Bank (Curve) (Sept 2019)	01-Sep-16	01-Sep-17	03-Sep-19	1,000,000.00	4.05
*	Bendigo Bank (Sept 2019)	03-Sep-16	03-Sep-17	03-Sep-19	1,000,000.00	4.15

	QLD PCU (RIMSEC) (Sept 2018)	05-Sep-16	04-Sep-17	04-Sep-18	1,000,000.00	3.05
	NAB (Sept 2017)	13-Sep-16	12-Sep-17	12-Sep-17	3,000,000.00	2.69
*	Rural (Curve) (Feb 2017)	14-Feb-17	19-Sep-17	19-Sep-17	2,000,000.00	2.65
	P&N Bank (RIMSEC) (Sept 2017)	21-Sep-16	21-Sep-17	21-Sep-17	1,000,000.00	4.00
	NAB (Oct 2017)	04-Oct-16	03-Oct-17	03-Oct-17	2,000,000.00	2.77
	NAB (Oct 2017)	18-Oct-16	17-Oct-17	17-Oct-17	4,000,000.00	2.80
	NAB (Oct 2017)	18-Oct-16	17-Oct-17	17-Oct-17	2,000,000.00	2.80
*	Bendigo (Oct 2017)	19-Oct-16	17-Oct-17	17-Oct-17	4,000,000.00	2.85
	Defence Bank (Curve) (Oct 2017)	26-Oct-16	24-Oct-17	24-Oct-17	1,000,000.00	3.00
*	Defence Bank (Curve) (Nov 2018)	23-Nov-16	23-Nov-17	27-Nov-18	2,000,000.00	3.00
	Rabo (Curve) (Jul 2018)	26-Nov-16	26-Nov-17	03-Jul-18	3,000,000.00	3.10
*	Bendigo Bank (Curve) (Dec 2017)	07-Dec-16	12-Dec-17	12-Dec-17	2,000,000.00	2.85
*	Bendigo Bank (Dec 2017)	15-Dec-15	18-Dec-17	18-Dec-17	2,000,000.00	3.15
*	BOQ (Jan 2017)	17-Jan-17	15-Jan-18	15-Jan-19	2,000,000.00	3.05
*	CUA (Curve) (Feb 2017)	14-Feb-17	16-Jan-18	16-Jan-18	2,000,000.00	2.80
*	ME Bank (Curve) (Jan 2020)	24-Jan-17	24-Jan-18	28-Jan-20	2,000,000.00	3.26
*	Auswide Bank (Curve) (Feb 2017)	07-Feb-17	13-Feb-18	13-Feb-18	1,000,000.00	2.80
*	Bendigo (Curve) (Feb 2017)	14-Feb-17	13-Feb-18	13-Feb-18	2,000,000.00	2.70
*	Bendigo Bank (Feb 2018)	16-Feb-17	13-Feb-18	13-Feb-18	3,000,000.00	3.10
*	BOQ (Feb 2017)	28-Feb-17	27-Feb-18	27-Feb-18	2,000,000.00	2.70
	Defence Bank (Curve) (Mar 2019)	28-Feb-17	28-Feb-18	05-Mar-19	1,000,000.00	3.00
*	Rural Bank (Curve) (Mar 2018)	28-Feb-17	06-Mar-18	06-Mar-18	4,000,000.00	2.70

*	MEB (Curve) (Mar 2018)	01-Mar-16	06-Mar-18	06-Mar-18	2,000,000.00	3.13
	NAB (Jan 2020)	16-Jul-17	17-Apr-18	21-Jan-20	2,000,000.00	2.91
	QLD PCU (Curve) May 2018)	17-May-16	22-May-18	22-May-18	2,000,000.00	3.15
*	Bendigo Bank (Curve) (May 2018)	17-May-16	22-May-18	22-May-18	2,000,000.00	3.05
	Defence Bank (Curve) (May 2018)	25-May-16	28-May-18	28-May-18	1,000,000.00	3.05
	Defence Bank (Curve) (June 2018)	31-May-16	05-Jun-18	05-Jun-18	1,000,000.00	3.05
	RaboDirect (Curve) (Jan 2019)	13-Jan-15	15-Jan-19	15-Jan-19	1,000,000.00	4.00
*	Westpac (Feb 2022)	15-Feb-17	15-Feb-19	15-Feb-22	3,000,000.00	3.00
	Rabo Bank (Curve) (May 2020)	20-May-16	19-May-20	19-May-20	2,000,000.00	3.20
Total					193,999,999.00	2.97
LEGEND		Counterparties				
AMP = AMP Bank		Macquarie = Macquarie Bank		WBC = Westpac Bank		
ANZ = ANZ Bank		NAB = National Australia Bank				
Auswide = Auswide Bank		ME = Members Equity Bank				
BOQ = Bank of Queensland		NPBS = Newcastle Permanent Building Society				
CBA = Commonwealth Bank		P&N = P&N Bank				
Heritage = Heritage Bank		RaboDirect = Rabo Bank				
ING = ING Bank		Rural = Rural Bank				
Investec = Investec Bank		Suncorp = Suncorp Metway Bank				

6. Ethical Investments

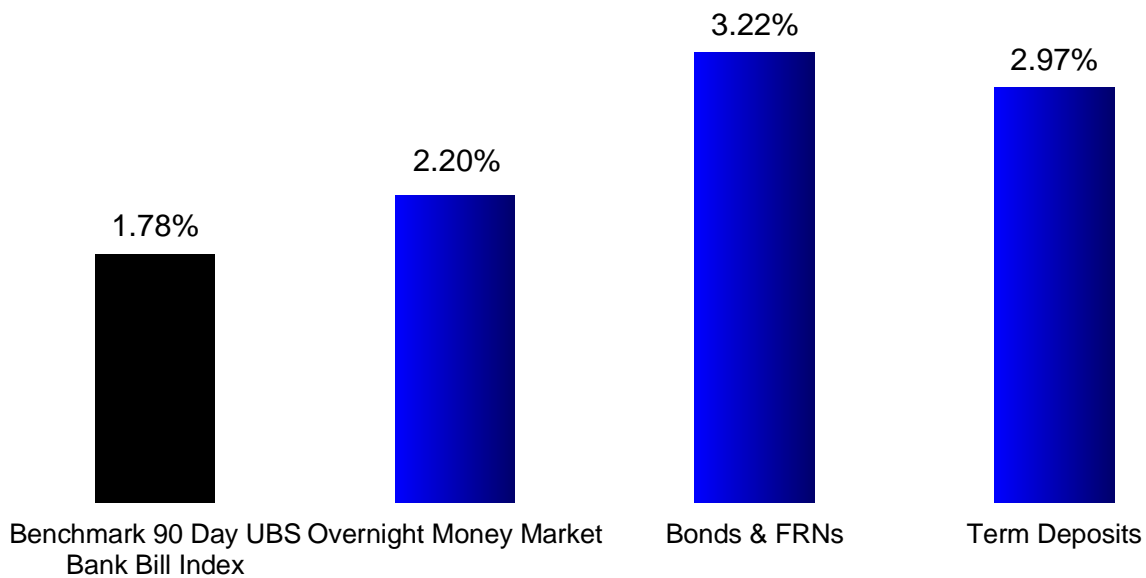
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Ethical Financial Institutions highlighted
\$159,450,231 which represents **58.68%** of the total portfolio
Source: Australian Ethical - www.australianethical.com.au

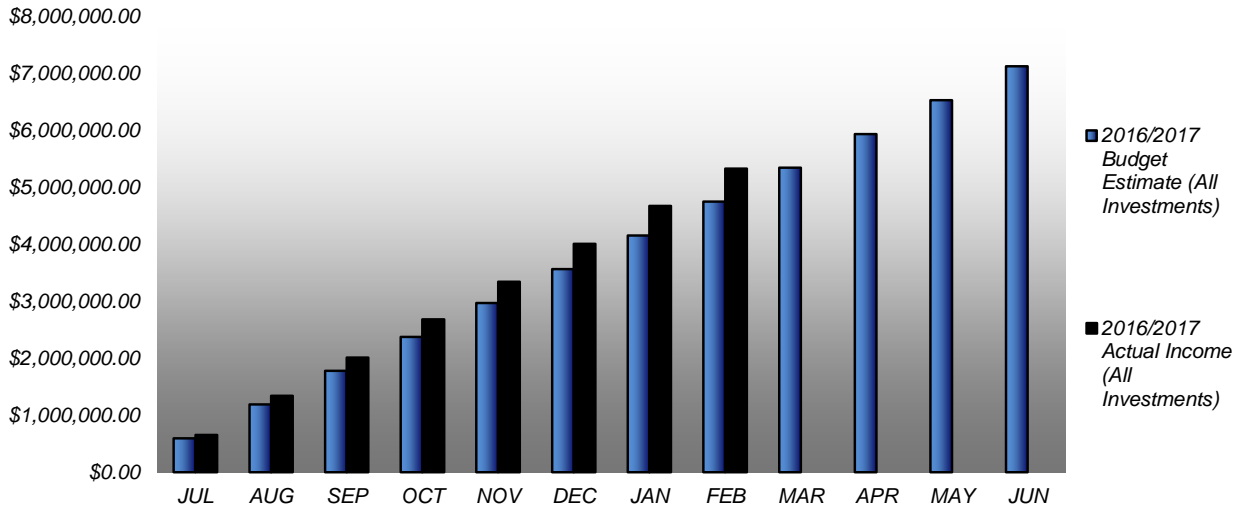
7. Performance by Category

Category	Face Value	Market Value	Weighted Average Return by Investment Category	Above or (Below) 90 day BBSW Benchmark
Benchmark 90 Day UBS Bank Bill Index			1.78%	
Overnight Money Market	9,450,000.00	9,450,000.00	2.20%	0.42%
Bonds & FRNs	67,750,000.00	68,282,523.50	3.22%	1.44%
Term Deposits	193,999,999.00	193,999,999.00	2.97%	1.19%
		0		
			Weighted Average Total Portfolio	
	271,199,999.00	271,732,522.50	3.01%	1.23%

Performance by Category Compared with Benchmark



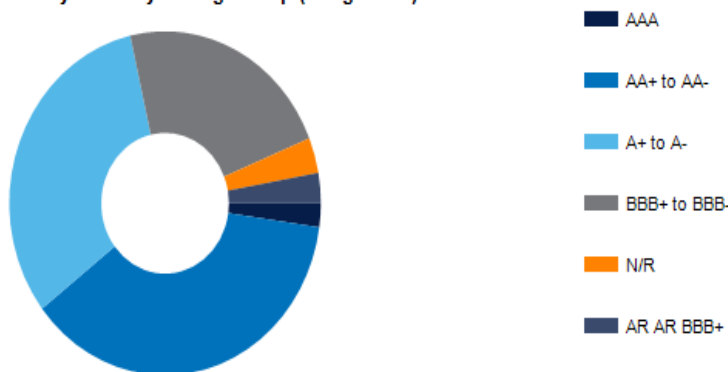
8. Total Portfolio Income v Budget



9. 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%	0.74%	A-1+	100%	19.30%
AA Category	100%	12.38%	A-1	100%	13.62%
A Category	60%	10.60%	A-2	60%	31.66%
BBB Category	20%	8.39%	A-3	0%	0.00%
Unrated	10%	1.10%	Unrated	10%	2.21%

Market Value by Security Rating Group (Long Term)



Market Value by Security Rating Group (Short Term)



10. Term to Maturity

Maturity Profile	Actual % Portfolio	Policy Limits
Less than 365 days	44.49%	Minimum 40%
More than 365 days and less than 3 years	31.04%	Maximum 60%
3 years and less than 5 years	24.47%	Maximum 35%
Total	100.00%	

Market Value by Term Remaining

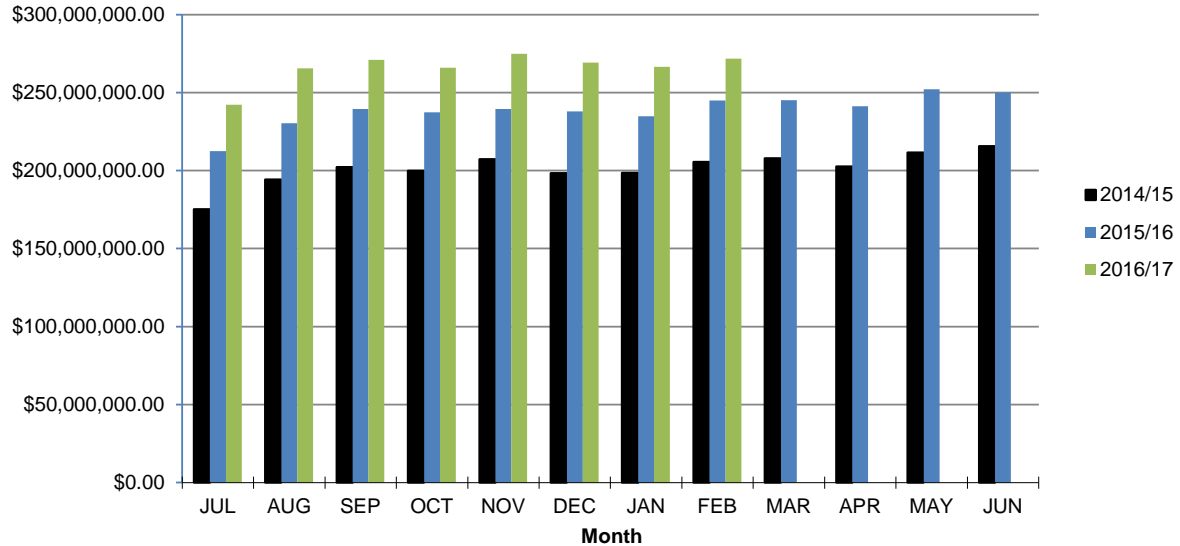


11. Investment Alternatives Explained

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

Investment Product	Maturity Range	Usual term to maturity	Major Benefits	Major risks
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
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	

12. Monthly Comparison of Total Funds Invested



13. Section 94 Developer Contributions - Monthly Balances & Receipts

Contribution Plan	Plan Description	End of Month Balance	Contributions Received for Month
1	DCP3 Open Space	4,475,141	489
2	Western Drainage	632,862	
3	DCP3 Community Facilities	1,713	
4	TRCP Road Contributions	13,785,400	257,329
5	Open Space	512,701	11,667
6	Street Trees	203,173	
7	West Kingscliff	907,927	28,316
10	Cobaki Lakes	-1,417	
11	Libraries	2,166,380	23,673
12	Bus Shelters	117,112	1,805
13	Cemeteries	116,352	3,506
14	Mebbin Springs	94,722	
15	Community Facilities	1,601,872	44,817
16	Surf Lifesaving	96,935	813
18	Council Administration/Technical Support	1,537,295	52,809
19	Kings Beach	850,627	3,421
20	Seabreeze Estate	790	
21	Terranora Village	34,087	
22	Cycleways Shirewide	137,261	5,197
23	Carparking Shirewide	1,463,005	
25	SALT	1,117,534	
26	Open Space Shire wide	1,167,417	139,058
27	Tweed Heads Masterplan	305,976	
28	Seaside City	529,215	73,525
91	DCP14	113,357	
92	Public Reserve Contributions	135,253	
95	Bilambil Heights	554,325	
	Total	32,657,018	646,426

14. Economic Commentary

Australian and World Economy and Cash Rate

At its 7 March, 2017 meeting the Reserve Bank of Australia (RBA) decided to leave the cash rate unchanged at 1.50 per cent.

Conditions in the global economy have continued to improve over recent months. Business and consumer confidence have both picked up. Above-trend growth is expected in a number of advanced economies, although uncertainties remain. In China, growth is being supported by higher spending on infrastructure and property construction. This composition of growth and the rapid increase in borrowing mean that the medium-term risks to Chinese growth remain. The improvement in the global economy has contributed to higher commodity prices, which are providing a significant boost to Australia's national income.

Headline inflation rates have moved higher in most countries, partly reflecting the higher commodity prices. Long-term bond yields are higher than last year, although in a historical context they remain low. Interest rates are expected to increase further in the United States and there is no longer an expectation of additional monetary easing in other major economies. Financial markets have been functioning effectively and stock markets have mostly risen.

The Australian economy is continuing its transition following the end of the mining investment boom, expanding by around 2½ per cent in 2016. Exports have risen strongly and non-mining business investment has risen over the past year. Most measures of business and consumer confidence are at, or above, average. Consumption growth was stronger towards the end of the year, although growth in household income remains low.

The outlook continues to be supported by the low level of interest rates. Financial institutions remain in a good position to lend. The depreciation of the exchange rate since 2013 has also assisted the economy in its transition following the mining investment boom. An appreciating exchange rate would complicate this adjustment.

Labour market indicators continue to be mixed and there is considerable variation in employment outcomes across the country. The unemployment rate has been steady at around 5¾ per cent over the past year, with employment growth concentrated in part-time jobs. The forward-looking indicators point to continued expansion in employment over the period ahead.

Inflation remains quite low. With growth in labour costs remaining subdued, underlying inflation is likely to stay low for some time. Headline inflation is expected to pick up over the course of 2017 to be above 2 per cent, with the rise in underlying inflation expected to be a bit more gradual.

Conditions in the housing market vary considerably around the country. In some markets, conditions are strong and prices are rising briskly. In other markets, prices are declining. In the eastern capital cities, a considerable additional supply of apartments is scheduled to come on stream over the next couple of years. Growth in rents is the slowest for two decades. Borrowing for housing by investors has picked up over recent months. Supervisory measures have contributed to some strengthening of lending standards.

Taking account of the available information the Board judged that holding the stance of policy unchanged at this meeting would be consistent with sustainable growth in the economy and achieving the inflation target over time.

Council's Investment Portfolio

Council's investment portfolio is conservatively structured in accordance with Office of Local Government guidelines with approximately 74.88% of the portfolio held in cash and term deposits. Term deposits and bonds are paying average margins over the 90 day bank bill rate.

Bank demand for longer dated term deposit funds has increased due to diminished availability of wholesale funding, increased cost of wholesale funding and new banking capital requirements. This demand for long term funds is highlighted by the lowering of many "at call" rates to less than the RBA cash rate and increased margins above the 90 day bank bill benchmark for term deposits.

The historic low cash rate is still translating to lower total investment yields. This continues to present difficulties obtaining reasonable investment income without risking capital.

All investment categories out-performed the UBS 90 day bank bill benchmark this month. The investment portfolio again benefited this month from some higher yielding bonds and term deposits purchased before interest rate margins began contracting. Overall, the investment portfolio has returned a **weighted average 1.23% pa** above the 90 day UBS bank bill index for the last month.

Source: RBA Monetary Policy Decision.

15. Investment Summary

GENERAL FUND	CORPORATE FIXED RATE BONDS	10,533,020.00	
	FLOATING RATE NOTES	57,749,503.50	
	ASSET BACKED SECURITIES	0.00	
	FUND MANAGERS	0.00	
	TERM DEPOSITS	60,999,999.00	
	CALL ACCOUNT	9,450,000.00	138,732,522.50
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WATER FUND	TERM DEPOSITS	56,000,000.00	
	FUND MANAGERS	0.00	56,000,000.00
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SEWERAGE FUND	TERM DEPOSITS	77,000,000.00	
	FUND MANAGERS	0.00	77,000,000.00
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TOTAL INVESTMENTS			271,732,522.50

It should be noted that the General Fund investments of \$138 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.



Responsible Accounting Officer
Manager Financial Services
Tweed Shire Council

OPTIONS:

Not Applicable.

CONCLUSION:

Not Applicable.

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.

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