

Addendum Report

REPORTS FROM THE DIRECTOR CORPORATE SERVICES

a34 [CS-CM] Monthly Investment and Section 94 Development Contribution Report for Period ending 30 April 2016

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 **\$241,246,680** invested as at **30 April 2016** and the accrued net return on these funds was **\$651,257** or **3.24%** 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 2016 totalling \$241,246,680 be received and noted.

Addendum Report

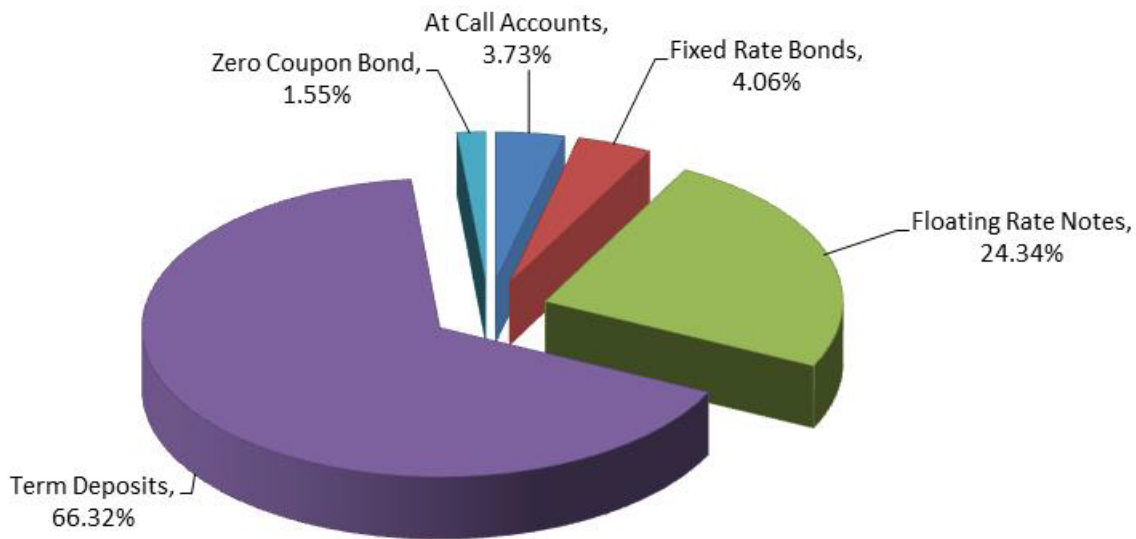
REPORT:

1. Restricted Funds as at 1 September 2015

Description	(\$'000)			Total
	General Fund	Water Fund	Sewer Fund	
Externally Restricted (Other)	4,010	32,944	61,499	98,453
Crown Caravan Parks	18,283			18,283
Developer Contributions	26,759	2,651		29,410
Domestic Waste Management	13,981			13,981
Grants	2,923			2,923
Internally Restricted (Other)	43,083			43,083
Employee Leave Entitlements	11,330			11,330
Grants	3,169			3,169
Unexpended Loans	9,415			9,415
Total	132,953	35,595	61,499	230,047

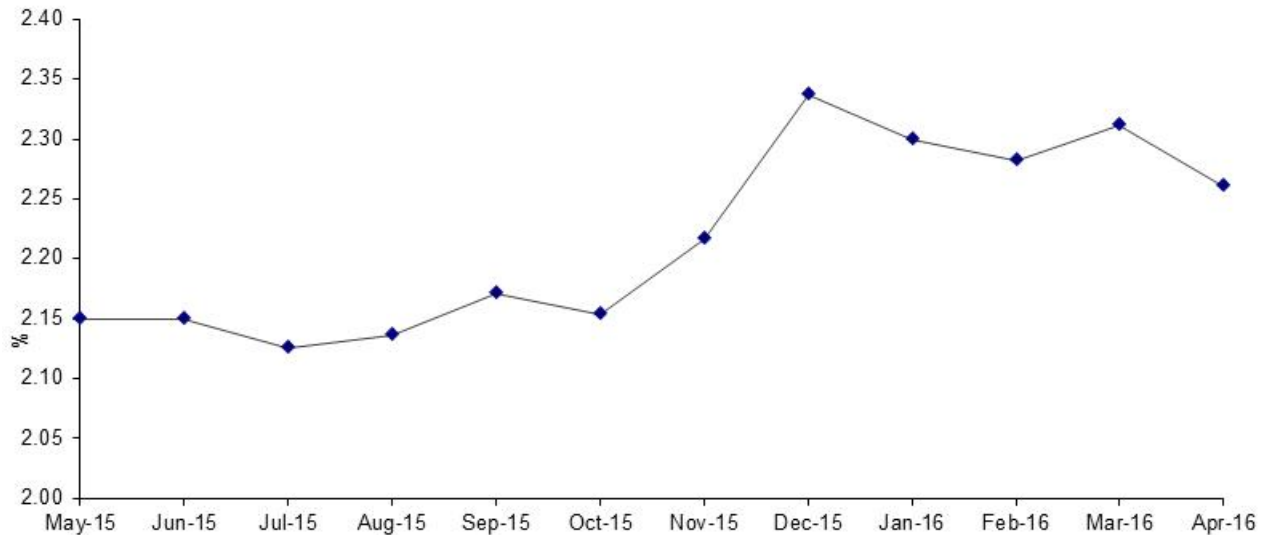
Note: Restricted Funds Summary updated September 2015, corresponding with the Annual Financial Statements as at 30 June 2015

2. Investment Portfolio by Category



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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
	NAB (06/16)	2,000,000.00	2,011,020.00	3.49	FRN	21-Jun-16
	CBA (08/16)	1,000,000.00	1,010,660.00	3.45	FRN	02-Aug-16
	ING Bond(RBS) (08/16)	1,000,000.00	1,012,610.00	4.25	Fixed Rate Bond	23-Aug-16
*	Suncorp Covered (RIMSEC) (12/16)	2,000,000.00	2,062,980.00	4.75	Fixed Rate Bond	06-Dec-16
*	CUA (03/17)	1,000,000.00	1,005,430.00	3.62	FRN	20-Mar-17
*	CUA (03/17) (CBA)	1,000,000.00	1,005,430.00	3.62	FRN	20-Mar-17
*	Heritage (RBS/RIMSEC) (06/17)	2,500,000.00	2,607,500.00	7.25	Fixed Rate Bond	20-Jun-17
*	ME Bank (ANZ) (11/17)	1,000,000.00	1,004,580.00	3.29	FRN	17-Nov-17
*	CUA (12/17) ANZ	1,000,000.00	1,003,270.00	3.51	FRN	22-Dec-17
	CBA/Merrill Lynch Zero Coupon Bond (01/18)	4,000,000.00	3,729,200.00	7.17	Fixed Rate Bond	22-Jan-18
*	NPBS (Morgans) (02/18)	1,000,000.00	1,000,040.00	3.23	FRN	27-Feb-18
*	ME Bank (04/18)	1,000,000.00	1,004,370.00	3.59	FRN	17-Apr-18

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	Counterparty	Face Value	Market Value	% Return on Face Value	Investment Type	Maturity Date
*	Heritage (Morgans) (05/18)	2,000,000.00	2,006,560.00	3.43	FRN	07-May-18
*	Heritage (Westpac) (05/18)	1,000,000.00	1,003,280.00	3.43	FRN	07-May-18
*	AMP (Morgans) (6/18)	1,000,000.00	1,004,570.00	3.18	FRN	06-Jun-18
*	BOQ (06/18)	1,000,000.00	1,033,580.00	4.00	Fixed Rate Bond	12-Jun-18
*	BOQ (06/18)	1,000,000.00	1,002,980.00	3.34	FRN	12-Jun-18
	Rabo (RBS) (09/18)	1,000,000.00	1,004,230.00	3.43	FRN	25-Sep-18
	CBA (CBA) (10/18)	2,000,000.00	2,003,940.00	3.07	FRN	19-Oct-18
	Macquarie (ANZ) (10/18)	1,000,000.00	999,470.00	3.33	FRN	26-Oct-18
	ANZ (11/18)	1,000,000.00	1,009,800.00	3.16	FRN	06-Nov-18
*	Bendigo (RBS) (11/18)	1,000,000.00	1,012,290.00	3.56	FRN	14-Nov-18
*	Westpac (JP Morgans) (02/19)	2,000,000.00	2,017,780.00	3.23	FRN	25-Feb-19
*	CUA (04/19)	2,000,000.00	2,006,740.00	3.88	FRN	01-Apr-19
	CBA Bond (04/19)	1,000,000.00	1,038,550.00	4.25	Fixed Rate Bond	24-Apr-19
	CBA (04/19)	1,000,000.00	1,001,500.00	3.15	FRN	24-Apr-19
*	Suncorp (CBA) (08/19)	1,000,000.00	1,001,130.00	3.22	FRN	20-Aug-19
	CBA (10/19)	2,000,000.00	1,996,200.00	3.14	FRN	18-Oct-19
*	Suncorp (11/19)	1,000,000.00	998,370.00	2.74	FRN	05-Nov-19
*	BOQ (11/19)	2,000,000.00	2,001,280.00	3.35	FRN	06-Nov-19
	Rabo (Morgans) (02/20)	2,000,000.00	1,998,340.00	3.33	FRN	11-Feb-20
	Macquarie (RIMSEC) (03/20)	2,000,000.00	1,997,000.00	3.41	FRN	03-Mar-20
	ANZ (04/20)	1,600,000.00	1,593,280.00	3.11	FRN	17-Apr-20
*	ANZ Green Bond (06/20)	2,000,000.00	2,036,280.00	3.25	Fixed Rate Bond	03-Jun-20
	CBA (07/20)	2,000,000.00	1,996,500.00	3.19	FRN	17-Jul-20
*	Westpac (07/20)	2,000,000.00	1,993,220.00	3.05	FRN	28-Jul-20
*	Bendigo (Westpac) (08/20)	1,000,000.00	997,680.00	3.39	FRN	18-Aug-20
*	Bendigo (Westpac) (08/20)	3,000,000.00	2,993,040.00	3.39	FRN	18-Aug-20
*	Bendigo (Westpac) (08/20)	2,000,000.00	1,995,360.00	3.39	FRN	18-Aug-20

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	Counterparty	Face Value	Market Value	% Return on Face Value	Investment Type	Maturity Date
*	Suncorp (NAB) (08/20)	3,000,000.00	3,003,810.00	3.53	FRN	20-Oct-20
*	Westpac (WBC) (10/20)	1,000,000.00	1,003,090.00	3.23	FRN	28-Oct-20
	CBA (01/21)	1,000,000.00	1,007,120.00	3.44	FRN	18-Jan-21
	Rabo (ANZ) (03/21)	2,000,000.00	2,017,740.00	3.82	FRN	04-Mar-21
*	Suncorp (04/21)	2,000,000.00	2,006,840.00	3.64	FRN	12-Apr-21
*	Bendigo Bank (04/21)	3,000,000.00	3,008,040.00	3.74	FRN	20-Apr-21
		72,100,000.00	72,246,680.00	3.62		

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
	ING (RIMSEC) (Jan 2019)	29-Jan-16	29-Apr-16	29-Jan-19	2,000,000.00	3.14
	NAB (Feb 2020)	03-Feb-16	03-May-16	03-Feb-20	1,000,000.00	3.70
*	IMB (Nov 2017)	05-Feb-16	05-May-16	06-Nov-17	1,000,000.00	3.14
	AMP (RIMSEC) (May 2016)	11-Aug-15	10-May-16	10-May-16	3,000,000.00	2.90
	ING (RIMSEC) (Feb 2020)	11-Feb-16	11-May-16	11-Feb-20	1,000,000.00	3.23
	NAB (Feb 2020) annual interest	12-Feb-16	12-May-16	12-Feb-20	2,000,000.00	3.43
	CBA (Feb 2020)	15-Feb-16	13-May-16	13-Feb-20	1,000,000.00	3.19
*	Bankwest (May 2016)	09-Feb-16	17-May-16	17-May-16	2,000,000.00	3.00
*	Westpac (Feb 2021)	19-Feb-16	18-May-16	18-Feb-21	2,000,000.00	3.45
	CBA (May 2020)	19-Feb-16	19-May-16	19-May-20	1,000,000.00	3.15

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	Counterparty	Lodged or Rolled	Interest Due	Maturity Date	Principal	% Yield
	CBA (May 2020)	19-May-15	19-May-16	19-May-20	2,000,000.00	3.41
	NAB (May 2016)	20-May-15	20-May-16	24-May-16	3,000,000.00	4.00
	NAB (Oct 2016)	2104/16	23-May-16	18-Oct-16	2,000,000.00	3.01
*	Suncorp (May 2015)	01-Dec-15	31-May-16	31-May-16	3,000,000.00	3.05
	Gateway CU (RIMSEC) (June 2016)	08-Sep-15	07-Jun-16	07-Jun-16	2,000,000.00	2.86
*	Investec (RIMSEC) (Jun 2016)	10-Mar-16	14-Jun-16	14-Jun-16	1,000,000.00	3.43
*	IMB (Mar 2020)	17-Mar-16	17-Jun-16	17-Mar-20	2,000,000.00	3.37
*	BOQ (Sept 2016) quarterly interest	21-Mar-16	20-Jun-16	20-Sep-16	2,000,000.00	3.62
	NAB (Dec 2019)	21-Mar-16	20-Jun-16	17-Dec-19	2,000,000.00	3.37
*	Bankwest (Jun 2016)	23-Feb-16	28-Jun-16	28-Jun-16	1,000,000.00	3.00
	Rural Bank (Curve) (Jul 2016)	01-Jul-15	05-Jul-16	05-Jul-16	1,000,000.00	3.00
*	IMB (Jan 2020)	06-Apr-16	06-Jul-16	06-Jan-20	1,000,000.00	3.27
*	Westpac (Apr 2016) quarterly interest	07-Apr-16	07-Jul-16	07-Apr-21	2,000,000.00	3.57
*	Westpac (Jan 2021)	11-Apr-16	11-Jul-16	12-Jan-21	6,000,000.00	3.36
*	BOQ (Jul 2016)	12-Jan-16	12-Jul-16	12-Jul-16	2,000,000.00	3.10
	NAB (Jan 2020)	18-Apr-16	18-Jul-16	21-Jan-20	2,000,000.00	3.75
*	Bankwest (Jul 2016)	15-Mar-16	19-Jul-16	19-Jul-16	1,000,000.00	3.09
*	BOQ (Jul 2016)	19-Jan-16	19-Jul-16	19-Jul-16	2,000,000.00	3.10
*	Investec (July 2016)	26-Apr-16	26-Jul-16	26-Jul-16	2,000,000.00	3.37
	RaboDirect (Curve) (Jul 2016)	28-Jul-15	26-Jul-16	26-Jul-16	1,000,000.00	5.40
*	MEB (Jul 2016)	29-Jul-15	29-Jul-16	26-Jul-16	2,000,000.00	3.71

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	Counterparty	Lodged or Rolled	Interest Due	Maturity Date	Principal	% Yield
*	BOQ (Aug 2017)	11-Aug-15	06-Aug-16	08-Aug-17	3,000,000.00	3.00
*	BOQ (Aug 2017)	11-Aug-15	06-Aug-16	08-Aug-17	1,000,000.00	3.00
	RaboDirect (Curve) (Aug 2019)	07-Aug-15	07-Aug-16	13-Aug-19	2,000,000.00	4.30
*	BOQ (Aug 2017)	05-Aug-15	08-Aug-16	08-Aug-17	2,000,000.00	3.00
*	BOQ (Aug 2016)	08-Feb-16	09-Aug-16	09-Aug-16	5,000,000.00	3.10
*	CUA (Aug 2016)	03-Feb-16	09-Aug-16	09-Aug-16	2,000,000.00	3.05
*	Bendigo (Curve) (Feb 2017)	09-Feb-16	11-Aug-16	14-Feb-17	2,000,000.00	2.95
	Rabo (RIMSEC) (Feb 2018)	19-Aug-15	18-Aug-16	20-Feb-18	3,000,000.00	3.00
	Rabo Bank (Curve) (Aug 2018)	21-Aug-15	21-Aug-16	21-Aug-18	2,000,000.00	4.10
*	Auswide Bank (RIMSEC) (Aug 2016)	26-Feb-16	23-Aug-16	23-Aug-16	2,000,000.00	3.15
*	BOQ (Aug 2016)	23-Feb-16	23-Aug-16	23-Aug-16	4,000,000.00	3.10
	Maitland MBS (RIMSEC) (Aug 2016)	01-Mar-16	23-Aug-16	23-Aug-16	2,000,000.00	3.05
	Rural Bank (Curve) (Aug 2016)	01-Mar-16	23-Aug-16	23-Aug-16	3,000,000.00	3.00
*	Westpac (Aug 2020)	25-Aug-15	24-Aug-16	25-Aug-20	2,000,000.00	3.00
	Rabo (Curve) (Aug 2018)	26-Aug-15	26-Aug-16	28-Aug-18	3,000,000.00	3.00
*	BOQ (Aug 2016)	01-Mar-16	30-Aug-16	30-Aug-16	1,000,000.00	3.10
	Rabo Bank (Curve) (Sept 2019)	01-Sep-15	01-Sep-16	03-Sep-19	1,000,000.00	4.05
*	Bendigo Bank (Sept 2019)	01-Sep-15	03-Sep-16	03-Sep-19	1,000,000.00	4.15
	NAB (Sept 2016)	04-Sep-15	04-Sep-16	06-Sep-16	4,000,000.00	4.25
	QLD PCU (RIMSEC) (Sept 2018)	03-Sep-15	05-Sep-16	04-Sep-18	1,000,000.00	3.05

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	Counterparty	Lodged or Rolled	Interest Due	Maturity Date	Principal	% Yield
	NAB (Sept 2016)	22-Mar-16	13-Sep-16	13-Sep-16	1,000,000.00	3.10
*	Suncorp (Sept 2016)	22-Mar-16	20-Sep-16	20-Sep-16	4,000,000.00	3.05
	NAB (Mar 2016)	08-Mar-16	04-Oct-16	04-Oct-16	4,000,000.00	3.10
*	Bendigo Bank (Curve) (April 2017)	13-Oct-15	13-Oct-16	18-Apr-17	2,000,000.00	3.00
*	Suncorp (Apr 2016)	19-Apr-16	18-Oct-16	18-Oct-16	4,000,000.00	3.10
	NAB (Oct 2016)	16-Feb-16	18-Oct-16	18-Oct-16	4,000,000.00	3.00
*	Suncorp (Oct 2016)	23-Feb-16	25-Oct-16	25-Oct-16	2,000,000.00	3.00
*	Suncorp (Oct 2016)	23-Feb-16	25-Oct-16	25-Oct-16	2,000,000.00	3.00
	Defence Bank (Curve) (Oct 2017)	27-Oct-15	26-Oct-16	24-Oct-17	1,000,000.00	3.00
	RaboDirect (Curve) (Nov 2016) annual interest	11-Nov-15	22-Nov-16	22-Nov-16	1,000,000.00	6.30
	Rabo (Curve) (Jul 2018)	26-Nov-15	26-Nov-16	03-Jul-18	3,000,000.00	3.10
*	Auswide Bank Bank (Dec 2016)	08-Dec-15	13-Dec-16	13-Dec-16	3,000,000.00	3.76
	Big Sky BS (Curve) (Feb 2017)	19-Jan-16	17-Jan-17	17-Jan-17	2,000,000.00	3.10
*	Auswide Bank (Curve) (Feb 2017)	03-Feb-15	07-Feb-17	07-Feb-17	1,000,000.00	3.50
*	CUA (Curve) (Feb 2017)	17-Feb-16	14-Feb-17	14-Feb-17	2,000,000.00	3.05
	RaboDirect (Curve) (Feb 2017) annual interest	10-Feb-16	14-Feb-17	14-Feb-17	1,000,000.00	3.40
*	Bendigo Bank (Feb 2018)	16-Feb-16	16-Feb-17	13-Feb-18	3,000,000.00	3.10
	BCU (Curve) (Feb 2017)	21-Feb-16	21-Feb-17	21-Feb-17	1,000,000.00	3.20
	ING (Curve) (Feb 2017)	25-Feb-16	21-Feb-17	21-Feb-17	1,000,000.00	3.10
	Rabo Bank (Mar 2017) (RIMSEC)	04-Mar-14	07-Mar-17	07-Mar-17	2,000,000.00	4.15

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Counterparty	Lodged or Rolled	Interest Due	Maturity Date	Principal	% Yield
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-15	14-Mar-17	14-Mar-17	1,000,000.00	2.80
* HBS (Mar 2017)	16-Mar-16	14-Mar-17	14-Mar-17	4,000,000.00	3.25
P&N Bank (RIMSEC) (Sept 2017)	22-Sep-14	21-Sep-17	21-Sep-17	1,000,000.00	4.00
* Bendigo Bank (Dec 2017)	15-Dec-15	18-Dec-17	18-Dec-17	2,000,000.00	3.15
* MEB (Curve) (Mar 2018)	01-Mar-16	06-Mar-18	06-Mar-18	2,000,000.00	3.13
RaboDirect (Curve) (Jan 2019)	13-Jan-15	15-Jan-19	15-Jan-19	1,000,000.00	4.00
Total				160,000,000.00	3.35
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

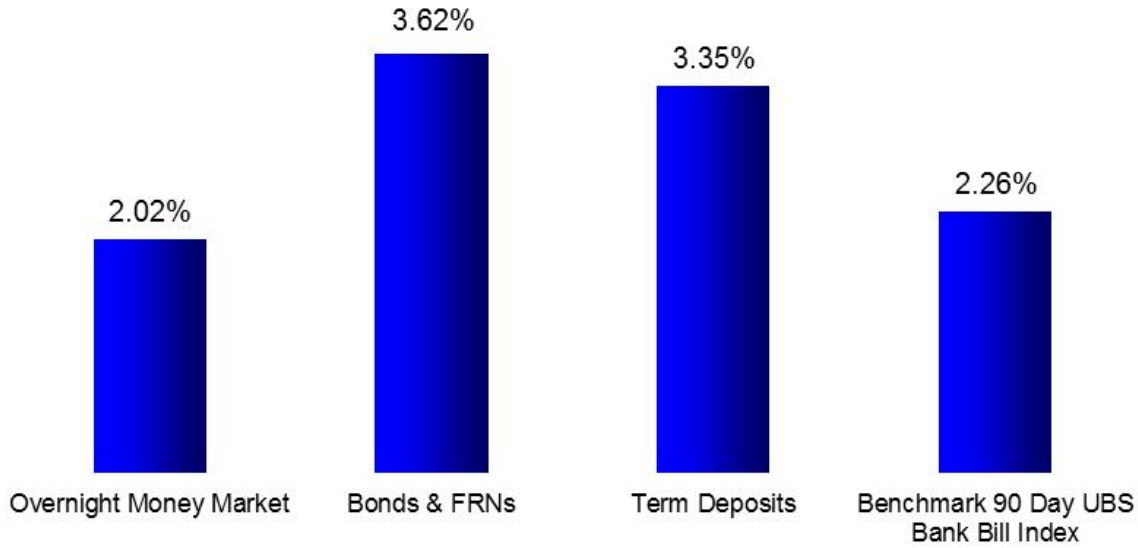
* Ethical Financial Institutions highlighted
\$135,525,042 which represents **56.18%** of the total portfolio

Source: Australian Ethical - www.australianethical.com.au

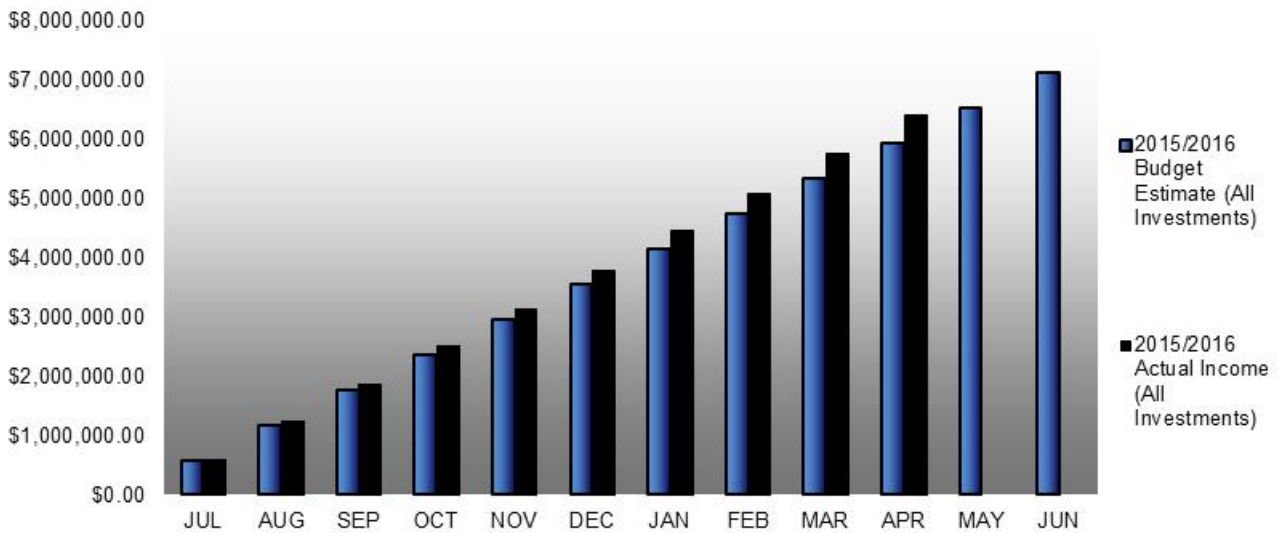
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7. Performance by Category

Performance by Category Compared with Benchmark



8. Total Portfolio Income v Budget



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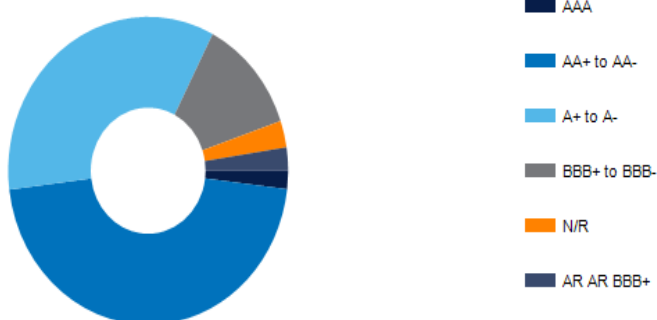
9. Investment Policy Diversification and Credit Risk

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%	0.86%	A-1+	100%	13.68%
AA Category	100%	20.49%	A-1	100%	14.92%
A Category	60%	15.37%	A-2	60%	24.46%
BBB Category	20%	5.40%	A-3	0%	0.00%
Unrated	10%	2.33%	Unrated	10%	2.49%

Market Value by Security Rating Group (Short Term)



Market Value by Security Rating Group (Long Term)



10. Term to Maturity

Maturity Profile	Actual % Portfolio	Policy Limits
Less than 365 days	48.96%	Minimum 40%
More than 365 days and less than 3 years	24.66%	Maximum 60%
3 years and less than 5 years	26.38%	Maximum 35%
Total	100.00%	

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Market Value by Term Remaining



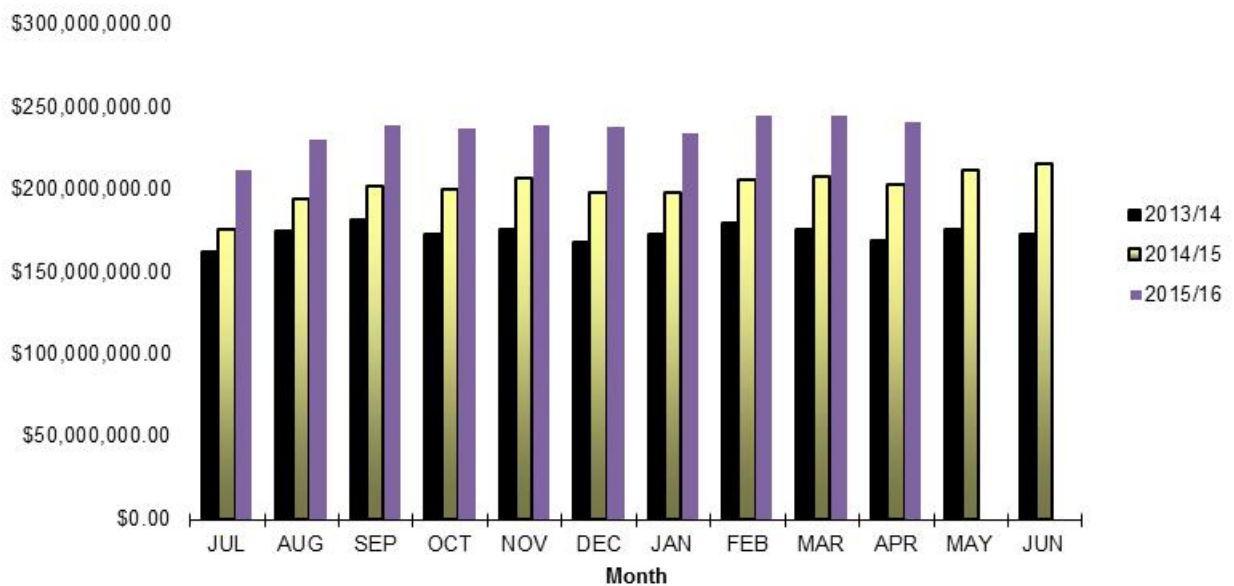
11. Investment Alternatives Explained

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
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 is 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

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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	Relatively liquid	May not be bank guaranteed
			Less administration than bank bills	Underperforms other asset classes in the long term
			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



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13. Section 94 Developer Contributions - Monthly Balances & Receipts

Contribution Plan	Plan Description	End of Month Balance	Contributions Received for Month
1	DCP3 Open Space	4,300,222	
2	Western Drainage	611,779	
3	DCP3 Community Facilities	1,656	
4	TRCP Road Contributions	12,596,393	91,207
5	Open Space	302,032	4,718
6	Street Trees	188,159	
7	West Kingscliff	514,873	2,270
10	Cobaki Lakes	-1,370	
11	Libraries	1,971,849	5,094
12	Bus Shelters	93,724	390
13	Cemeteries	74,420	744
14	Mebbin Springs	91,560	
15	Community Facilities	1,174,518	8,445
16	Surf Lifesaving	391,151	
18	Council Administration/Technical Support	1,321,268	11,715
19	Kings Beach	727,418	
20	Seabreeze Estate	764	
21	Terranora Village	32,964	
22	Cycleways Shirewide	288,324	2,874
23	Carparking Shirewide	1,252,339	
25	SALT	1,103,067	
26	Open Space Shire wide	767,242	29,919
27	Tweed Heads Masterplan	178,360	
28	Seaside City	225,860	
91	DCP14	109,574	
92	Public Reserve Contributions	137,363	
95	Bilambil Heights	535,822	
	Total	28,991,330	157,376

Addendum Report

14. Economic Commentary

Australian and World Economy and Cash Rate

The Reserve Bank of Australia (RBA) met on 3 May and decided to reduce the cash rate to 1.75 per cent. This follows information showing inflationary pressures were lower than expected.

The global economy is continuing to grow, though at a slightly lower pace than earlier expected, with forecasts having been revised down a little further recently. While several advanced economies have recorded improved conditions over the past year, conditions have become more difficult for a number of emerging market economies. China's growth rate moderated further in the first part of the year, though recent actions by Chinese policymakers are supporting the near-term outlook.

Commodity prices have firmed noticeably from recent lows, but this follows very substantial declines over the past couple of years. Australia's terms of trade remain much lower than they had been in recent years.

Sentiment in financial markets has improved, after a period of heightened volatility early in the year. However, uncertainty about the global economic outlook and policy settings among the major jurisdictions continues. Funding costs for high-quality borrowers remain very low and globally, monetary policy remains remarkably accommodative.

In Australia, the available information suggests that the economy is continuing to rebalance following the mining investment boom. GDP growth picked up over 2015, particularly in the second half of the year, and the labour market improved. Indications are that growth is continuing in 2016, though probably at a more moderate pace. Labour market indicators have been more mixed of late.

Inflation has been quite low for some time and recent data was unexpectedly low. While the quarterly data contain some temporary factors, these results, together with ongoing very subdued growth in labour costs and very low cost pressures elsewhere in the world, point to a lower outlook for inflation than previously forecast.

Monetary policy has been accommodative for quite some time. Low interest rates have been supporting demand and the lower exchange rate overall has helped the traded sector. Credit growth to households continues at a moderate pace, whilst that to businesses has picked up over the past year or so. These factors are all assisting the economy to make the necessary economic adjustments, though an appreciating exchange rate could complicate this.

In reaching a decision, the RBA took careful note of developments in the housing market, where indications are that the effects of supervisory measures are strengthening lending standards and that price pressures have tended to abate. At present, the potential risks of lower interest rates in this area are less than they were a year ago.

Taking all these considerations into account, the RBA judged that prospects for sustainable growth in the economy, with inflation returning to target over time, would be improved by easing monetary policy at this meeting.

Addendum Report

Council's Investment Portfolio

Council's investment portfolio is conservatively structured in accordance with Office of Local Government guidelines with approximately 70.05% of the portfolio held in cash and term deposits. Term deposits and bonds are paying just above average margins over the 90 day bank bill rate.

Bank demand for term deposit funds has increased during the second half of the 2015/16 financial year due to limited availability of wholesale funding, increased cost of wholesale funding and new banking capital requirements. This demand for 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. Compressed margins for term deposits are not expected to continue further into 2016 as banks requirement for depositors funds begins to increase.

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, except cash at call, out-performed the UBS 90 day bank bill benchmark this month. The investment portfolio again benefited this month from higher yielding bonds and term deposits purchased before interest rate margins began contracting. Overall, the investment portfolio has returned an average 0.74% 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	13,520,700.00	
FLOATING RATE NOTES	58,725,980.00	
ASSET BACKED SECURITIES	0.00	
FUND MANAGERS	0.00	
TERM DEPOSITS	49,000,000.00	
CALL ACCOUNT	9,000,000.00	130,246,680.00

WATER FUND

TERM DEPOSITS	46,000,000.00	
FUND MANAGERS	0.00	46,000,000.00

SEWERAGE FUND

TERM DEPOSITS	65,000,000.00	
FUND MANAGERS	0.00	65,000,000.00

TOTAL INVESTMENTS		241,246,680.00
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It should be noted that the General Fund investments of \$130 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.

Addendum Report

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.*

Addendum Report

(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.
