

## REPORTS THROUGH THE GENERAL MANAGER

### REPORTS FROM THE DIRECTOR TECHNOLOGY AND CORPORATE SERVICES

a40 [TCS-CM] Monthly Investment and Section 94 Developer Contributions  
Report for the Period Ending 30 November 2012

SUBMITTED BY: Financial Services



**Civic Leadership**

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#### SUMMARY OF REPORT:

The "Responsible Accounting Officer" must report monthly to Council, setting out details of all the funds Council has invested and certification has been made in accordance with Section 625 of the Local Government Act (1993), Cl. 212 of the Local Government (General) Regulations and Council policies. Council had **\$164,251,441.40** invested as at **30 November 2012** and the accrued net return on these funds was **\$646,565.46** or **4.72%** 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 November 2012 totalling \$164,251,441.40 be received and noted.

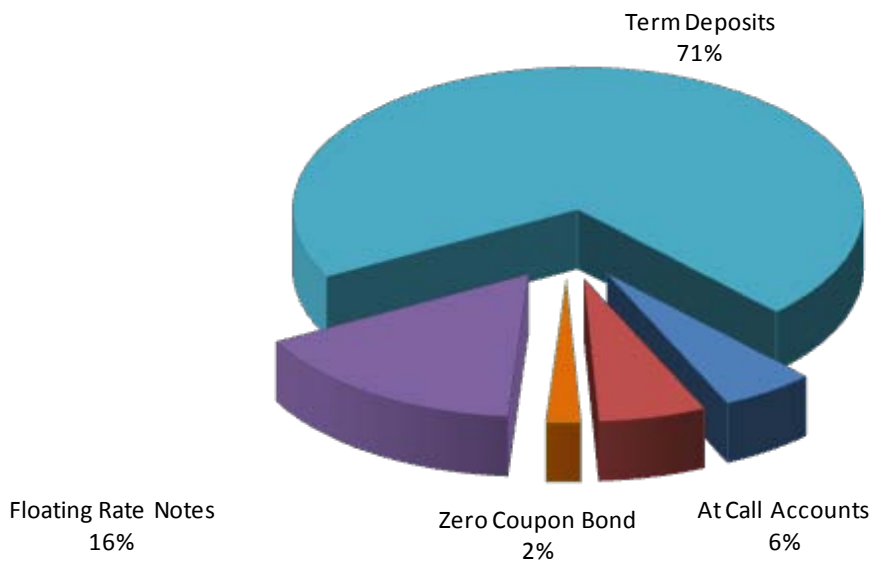
**REPORT:**

**1. Restricted Funds as at 1 July 2012**

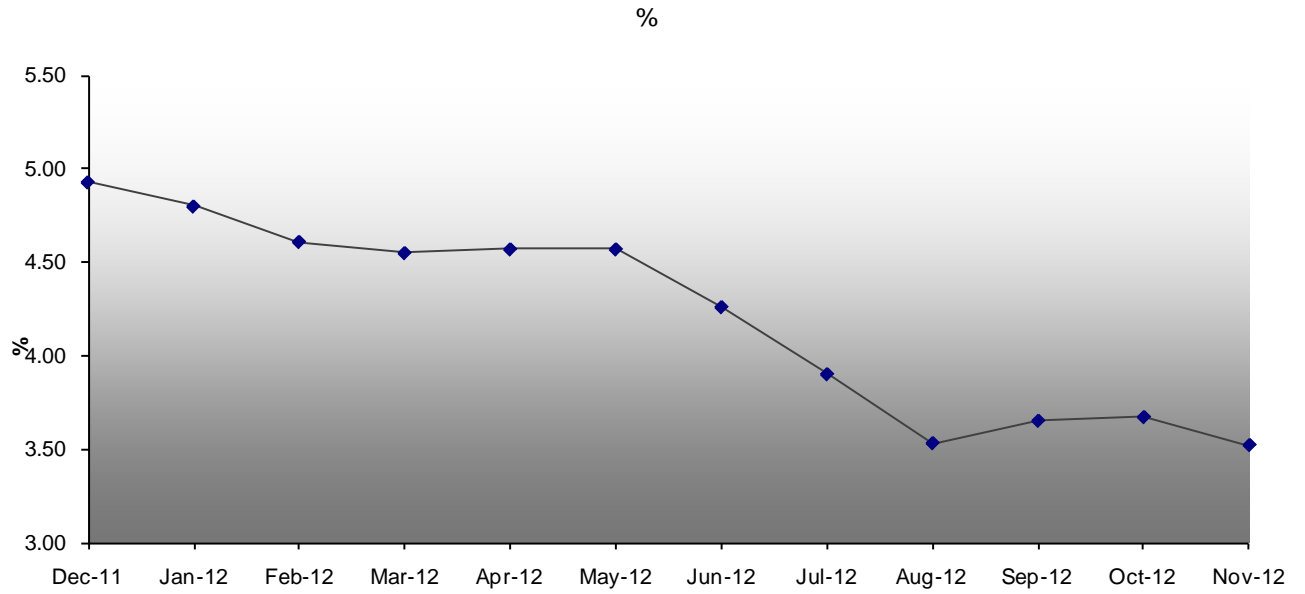
Description	(\$'000)			
	General Fund	Water Fund	Sewer Fund	Total
<b>Externally Restricted</b>	2,441	15,262	51,519	<b>69,222</b>
Crown Caravan Parks	14,980			<b>14,980</b>
Developer Contributions	24,720	6,805		<b>31,525</b>
Domestic Waste Management	9,221			<b>9,221</b>
Grants	4,781			<b>4,781</b>
<b>Internally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

*Note: Restricted Funds Summary updated September 2012*

**2. Investment Portfolio by Category**



3. Investment Rates - 90 Day Bank Bill Rate



#### 4. Direct Securities (Bonds and Floating Rate Notes)

Counterparty	Face Value	Market Value	% Return on Face Value	Investment Type	Final Maturity Date
AMP	2,000,000.00	2,000,240.00	4.75	Bond - Floating Rate	06/06/2014
ANZ	1,000,000.00	1,029,068.26	8.65	Bond - Fixed Rate	22/04/2013
BB	1,000,000.00	1,003,400.00	4.60	Bond - Floating Rate	02/11/2015
CBA	4,000,000.00	3,220,000.00	7.25	Bond - Fixed Rate	22/01/2018
CBA	1,000,000.00	1,000,200.00	4.23	Bond - Floating Rate	24/12/2015
CBA	498,250.00	500,100.00	4.23	Bond - Floating Rate	24/12/2015
CBA	1,000,000.00	1,016,480.00	4.32	Bond - Floating Rate	02/08/2016
CBA	2,000,000.00	2,032,960.00	4.32	Bond - Floating Rate	02/08/2016
CBA	492,500.00	500,100.00	4.23	Bond - Floating Rate	15/12/2015
Heritage	1,325,000.00	1,395,225.00	7.25	Bond - Fixed Rate	20/06/2017
ING	2,000,000.00	2,167,240.00	7.00	Bond - Fixed Rate	22/03/2016
ING	2,000,000.00	2,081,280.00	5.50	Bond - Fixed Rate	03/09/2015
Macquarie	1,000,000.00	1,011,919.00	5.47	Bond - Floating Rate	13/03/2014
NAB	1,000,000.00	1,018,340.00	4.35	Bond - Floating Rate	05/11/2015
NAB	2,000,000.00	2,044,220.00	4.55	Bond - Floating Rate	21/06/2016
NAB	1,000,000.00	1,026,270.00	4.73	Bond - Floating Rate	19/12/2014
RaboDirect	1,000,000.00	1,005,290.00	4.28	Bond - Floating Rate	27/07/2016
RaboDirect	1,000,000.00	1,005,290.00	4.28	Bond - Floating Rate	27/07/2016
RaboDirect	1,000,000.00	1,008,080.00	4.13	Bond - Floating Rate	20/04/2015
Suncorp	2,000,000.00	2,050,480.00	4.75	Bond - Fixed Rate	06/12/2016
Suncorp	2,000,000.00	2,005,540.00	4.37	Bond - Floating Rate	26/05/2014
Suncorp	1,000,000.00	1,013,750.00	4.62	Bond - Floating Rate	23/04/2015
Suncorp	2,000,000.00	2,027,500.00	4.62	Bond - Floating Rate	23/04/2015
Suncorp	2,000,000.00	2,027,500.00	4.62	Bond - Floating Rate	23/04/2015
Westpac	2,000,000.00	2,030,639.14	4.34	Bond - Floating Rate	09/11/2015
Westpac	1,000,000.00	1,030,330.00	4.88	Bond - Floating Rate	20/02/2017
<b>Totals</b>	<b>38,315,750.00</b>	<b>38,251,441.40</b>	<b>5.01</b>		
ABS = Asset Backed Security Bond = Fixed Rate Bond CDO = Collateralised Debt Obligation FRN = Floating Rate Note					
<b>LEGEND</b>		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

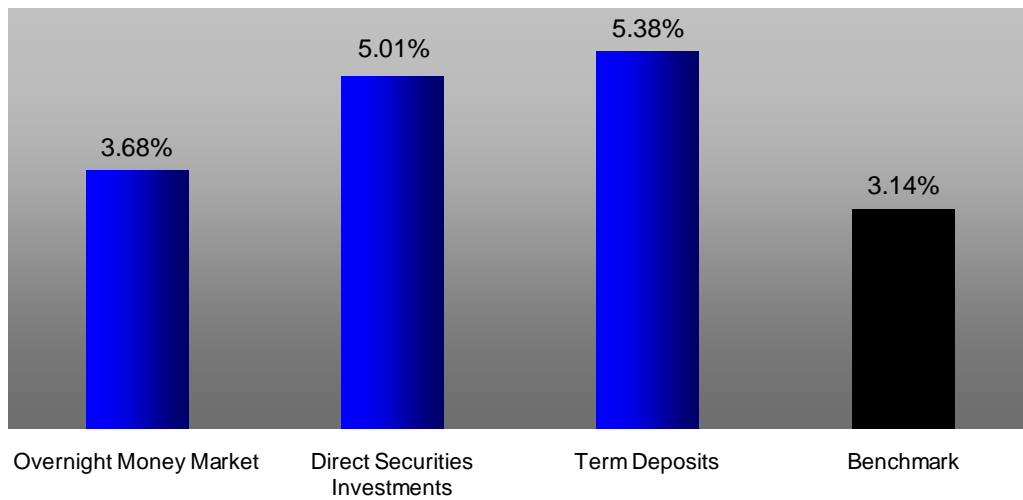
<b>TERM DEPOSITS SORTED BY MATURITY AS AT 30/11/12</b>					
<b>Lodged or Rolled</b>	<b>DUE</b>	<b>Counterparty</b>	<b>PRINCIPAL</b>	<b>TERM</b>	<b>% Yield</b>
31-Aug-12	30-Nov-12	IMB (Dec 2013)	2,000,000.00	91	4.90
05-Nov-12	03-Dec-12	NAB (matures Sept 2013)	3,000,000.00	28	4.81
04-Sep-12	04-Dec-12	ING (RIMSEC) (matures Sept 2013)	1,000,000.00	90	5.10
01-Jun-12	04-Dec-12	NAB Investec (RIMSEC) (matures Jun 2014)	2,000,000.00	186	5.23
10-Sep-12	10-Dec-12	ING (RIMSEC Sept 2012)	1,000,000.00	91	5.53
11-Sep-12	11-Dec-12	NAB (Dec 2012)	2,000,000.00	90	5.11
08-Dec-11	11-Dec-12	NPBS	2,000,000.00	369	6.95
31-Aug-12	11-Dec-12	MEB (Curve)	2,000,000.00	102	5.10
18-Sep-12	18-Dec-12	Westpac (Dec 2012)	1,000,000.00	91	5.05
03-Jul-12	28-Dec-12	BOQ (matures Apr 2014)	2,000,000.00	178	5.20
04-Oct-12	04-Jan-13	Westpac (matures Apr 2016) quarterly interest	2,000,000.00	92	4.66
08-Oct-12	07-Jan-13	NAB	2,000,000.00	91	4.49
03-Jul-12	08-Jan-13	Westpac ( Jan 2016)	2,000,000.00	189	5.17
11-Oct-12	11-Jan-13	Rural (RIMSEC)	8,000,000.00	92	4.44
03-Sep-12	15-Jan-13	Suncorp	2,000,000.00	134	5.05
10-Jul-12	15-Jan-13	Rural (Curve)	3,000,000.00	189	5.15
11-Sep-12	22-Jan-13	Suncorp (Jan 2013)	2,000,000.00	133	5.00
31-Jul-12	29-Jan-13	BOQ	5,000,000.00	182	5.18
31-Jul-12	05-Feb-13	Rural (Curve)	2,000,000.00	189	5.20
03-Sep-12	05-Feb-13	Suncorp	2,000,000.00	155	5.05
07-Aug-12	05-Feb-13	RaboDirect (Curve) (Feb 2015) annual interest	4,000,000.00	182	5.18
07-Feb-12	07-Feb-13	NAB (RBS) (matures Aug 2015) quarterly interest	1,000,000.00	366	6.00
12-Nov-12	11-Feb-13	BOQ (matures Nov 2013)	2,000,000.00	91	5.22
12-Nov-12	12-Feb-13	BOQ (Nov 2012)	2,000,000.00	92	4.78
13-Nov-12	12-Feb-13	Westpac (Feb 2016)	3,000,000.00	91	4.80
19-Nov-12	18-Feb-13	Westpac (Nov 2014)	2,000,000.00	91	4.44
16-Nov-12	18-Feb-13	Heritage	2,000,000.00	94	4.59
20-Nov-12	19-Feb-13	MEB (Feb 2013)	2,000,000.00	91	4.55
16-Oct-12	19-Feb-13	Suncorp	2,000,000.00	126	4.80
28-Aug-12	26-Feb-13	NAB (RBS) (Aug 2015)	1,000,000.00	182	5.05
27-Nov-12	27-Feb-13	BOQ	2,000,000.00	92	4.49
29-Aug-12	05-Mar-13	Westpac annual interest (Mar 2013)	3,000,000.00	188	5.20
04-Mar-12	05-Mar-13	ING (RIMSEC)	2,000,000.00	366	6.35
13-Aug-12	12-Mar-13	Adelaide Bendigo (Mar 2013) interest on maturity	2,000,000.00	211	5.17
22-Mar-11	19-Mar-13	ING (Curve)	1,000,000.00	728	6.50
14-Aug-12	19-Mar-13	MEB	2,000,000.00	217	5.19
18-Sep-12	19-Mar-13	ING(RIMSEC)	4,000,000.00	134	5.02
15-Aug-12	26-Mar-13	NAB (Mar 2013) annual interest	4,000,000.00	223	5.23
22-Mar-12	26-Mar-13	Cominvest	1,000,000.00	369	6.38
18-Oct-12	16-Apr-13	ING (Curve)	1,000,000.00	180	4.55
21-Aug-12	23-Apr-13	ING (RIMSEC)	1,000,000.00	245	5.12
28-Aug-12	23-Apr-13	Rural (Curve Apr 2013)	2,000,000.00	238	5.15
27-Nov-12	30-Apr-13		2,000,000.00	154	4.78

TERM DEPOSITS SORTED BY MATURITY AS AT 30/11/12					
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield
17-May-11	21-May-13	Investec (May 2013) interest on maturity	1,000,000.00	735	7.10
23-May-12	28-May-13	RaboDirect (FIIG)	2,000,000.00	369	5.35
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
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
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
11-Oct-12	11-Oct-13	CBA (Oct 2015) annual interest	1,000,000.00	365	4.85
12-Nov-12	11-Nov-13	RaboDirect (Curve) annual interest	1,000,000.00	366	6.40
20-Nov-12	19-Nov-13	NAB	2,000,000.00	364	4.72
22-Mar-11	25-Mar-14	BOQ (Mar 2014) annual interest	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
			116,000,000.00		5.38
<b>LEGEND</b>		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			

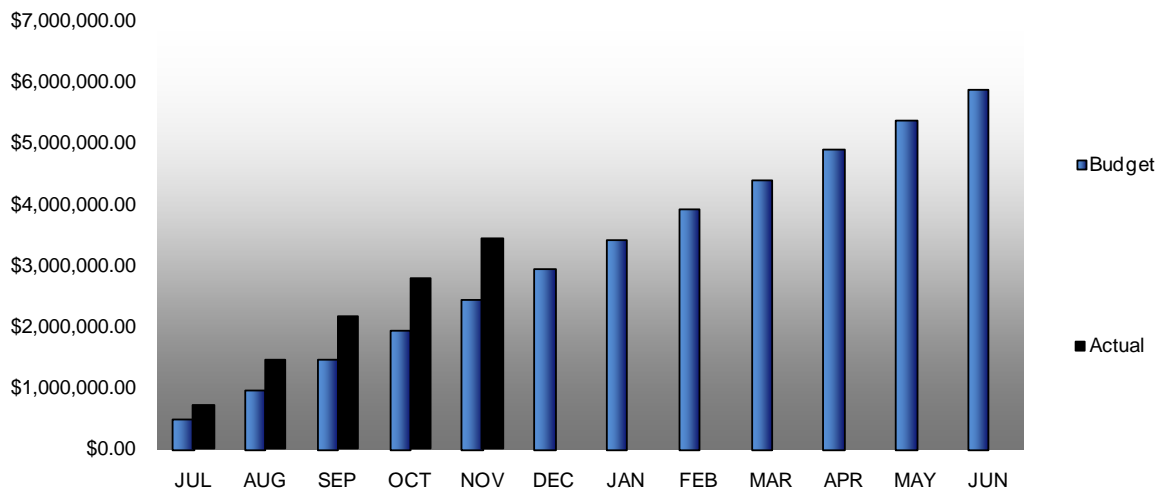
**6. Performance by Category**

Category	Face Value	Market Value	Average Return	Above or (Below) 30 day BBSW Benchmark
Overnight Money Market	\$10,000,000.00	\$10,000,000.00	3.68%	0.54%
Direct Securities Investments	\$38,315,750.00	\$38,251,441.40	5.01%	1.87%
Term Deposits	\$116,000,000.00	\$116,000,000.00	5.38%	2.24%
Benchmark	\$164,315,750.00	\$164,251,441.40	3.14%	Benchmark 30 Day UBS Bank Bill Index

**Performance by Category Compared with Benchmark**



**7. Total Portfolio Income Year to Date**



## 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%	1.22%	A-1+	100%	17.65%
AA Category	100%	21.91%	A-1	100%	19.47%
A Category or below	60%	9.13%	A-2	60%	18.26%
BBB Category or below	20%	3.04%	A-3	0%	0.00%
Unrated	10%	5.67%	Unrated	10%	3.65%

## 9. Term to Maturity

Maturity Profile	Actual % Portfolio	Policy Limits
Less than 365 days	59.03%	Minimum 40% of portfolio
Between 365 days and 2 years	7.91%	Maximum 60%
Between 2 years and 5 years	30.63%	Maximum 35%
Between 5 years and 7 years	2.43%	Grandfathered investment.
Total	100.00%	

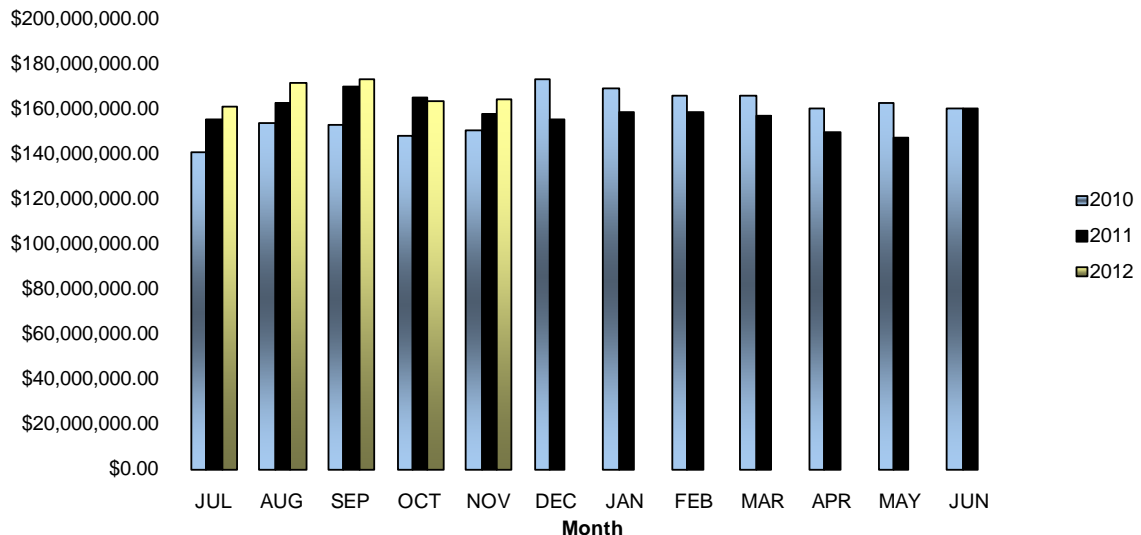
## 10. Investment Alternatives Explained

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.



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.	

**11. Monthly Comparison of Total Funds Invested**



## 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	4,201,168	-
02	Banora Point Western Drainage	538,286	-
03	Banora Point West/ Tweed Heads South Community Facilities	39,137	-
04	Tweed Road Contribution Plan	10,758,653	375,251
05	Local Area Open Space	864,904	606
06	Street Tree Planting in Residential Areas	139,828	10,692
07	West Kingscliff Opens Space & Drainage	494,730	-
10	Cobaki Lakes Open Space & Community Facilities	(1,005)	-
11	Shire Wide Library Facilities	1,408,959	40,632
12	Bus Shelters	56,780	3,086
13	Eviron Cemetery	(34,059)	6,043
14	Mebbin Springs Subdivision - Rural Road Upgrading	81,020	-
15	Community Facilities	385,014	58,136
16	Emergency Facilities - Surf Lifesaving	330,907	4,142
18	Council Administration & Technical Support	917,677	91,398
19	Kings Beach/Casuarina/Kings Forest	276,152	23,688
20	Seabreeze Estate - Open Space	676	-
21	Terranora Village Estate - Open Space & Community Facilities	27,739	-
22	Shirewide Cycleways	376,234	19,717
23	Shirewide Carparking	2,000,006	-
25	Salt Development - Open Space & Car Parking	990,605	82,620
26	Shirewide/Regional Open Space	1,212,966	206,698
27	Tweed Heads Masterplan Local Open Space & Streetscaping	93,380	-
28	Seaside City	45,642	25,095
90	Footpaths & Cycleway	-	-
91	DCP14	96,960	-
92	Public Reserve Contributions	121,607	-
95	Bilambil Heights	474,140	-
<b>Total</b>		<b>25,898,106</b>	<b>947,804</b>

## 13. Economic Commentary

### Australian Cash Rate

The Reserve Bank of Australia (RBA) reduced the official cash rate to 3% pa at its 4 December meeting.

Global growth is forecast to be a little below average for a time. Risks to the outlook are still seen to be on the downside, largely as a result of the situation in Europe, though the uncertainty over the course of US fiscal policy is also weighing on sentiment at present.

Recent data suggest that the US economy is recording moderate growth and that growth in China has stabilised.

In Australia, most indicators available suggest that growth has been running close to trend over the past year, led by very large increases in capital spending in the resources sector, while some other sectors have experienced weaker conditions. Looking ahead, recent data confirm that the peak in resource investment is approaching. As it does, there will be more scope for some other areas of demand to strengthen.

Inflation has been low, with underlying measures near 2 per cent over the year to June, and headline CPI inflation lower than that. The introduction of the carbon price is affecting consumer prices in the current quarter, and this will continue over the next couple of quarters. Moderate labour market conditions should work to contain pressure on labour costs in sectors other than those directly affected by the current strength in resources. This and some continuing improvement in productivity performance will be needed to keep inflation low as the effects of the earlier exchange rate appreciation wane. The Bank's assessment remains, at this point, that inflation will be consistent with the target over the next one to two years.

### Council's Investment Portfolio

Council's investment portfolio is conservatively structured in accordance with Division of Local Government guidelines with 77% of the portfolio held in term deposits or cash at call. Term deposit and bond rates have fallen considerably but 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 1.83% pa above the 30 day UBS bank bill index for the last 12 month period.

*Source: Treasury Weekly Commentary and Oakvale Treasury Report*

### 14. Investment Summary as at 30 November 2012

#### GENERAL FUND

CORPORATE FIXED RATE BONDS	11,943,293.26	
FLOATING RATE NOTES	26,308,148.14	
ASSET BACKED SECURITIES	0.00	
FUND MANAGERS	0.00	
TERM DEPOSIT - LOAN 104 OFFSET	0.00	
TERM DEPOSITS	41,000,000.00	
CALL ACCOUNT	10,000,000.00	<b>89,251,441.40</b>

#### WATER FUND

TERM DEPOSITS	32,000,000.00	
FUND MANAGERS	0.00	<b>32,000,000.00</b>

#### SEWERAGE FUND

TERM DEPOSITS	43,000,000.00	
FUND MANAGERS	0.00	<b>43,000,000.00</b>

<b>TOTAL INVESTMENTS</b>		<b>164,251,441.40</b>
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It should be noted that the General Fund investments of \$89 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.



**Chief Financial Officer  
(Responsible Accounting Officer)  
Manager Financial Services**

**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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