

REPORTS THROUGH THE ACTING GENERAL MANAGER

REPORTS FROM THE ACTING DIRECTOR TECHNOLOGY AND CORPORATE SERVICES

CNL-a60 [TCS-CM] Monthly Investment and Section 94 Developer Contributions Report for the Period Ending 30 April 2013

SUBMITTED BY: Financial Services

Valid



Civic Leadership

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 **\$152,832,044** invested as at **30 April 2013** and the accrued net return on these funds was **\$594,445** or **4.67%** 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 April 2013 totalling \$152,832,044 be received and noted.

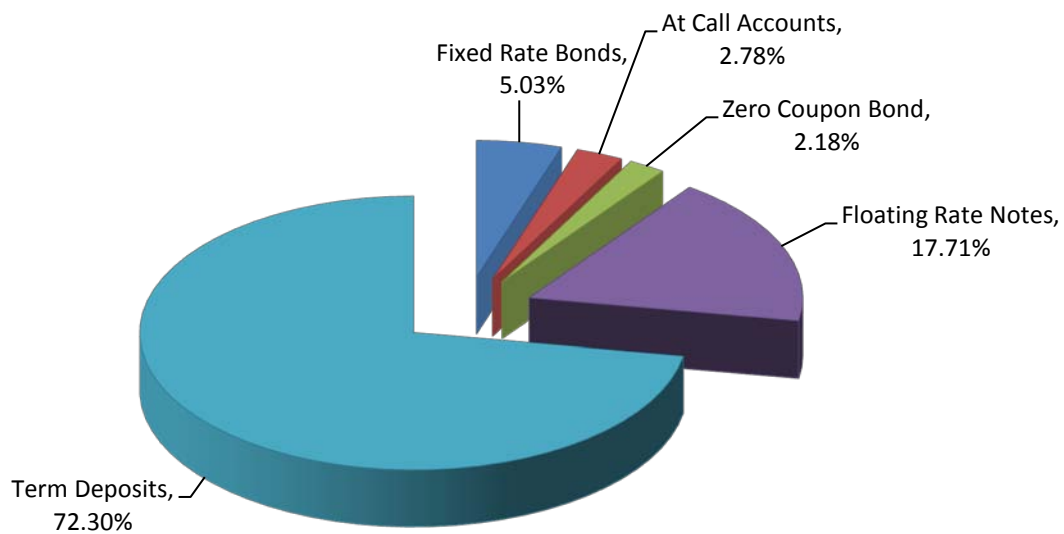
REPORT:

1. Restricted Funds as at 1 July 2012

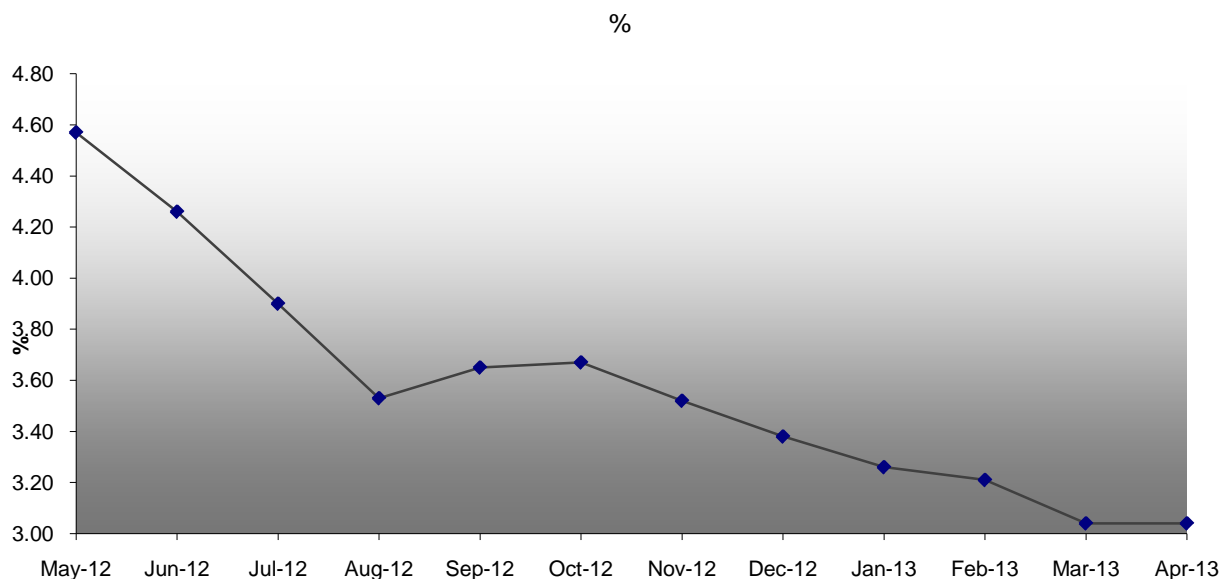
Description	(\$'000)			
	General Fund	Water Fund	Sewer Fund	Total
Externally Restricted	2,441	15,262	51,519	69,222
Crown Caravan Parks	14,980			14,980
Developer Contributions	24,720	6,805		31,525
Domestic Waste Management	9,221			9,221
Grants	4,781			4,781
Internally Restricted	21,294			21,294
Employee Leave Entitlements	4,414			4,414
Grants	6,013			6,013
Unexpended Loans	9,753			9,753
Total	97,617	22,067	51,519	171,203

Note: Restricted Funds Summary updated September 2012, corresponding with the Annual Financial Statements as at 30 June 2012

2. Investment Portfolio by Category



3. Investment Rates - 90 Day Bank Bill Rate



4. Direct Securities

Counterparty	Face Value	Market Value	% Return on Face Value	Maturity Date	Investment Type
Westpac (RBS) (02/17)	1,000,000.00	1,045,520.00	4.59	20/02/2017	FRN
ANZ/Suncorp (05/14)	2,000,000.00	2,022,600.00	4.08	26/05/2014	FRN
ING (RBS) (09/15)	2,000,000.00	2,082,540.00	5.50	03/09/2015	Fixed Rate Bond
ING (RBS) (09/15)	2,000,000.00	2,082,540.00	4.22	09/09/2015	Fixed Rate Bond
AMP (RBS) (06/14)	2,000,000.00	2,020,928.00	4.19	06/06/2014	FRN
Suncorp Covered (RIMSEC) (12/16)	2,000,000.00	2,101,920.00	4.75	06/12/2016	Fixed Rate Bond
Macquarie (RIMSEC) (03/14)	1,000,000.00	1,011,813.00	4.97	13/03/2014	FRN
AMP (ANZ) (03/16)	1,700,000.00	1,712,053.00	4.13	14/03/2016	FRN
NAB Direct (12/14)	1,000,000.00	1,020,360.00	4.33	19/12/2014	FRN
Heritage (RBS) (06/17)	1,325,000.00	1,415,100.00	7.25	20/06/2017	Fixed Rate Bond
NAB (06/16)	2,000,000.00	2,049,840.00	4.21	21/06/2016	FRN

Council Meeting Date: Thursday 16 May 2013
Late Addendum

Counterparty	Face Value	Market Value	% Return on Face Value	Maturity Date	Investment Type
Suncorp (Westpac) (04/16)	2,000,000.00	2,011,620.00	4.09	11/04/2016	FRN
CBA Retail Bond (12/15)	492,500.00	500,000.00	4.09	24/12/2015	FRN
CBA Retail Bond (12/15)	498,250.00	500,000.00	4.09	24/12/2015	FRN
CBA Retail Bond (12/15)	1,000,000.00	1,000,000.00	4.09	24/12/2015	FRN
Suncorp (FIIG) (04/15)	2,000,000.00	2,029,600.00	4.49	23/04/2015	FRN
Suncorp (Westpac) (04/15)	1,000,000.00	1,014,800.00	4.49	23/04/2015	FRN
Suncorp (Westpac) (04/15)	2,000,000.00	2,029,600.00	4.49	23/04/2015	FRN
Rabo (07/16)	1,000,000.00	1,009,040.00	4.07	27/07/2016	FRN
Rabo (07/16)	1,000,000.00	1,009,040.00	4.07	27/07/2016	FRN
Bendigo (FIIG) (11/15)	1,000,000.00	1,006,990.00	4.35	02/11/2015	FRN
CBA (08/16)	1,000,000.00	1,018,860.00	4.07	02/08/2016	FRN
CBA (08/16)	2,000,000.00	2,037,720.00	4.07	02/08/2016	FRN
NAB (11/15)	1,000,000.00	1,017,680.00	4.10	05/11/2015	FRN
CBA/Merrill Lynch Zero Coupon Bond (01/18)	4,000,000.00	3,331,880.00	7.28	22/01/2018	Fixed Rate Bond
Totals	38,015,750.00	38,082,044.00	4.56		
LEGEND	ABS = Asset Backed Security Bond = Fixed Rate Bond CDO = Collateralised Debt Obligation FRN = Floating Rate Note 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				

5. Term Deposits

Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield
03-Mar-13	03-Apr-13	NAB (matures Sept 2013)	3,000,000.00	30	4.60
12-Feb-13	13-May-13	BOQ (matures Nov 2013)	2,000,000.00	90	4.44
12-Feb-13	13-May-13	NAB (Feb 2015)	2,000,000.00	90	4.33
11-Feb-13	13-May-13	NAB (RBS) (matures Aug 2015) quarterly interest	2,000,000.00	91	6.00
18-Feb-13	16-May-13	Westpac (Nov 2014)	2,000,000.00	87	4.26
18-Feb-13	20-May-13	Westpac (Feb 2016)	2,000,000.00	91	4.12
20-Feb-13	21-May-13	ING (FIIG) (02/14)	1,000,000.00	90	4.34
20-Feb-13	21-May-13	ING (RIMSEC) (Feb 2015)	1,000,000.00	90	4.34
17-May-11	21-May-13	Investec (May 2013) interest on maturity	1,000,000.00	735	7.10
20-Feb-13	23-May-13	BOQ (Feb 2016)	1,000,000.00	90	4.54
27-Feb-13	27-May-13	NAB (RBS) (Aug 2015)	2,000,000.00	89	4.16
23-May-12	28-May-13	RaboDirect (FIIG May 2013)	2,000,000.00	369	5.35
28-Feb-13	31-May-13	IMB (Dec 2013)	2,000,000.00	92	4.22
04-Mar-13	04-Jun-13	ING (RIMSEC) (matures Sept 2013)	1,000,000.00	92	4.50
05-Mar-13	04-Jun-13	Westpac	2,000,000.00	91	4.30
11-Mar-13	11-Jun-13	ING (RIMSEC Sept 2013)	2,000,000.00	92	4.60
11-Mar-13	11-Jun-13	Investec (RIMSEC) (matures Jun 2014)	1,000,000.00	92	5.00
19-Mar-13	11-Jun-13	MEB (RIMEC) (Mar 2013)	4,000,000.00	84	4.35
11-Mar-13	11-Jun-13	Westpac (Jun 2013)	2,500,000.00	92	4.35
26-Mar-13	25-Jun-13	Westpac (matures Jun 2013)	2,000,000.00	91	4.35
04-Apr-13	04-Jul-13	BOQ (matures Apr 2014)	2,000,000.00	90	4.57

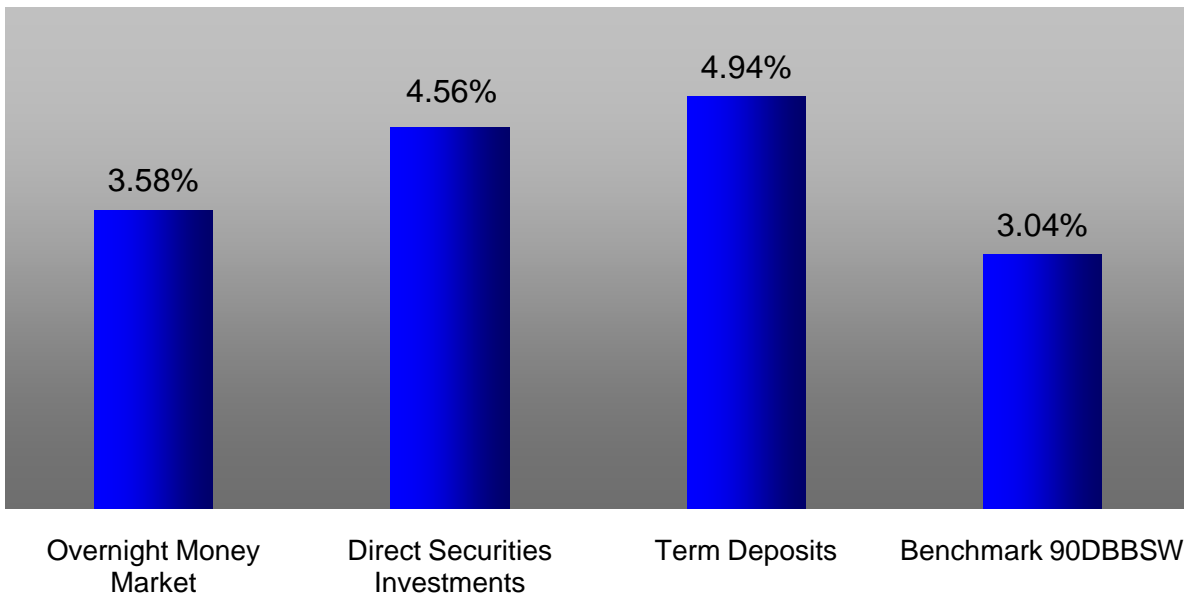
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield
08-Apr-13	08-Jul-13	Westpac (matures Apr 2016) quarterly interest	2,000,000.00	91	4.56
05-Feb-13	09-Jul-13	Rural (Curve Feb 2013)	2,000,000.00	154	4.25
08-Jan-13	10-Jul-13	MEB (Jul 2013)	4,000,000.00	183	4.70
11-Apr-13	11-Jul-13	Westpac (Jan 2016)	8,000,000.00	91	4.34
15-Jan-13	16-Jul-13	Suncorp (Jul 2013)	3,000,000.00	182	4.56
22-Jan-13	23-Jul-13	BOQ (July 2013)	2,000,000.00	182	4.50
15-Jan-13	23-Jul-13	NAB (July 2013)	4,000,000.00	189	4.56
21-Jul-12	23-Jul-13	Suncorp (RBS) (July 2013) annual interest	1,000,000.00	366	7.30
26-Jul-12	26-Jul-13	RaboDirect (Curve Jul 2015)	1,000,000.00	365	5.20
26-Jul-12	26-Jul-13	RaboDirect (Curve Jul 2016)	1,000,000.00	365	5.40
05-Feb-13	30-Jul-13	Suncorp (Feb 2013)	3,000,000.00	175	4.40
29-Jan-13	30-Jul-13	Suncorp (Jan 2013)	5,000,000.00	182	4.42
05-Feb-13	06-Aug-13	BOQ (Aug 2013) ING (RIMESEC)	2,000,000.00	182	4.45
29-Jan-13	06-Aug-13	(Matures Aug 2013)	2,000,000.00	189	4.47
07-Aug-12	06-Aug-13	Investec (RIMSEC) (matures Aug 2013)	1,000,000.00	364	5.42
12-Aug-10	13-Aug-13	BOQ (RBS) (Aug 2013) annual interest	2,000,000.00	1097	7.05
19-Feb-13	19-Aug-13	MEB (Aug 2013)	2,000,000.00	181	4.40
01-Sep-10	02-Sep-13	NAB (Sept 2013) annual interest	4,000,000.00	1098	6.52
30-Aug-12	03-Sep-13	AMP (CURVE) (Sept 2013) annual interest	500,000.00	365	6.00
30-Aug-12	10-Sep-13	AMP (CURVE) (Sept 2013) annual interest	500,000.00	365	6.00
12-Mar-13	10-Sep-13	ING (RIMSEC)	2,000,000.00	182	4.45

Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield
26-Mar-13	24-Sep-13	NAB (Mar 2013) annual interest	1,000,000.00	182	4.43
23-Apr-13	01-Oct-13	Rural Bank (10/13)	1,000,000.00	161	4.40
23-Apr-13	08-Oct-13	ING (RIMSEC) CBA (Oct 2015) annual interest	2,000,000.00	168	4.40
11-Oct-12	11-Oct-13		1,000,000.00	365	4.85
19-Mar-13	15-Oct-13	ING (Curve) (March 2013)	2,000,000.00	210	4.42
22-Jan-13	22-Oct-13	NAB (Oct 2013)	2,000,000.00	273	4.45
12-Nov-12	11-Nov-13	RaboDirect (Curve) annual interest	1,000,000.00	366	6.40
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
07-Feb-13	07-Feb-14	RaboDirect (Curve) (Feb 2015) annual interest	1,000,000.00	366	6.00
20-Feb-13	18-Feb-14	Heritage BOQ (Mar 2014) annual interest	2,000,000.00	363	4.40
22-Mar-11	25-Mar-14		1,000,000.00	1099	6.75
22-Mar-11	22-Mar-16	RaboDirect (RIMSEC) (Mar 2016) annual interest	1,000,000.00	1827	7.15
			110,500,000.00		4.94
LEGEND		ING = ING Bank	RaboDirect = Rabo Bank		
AMP = AMP Bank		Investec = Investec Bank	Rural = Rural Bank		
ANZ = ANZ Bank		Macquarie = Macquarie Bank	Suncorp = Suncorp Metway Bank		
BOQ = Bank of Queensland		NAB = National Australia Bank	Westpac = Westpac Bank		
CBA = Commonwealth Bank		ME = Members Equity Bank			
Heritage = Heritage Bank		NPBS = Newcastle Permanent Building Society			

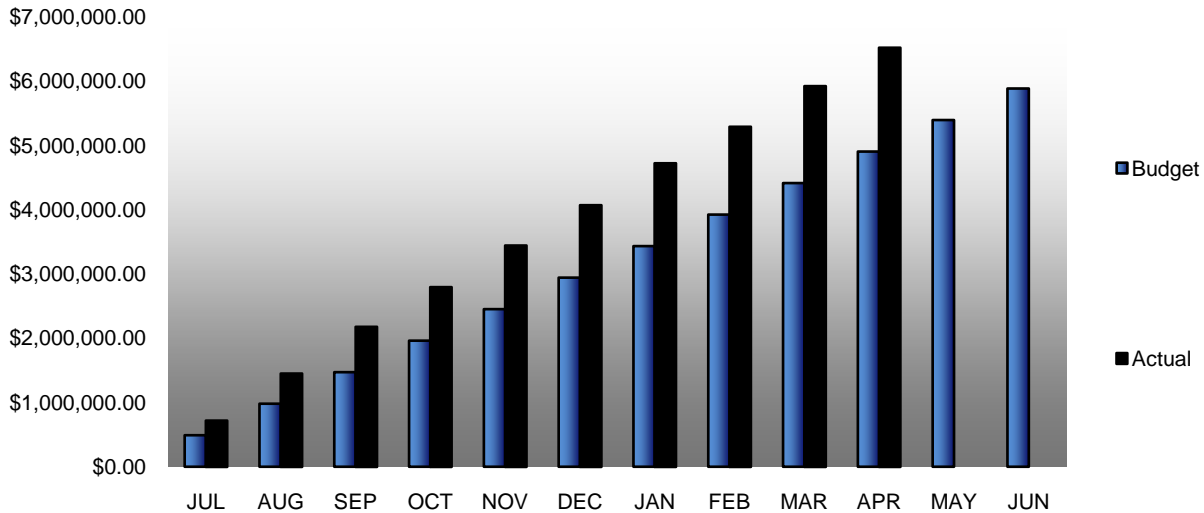
6. Performance by Category

Category	Face Value	Market Value	Average Return	Above or (Below) 90 day BBSW Benchmark
Overnight Money Market	\$4,250,000.00	\$4,250,000.00	3.58%	0.54%
Direct Securities Investments	\$38,015,750.00	\$38,082,044.00	4.56%	1.52%
Term Deposits	\$110,500,000.00	\$110,500,000.00	4.94%	1.90%
Benchmark 90DBBSW	\$152,765,750.00	\$152,832,044.00	3.04%	Benchmark 90 Day UBS Bank Bill Index

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%	1.31%	A-1+	100%	14.89%
AA Category	100%	22.91%	A-1	100%	19.64%
A Category or below	60%	12.24%	A-2	60%	18.33%
BBB Category or below	20%	0.65%	A-3	0%	0.00%
Unrated	10%	6.10%	Unrated	10%	3.93%

9. Term to Maturity

Maturity Profile	Actual % Portfolio	Policy Limits
Less than 365 days	56.78%	Minimum 40% of portfolio
Between 365 days and 2 years	11.13%	Maximum 60%
Between 2 years and 5 years	32.09%	Maximum 35%
Total	100.00%	

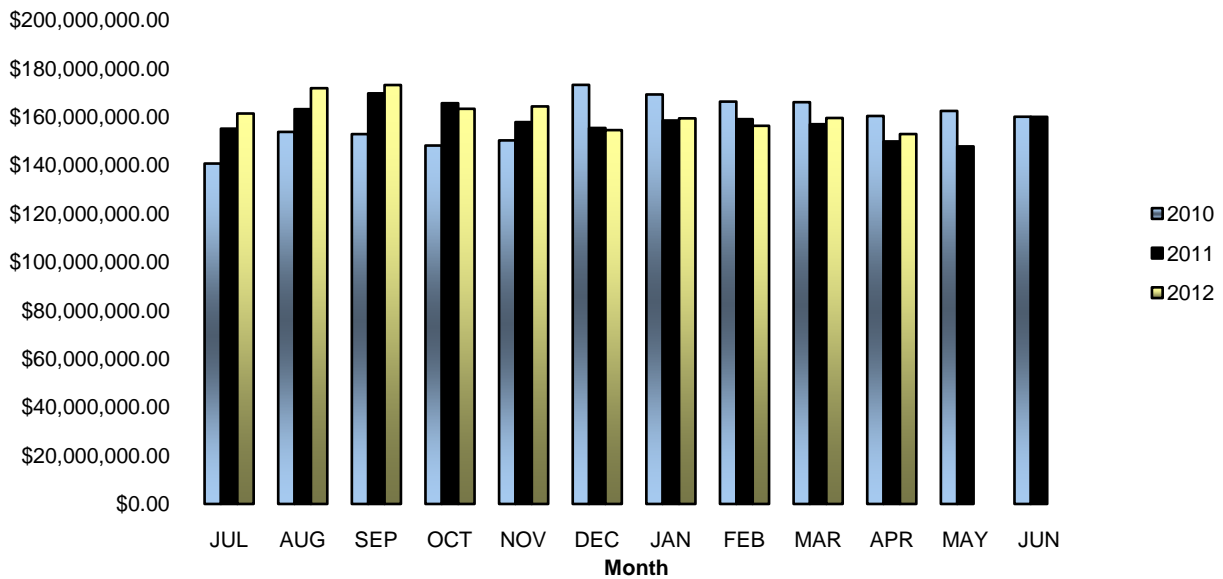
10. Investment Alternatives Explained

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

Investment Product	Maturity Range	Usual Term to Maturity	Major Benefits	Major Risks
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

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



12. Section 94 Developer Contributions - Monthly Balances & Receipts

Contribution Plan	Plan Description	End of Month Balance	Contributions Received for Month
01	Banora Point West/Tweed Heads South Open Space	4,040,037	-
02	Banora Point Western Drainage	551,669	-
03	Banora Point West/ Tweed Heads South Community Facilities	40,110	
04	Tweed Road Contribution Plan	7,022,834	344,975
05	Local Area Open Space	879,407	1,841
06	Street Tree Planting in Residential Areas	136,412	
07	West Kingscliff Opens Space & Drainage	416,509	
10	Cobaki Lakes Open Space & Community Facilities	(1,031)	
11	Shire Wide Library Facilities	1,468,229	2,383
12	Bus Shelters	59,626	86
13	Eviron Cemetery	(31,517)	121
14	Mebbin Springs Subdivision - Rural Road Upgrading	83,035	
15	Community Facilities	430,962	2,596
16	Emergency Facilities - Surf Lifesaving	338,742	113
18	Council Administration & Technical Support	993,216	3,226
19	Kings Beach/Casuarina/Kings Forest	173,019	
20	Seabreeze Estate - Open Space	693	

Contribution Plan	Plan Description	End of Month Balance	Contributions Received for Month
21	Terranora Village Estate - Open Space & Community Facilities	28,429	
22	Shirewide Cycleways	281,969	635
23	Shirewide Carparking	2,047,966	
25	Salt Development - Open Space & Car Parking	1,005,864	
26	Shirewide/Regional Open Space	1,486,620	11,985
27	Tweed Heads Masterplan Local Open Space & Streetscaping	95,702	
28	Seaside City	41,411	
90	Footpaths & Cycleway	-	-
91	DCP14	99,371	-
92	Public Reserve Contributions	124,631	-
95	Bilambil Heights	485,929	-
Total		22,299,844	367,961

13. Economic Commentary

Australian Economy and Cash Rate

At the Reserve Bank of Australia (RBA) meeting on 7 May 2013 the cash rate was reduced by 0.25% to 2.75%. In a significant change in tone from last month, the RBA acknowledged the distinct weakening in domestic sentiment over the last month. Recent low inflation, poor GDP and employment data have meant that the RBA has formally acknowledged that growth in 2013 was slightly below trend. In particular, the RBA seems concerned regarding the persistently high level of the AUD, highlighting that it remains high despite a fall in interest rates and export prices over the last 18 months.

United States

After poor growth in the last quarter of 2012, the U.S. economy appears to be gaining momentum at the beginning of 2013. In March, the unemployment rate declined to 7.6%, its lowest level since late 2008. In addition, housing starts rose 0.8% y-o-y. Also, Fed officials reinforced their plan to keep short-term interest rates at very low levels at least until unemployment falls to 6.5%. Automatic spending cuts are likely to drag consumption lower. In March, retail sales fell 0.4% and the Conference Board's consumer confidence index fell to 59.7 from a downward revised 68.0 in February.

Japan

At the Monetary Policy Meeting held on April 4th, the Policy Board of the Bank of Japan decided upon the introduction of "quantitative and qualitative monetary easing". This follows the Bank's goal to achieve the price stability target of 2% in terms of the year-on-year rate of CPI at the earliest possible time. The Japanese economy may be slowly recovering, from October to December GDP was flat from the previous quarter and grew 0.5% from the same period in 2011. Prime Minister Shinzo Abe announced a JPY10.3 trillion stimulus to pull the world's third largest economy out from a prolonged deflation. The government estimates that this extra spending will increase GDP by about 2% and create about 600,000 jobs.

China

After gaining positive momentum at the end of 2012, Chinese GDP growth slipped in the first quarter of 2013 to 7.7% y-o-y and 1.6% q-o-q, dragged down by weak industry output. In March, industrial production growth further extended its downward trend standing at the lowest level since May of 2009. On the positive side, domestic consumption was the main driver of expansion in the March quarter, contributing 4.3% to total growth. Retail sales increased 12.6% y-o-y, up from 12.2% in February. As a result, despite strong exports, imports surged in the first quarter, resulting in the first trade deficit in more than a year. Growth in China's manufacturing sector unexpectedly slowed in April as new export orders fell, raising fresh doubts about the strength of the economy after a disappointing first quarter.

Eurozone

In April the ECB announced the first cut in borrowing costs since July 2012, reducing interest rates to a record low of 0.5%. ECB President Draghi noted that negative rates cannot be ruled out as a course of action. The bank's policy meeting in Bratislava came to its decision against a backdrop of weak economic data, including unemployment across the 17 member countries of the single currency hitting a record high of more than 12%.

New Zealand

The Reserve Bank left the Official Cash Rate unchanged at 2.5% on 24 April. Growth in the New Zealand economy has picked up. Consumer spending has increased and rebuild activity in Canterbury is gaining momentum. House price inflation is high in some regions, despite prices already being elevated. The Reserve Bank does not want to see financial or price stability compromised by housing demand getting too far ahead of supply.

Council's Investment Portfolio

Council's investment portfolio is conservatively structured in accordance with Division of Local Government guidelines with 75.08% of the portfolio held in term deposits. Term deposit and bond margins above the 90 day bank bill rate remain relatively high and continue to provide above benchmark returns while minimizing capital risk.

All investment categories including cash at call out-performed 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.

Source: RBA Commentary and Oakvale Treasury Report

14. Investment Summary

GENERAL FUND

CORPORATE FIXED RATE BONDS	11,013,980.00	
FLOATING RATE NOTES	27,068,064.00	
ASSET BACKED SECURITIES FUND MANAGERS	0.00	0.00
TERM DEPOSITS	42,000,000.00	
CALL ACCOUNT	4,250,000.00	84,332,044.00

WATER FUND

TERM DEPOSITS FUND MANAGERS	25,500,000.00	0.00	25,500,000.00
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SEWERAGE FUND

TERM DEPOSITS FUND MANAGERS	43,000,000.00	0.00	43,000,000.00
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TOTAL INVESTMENTS	152,832,044.00
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It should be noted that the General Fund investments of **\$84 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

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.

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
- 1.3.1.35 Council funds are invested in accordance with legislation requirements and Council Policy
- 1.3.1.35.1 Council funds are invested to provide maximum returns whilst having due regard to risk

UNDER SEPARATE COVER/FURTHER INFORMATION:

Nil.

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