

Addendum Report

REPORTS FROM THE DIRECTOR CORPORATE SERVICES

a34 [CS-CM] Monthly Investment and Section 94 Development Contribution Report for Period ending 31 May 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
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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. 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 **\$252,136,499** invested as at **31 May 2016** and the accrued net return on these funds was **\$690,454** or **3.29%** 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 31 May 2016 totalling \$252,136,499 be received and noted.

Addendum Report

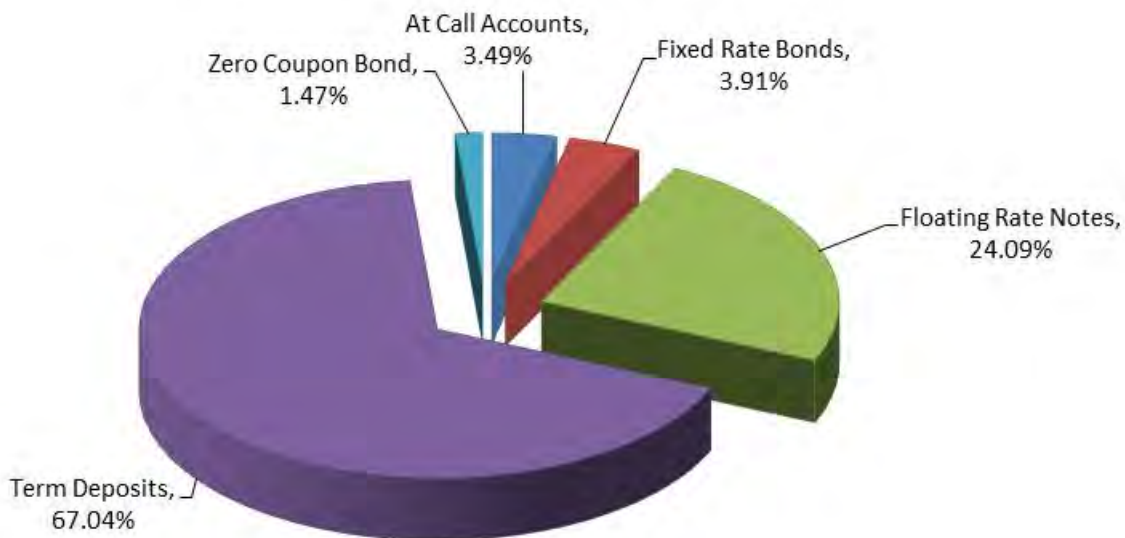
REPORT:

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

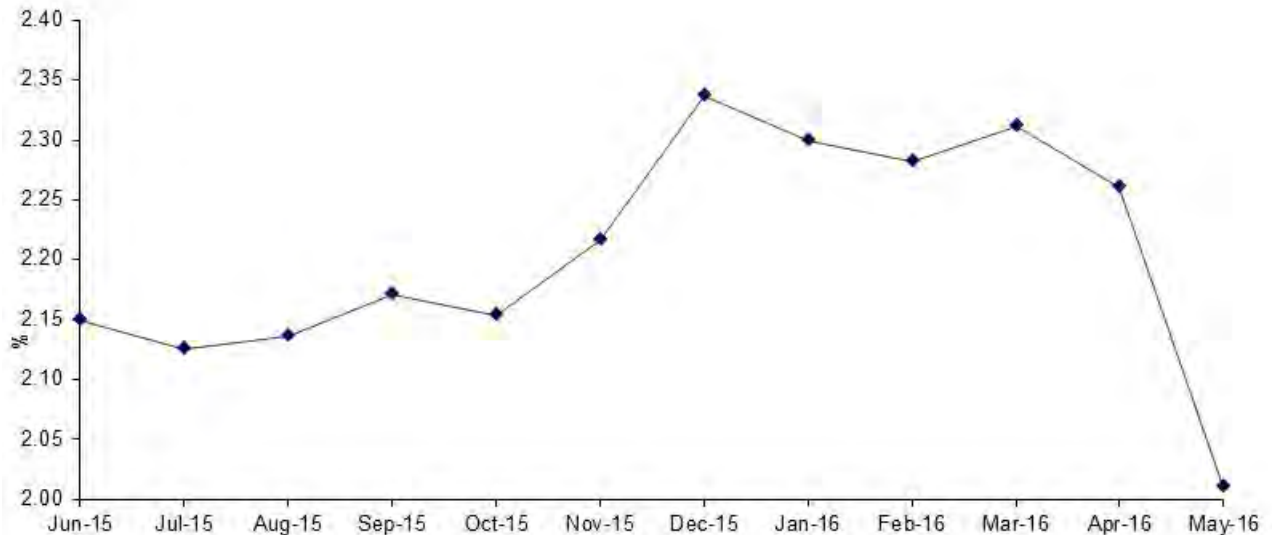
Note: Restricted Funds Summary updated September 2015, corresponding with the Annual Financial Statements as at 30 June 2015

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	2,015,260.00	3.49	FRN	21-Jun-16
CBA (08/16)	1,000,000.00	1,004,580.00	3.32	FRN	02-Aug-16
ING Bond(RBS) (08/16)	1,000,000.00	1,015,520.00	4.25	Fixed Rate Bond	23-Aug-16
* Suncorp Covered (RIMSEC) (12/16)	2,000,000.00	2,069,420.00	4.75	Fixed Rate Bond	06-Dec-16
CUA (03/17)	1,000,000.00	1,008,980.00	3.62	FRN	20-Mar-17
CUA (03/17) (CBA)	1,000,000.00	1,008,980.00	3.62	FRN	20-Mar-17
* Heritage (RBS/RIMSEC) (06/17)	2,500,000.00	2,623,750.00	7.25	Fixed Rate Bond	20-Jun-17
* ME Bank (ANZ) (11/17)	1,000,000.00	1,000,030.00	2.98	FRN	17-Nov-17
CUA (12/17) ANZ	1,000,000.00	1,005,500.00	3.51	FRN	22-Dec-17
CBA/Merrill Lynch Zero Coupon Bond (01/18)	4,000,000.00	3,749,200.00	7.17	Fixed Rate Bond	22-Jan-18
NPBS (Morgans) (02/18)	1,000,000.00	995,230.00	3.07	FRN	27-Feb-18
* ME Bank (04/18)	1,000,000.00	1,007,640.00	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	1,997,160.00	3.14	FRN	07-May-18
*	Heritage (Westpac) (05/18)	1,000,000.00	998,580.00	3.14	FRN	07-May-18
*	AMP (Morgans) (6/18)	1,000,000.00	1,007,310.00	3.18	FRN	06-Jun-18
*	BOQ (06/18)	1,000,000.00	1,040,540.00	4.00	Fixed Rate Bond	12-Jun-18
*	BOQ (06/18)	1,000,000.00	1,006,150.00	3.34	FRN	12-Jun-18
	Rabo (RBS) (09/18)	1,000,000.00	1,008,480.00	3.43	FRN	25-Sep-18
	CBA (CBA) (10/18)	2,000,000.00	2,014,520.00	3.07	FRN	19-Oct-18
	Macquarie (ANZ) (10/18)	1,000,000.00	1,003,930.00	3.33	FRN	26-Oct-18
	ANZ (11/18)	1,000,000.00	1,007,570.00	2.92	FRN	06-Nov-18
*	Bendigo (RBS) (11/18)	1,000,000.00	1,006,580.00	3.25	FRN	14-Nov-18
*	Westpac (JP Morgans) (02/19)	2,000,000.00	2,011,560.00	2.94	FRN	25-Feb-19
	CUA (04/19)	2,000,000.00	1,963,123.50	3.88	FRN	01-Apr-19
	CUA (04/19)	1,900,000.00	1,963,123.50	3.88	FRN	01-Apr-19
	CBA (04/19)	1,000,000.00	1,006,870.00	3.15	FRN	24-Apr-19
	CBA Bond (04/19)	1,000,000.00	1,047,980.00	4.25	Fixed Rate Bond	24-Apr-19
*	Suncorp (CBA) (08/19)	1,000,000.00	998,450.00	2.93	FRN	20-Aug-19
	CBA (10/19)	2,000,000.00	2,008,400.00	3.14	FRN	18-Oct-19
*	Suncorp (11/19)	1,000,000.00	995,600.00	2.74	FRN	05-Nov-19
	BOQ (11/19)	2,000,000.00	1,990,920.00	3.11	FRN	06-Nov-19
	Rabo (Morgans) (02/20)	2,000,000.00	1,994,540.00	3.07	FRN	11-Feb-20
	Macquarie (RIMSEC) (03/20)	2,000,000.00	2,008,260.00	3.41	FRN	03-Mar-20
	ANZ (04/20)	1,600,000.00	1,601,392.00	3.11	FRN	17-Apr-20
*	ANZ Green Bond (06/20)	2,000,000.00	2,061,440.00	3.25	Fixed Rate Bond	03-Jun-20
	CBA (07/20)	2,000,000.00	2,007,740.00	3.19	FRN	17-Jul-20
*	Westpac (07/20)	2,000,000.00	2,005,380.00	3.05	FRN	28-Jul-20
*	Bendigo (Westpac) (08/20)	1,000,000.00	994,100.00	3.09	FRN	18-Aug-20
*	Bendigo (Westpac) (08/20)	3,000,000.00	2,982,300.00	3.09	FRN	18-Aug-20
*	Bendigo (Westpac) (08/20)	2,000,000.00	1,988,200.00	3.09	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	3,021,900.00	3.53	FRN	20-Oct-20
*	Westpac (WBC) (10/20)	1,000,000.00	1,008,180.00	3.23	FRN	28-Oct-20
*	CBA (01/21)	1,000,000.00	1,010,140.00	3.44	FRN	18-Jan-21
	Rabo (ANZ) (03/21)	2,000,000.00	2,031,700.00	3.82	FRN	04-Mar-21
	Suncorp (04/21)	2,000,000.00	2,016,860.00	3.64	FRN	12-Apr-21
*	Bendigo Bank (04/21)	3,000,000.00	3,023,430.00	3.74	FRN	20-Apr-21
		74,000,000.00	74,336,499.00	3.55		
LEGEND		ABS = Asset Backed Security				
Investment Type		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
	AMP (RIMSEC) (May 2016)	10-May-16	09-May-17	09-May-17	3,000,000.00	3.00
*	Auswide Bank (Curve) (Feb 2017)	03-Feb-15	07-Feb-17	07-Feb-17	1,000,000.00	3.50
*	Auswide Bank (RIMSEC) (Aug 2016)	26-Feb-16	23-Aug-16	23-Aug-16	2,000,000.00	3.15
*	Auswide Bank Bank (Dec 2016)	08-Dec-15	13-Dec-16	13-Dec-16	3,000,000.00	3.76
*	Bankwest (Jul 2016)	15-Mar-16	19-Jul-16	19-Jul-16	1,000,000.00	3.09
*	Bankwest (Jun 2016)	23-Feb-16	28-Jun-16	28-Jun-16	1,000,000.00	3.00
*	Bankwest (May 2016)	17-May-16	20-Sep-16	20-Sep-16	2,000,000.00	2.75
	BCU (Curve) (Feb 2017)	21-Feb-16	21-Feb-17	21-Feb-17	1,000,000.00	3.20
*	Bendigo (Curve) (Feb 2017)	09-Feb-16	11-Aug-16	14-Feb-17	2,000,000.00	2.95
*	Bendigo Bank (Curve) (April 2017)	13-Oct-15	13-Oct-16	18-Apr-17	2,000,000.00	3.00

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	Counterparty	Lodged or Rolled	Interest Due	Maturity Date	Principal	% Yield
*	Bendigo Bank (Curve) (May 2018)	17-May-16	22-May-18	22-May-18	2,000,000.00	3.05
*	Bendigo Bank (Dec 2017)	15-Dec-15	18-Dec-17	18-Dec-17	2,000,000.00	3.15
*	Bendigo Bank (Feb 2018)	16-Feb-16	16-Feb-17	13-Feb-18	3,000,000.00	3.10
*	Bendigo Bank (March 2017)	08-Sep-15	14-Mar-17	14-Mar-17	1,000,000.00	2.80
*	Bendigo Bank (Sept 2019)	01-Sep-15	03-Sep-16	03-Sep-19	1,000,000.00	4.15
	Big Sky BS (Curve) (Feb 2017)	19-Jan-16	17-Jan-17	17-Jan-17	2,000,000.00	3.10
*	BOQ (Aug 2016)	08-Feb-16	09-Aug-16	09-Aug-16	5,000,000.00	3.10
*	BOQ (Aug 2016)	23-Feb-16	23-Aug-16	23-Aug-16	4,000,000.00	3.10
*	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
	BOQ (Aug 2017)	05-Aug-15	08-Aug-16	08-Aug-17	2,000,000.00	3.00
*	BOQ (Aug2016)	01-Mar-16	30-Aug-16	30-Aug-16	1,000,000.00	3.10
*	BOQ (Jul 2016)	12-Jan-16	12-Jul-16	12-Jul-16	2,000,000.00	3.10
*	BOQ (Jul 2016)	19-Jan-16	19-Jul-16	19-Jul-16	2,000,000.00	3.10
*	BOQ (Sept 2016) quarterly interest	21-Mar-16	20-Jun-16	20-Sep-16	2,000,000.00	3.62
	CBA (Feb 2020)	13-May-16	15-Aug-16	13-Feb-20	1,000,000.00	2.89
	CBA (May 2020)	19-May-16	19-Aug-16	19-May-20	2,000,000.00	2.72
	CBA (May 2020)	19-May-16	19-Aug-16	19-May-20	1,000,000.00	2.87
	CUA (Aug 2016)	03-Feb-16	09-Aug-16	09-Aug-16	2,000,000.00	3.05
	CUA (Curve) (Feb 2017)	17-Feb-16	14-Feb-17	14-Feb-17	2,000,000.00	3.05
	Defence Bank (Curve) (Oct 2017)	27-Oct-15	26-Oct-16	24-Oct-17	1,000,000.00	3.00
	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
	Gateway CU (RIMSEC) (June 2016)	08-Sep-15	07-Jun-16	07-Jun-16	2,000,000.00	2.86

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	Counterparty	Lodged or Rolled	Interest Due	Maturity Date	Principal	% Yield
*	HBS (Mar 2017)	16-Mar-16	14-Mar-17	14-Mar-17	4,000,000.00	3.25
*	IMB (Jan 2020)	06-Apr-16	06-Jul-16	06-Jan-20	1,000,000.00	3.27
*	IMB (Mar 2020)	17-Mar-16	17-Jun-16	17-Mar-20	2,000,000.00	3.37
*	IMB (Nov 2017)	05-May-16	05-Aug-16	06-Nov-17	1,000,000.00	2.89
	ING (Curve) (Feb 2017)	25-Feb-16	21-Feb-17	21-Feb-17	1,000,000.00	3.10
	ING (RIMSEC) (Feb 2020)	11-May-16	11-Aug-16	11-Feb-20	1,000,000.00	2.97
	ING (RIMSEC) (Jan 2019)	29-Apr-16	29-Jul-16	29-Jan-19	2,000,000.00	3.14
*	Investec (July 2016)	26-Apr-16	26-Jul-16	26-Jul-16	2,000,000.00	3.37
*	Investec (RIMSEC) (Jun 2016)	10-Mar-16	14-Jun-16	14-Jun-16	1,000,000.00	3.43
	Maitland MBS (RIMSEC) (Aug 2016)	01-Mar-16	23-Aug-16	23-Aug-16	2,000,000.00	3.05
*	MEB (Curve) (Mar 2018)	01-Mar-16	06-Mar-18	06-Mar-18	2,000,000.00	3.13
*	MEB (Jul 2016)	29-Jul-15	29-Jul-16	26-Jul-16	2,000,000.00	3.71
	NAB (Dec 2019)	21-Mar-16	20-Jun-16	17-Dec-19	2,000,000.00	3.37
	NAB (Feb 2020)	03-May-16	03-Aug-16	03-Feb-20	1,000,000.00	3.70
	NAB (Feb 2020) annual interest	12-May-16	12-Aug-16	12-Feb-20	2,000,000.00	3.15
	NAB (Jan 2020)	18-Apr-16	18-Jul-16	21-Jan-20	2,000,000.00	3.75
	NAB (Mar 2016)	08-Mar-16	04-Oct-16	04-Oct-16	4,000,000.00	3.10
	NAB (May 2016)	24-May-16	22-Nov-16	22-Nov-16	2,000,000.00	3.00
	NAB (Oct 2016)	23-May-16	21-Jun-16	18-Oct-16	2,000,000.00	2.78
	NAB (Oct 2016)	16-Feb-16	18-Oct-16	18-Oct-16	4,000,000.00	3.00
	NAB (Sept 2016)	04-Sep-15	04-Sep-16	06-Sep-16	4,000,000.00	4.25
	NAB (Sept 2016)	22-Mar-16	13-Sep-16	13-Sep-16	1,000,000.00	3.10
	P&N Bank (RIMSEC) (Sept 2017)	22-Sep-14	21-Sep-17	21-Sep-17	1,000,000.00	4.00
	QLD PCU (Curve) May 2018)	17-May-16	22-May-18	22-May-18	2,000,000.00	3.15

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Counterparty	Lodged or Rolled	Interest Due	Maturity Date	Principal	% Yield
QLD PCU (RIMSEC) (Sept 2018)	03-Sep-15	05-Sep-16	04-Sep-18	1,000,000.00	3.05
Rabo (Curve) (Aug 2018)	26-Aug-15	26-Aug-16	28-Aug-18	3,000,000.00	3.00
Rabo (Curve) (Jul 2018)	26-Nov-15	26-Nov-16	03-Jul-18	3,000,000.00	3.10
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
Rabo Bank (Curve) (Sept 2019)	01-Sep-15	01-Sep-16	03-Sep-19	1,000,000.00	4.05
Rabo Bank (Mar 2017) (RIMSEC)	04-Mar-14	07-Mar-17	07-Mar-17	2,000,000.00	4.15
RaboDirect (Curve) (Aug 2019)	07-Aug-15	07-Aug-16	13-Aug-19	2,000,000.00	4.30
RaboDirect (Curve) (Feb 2017) annual interest	10-Feb-16	14-Feb-17	14-Feb-17	1,000,000.00	3.40
RaboDirect (Curve) (Jan 2019)	13-Jan-15	15-Jan-19	15-Jan-19	1,000,000.00	4.00
RaboDirect (Curve) (Jul 2016)	28-Jul-15	26-Jul-16	26-Jul-16	1,000,000.00	5.40
RaboDirect (Curve) (Nov 2016) annual interest	11-Nov-15	22-Nov-16	22-Nov-16	1,000,000.00	6.30
Rabo Bank (Curve) (May 2020)	20-May-16	19-May-20	19-May-20	2,000,000.00	3.20
Rural Bank (Curve) (Aug 2016)	01-Mar-16	23-Aug-16	23-Aug-16	3,000,000.00	3.00
Rural Bank (Curve) (Jul 2016)	01-Jul-15	05-Jul-16	05-Jul-16	1,000,000.00	3.00
Rural Bank (Curve) (Mar 2017)	08-Mar-16	07-Mar-17	07-Mar-17	1,000,000.00	3.05
* St George (Dec 2016)	17-May-16	19-Dec-16	19-Dec-16	3,000,000.00	3.10
* Suncorp (Apr 2016)	19-Apr-16	18-Oct-16	18-Oct-16	4,000,000.00	3.10
* Suncorp (May 2015)	31-May-16	31-Jan-17	31-Jan-17	3,000,000.00	3.00
* Suncorp (Oct 2016)	23-Feb-16	25-Oct-16	25-Oct-16	2,000,000.00	3.00

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Counterparty	Lodged or Rolled	Interest Due	Maturity Date	Principal	% Yield
* Suncorp (Oct 2016)	23-Feb-16	25-Oct-16	25-Oct-16	2,000,000.00	3.00
* Suncorp (Sept 2016)	22-Mar-16	20-Sep-16	20-Sep-16	4,000,000.00	3.05
* Westpac (Jan 2021)	11-Apr-16	11-Jul-16	12-Jan-21	6,000,000.00	3.36
* Westpac (Apr 2016) quarterly interest	07-Apr-16	07-Jul-16	07-Apr-21	1,000,000.00	3.57
* Westpac (Aug 2020)	25-Aug-15	24-Aug-16	25-Aug-20	2,000,000.00	3.00
* Westpac (Feb 2021)	18-May-16	18-Aug-16	18-Feb-21	2,000,000.00	3.00
Total				169,000,000.00	3.28
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

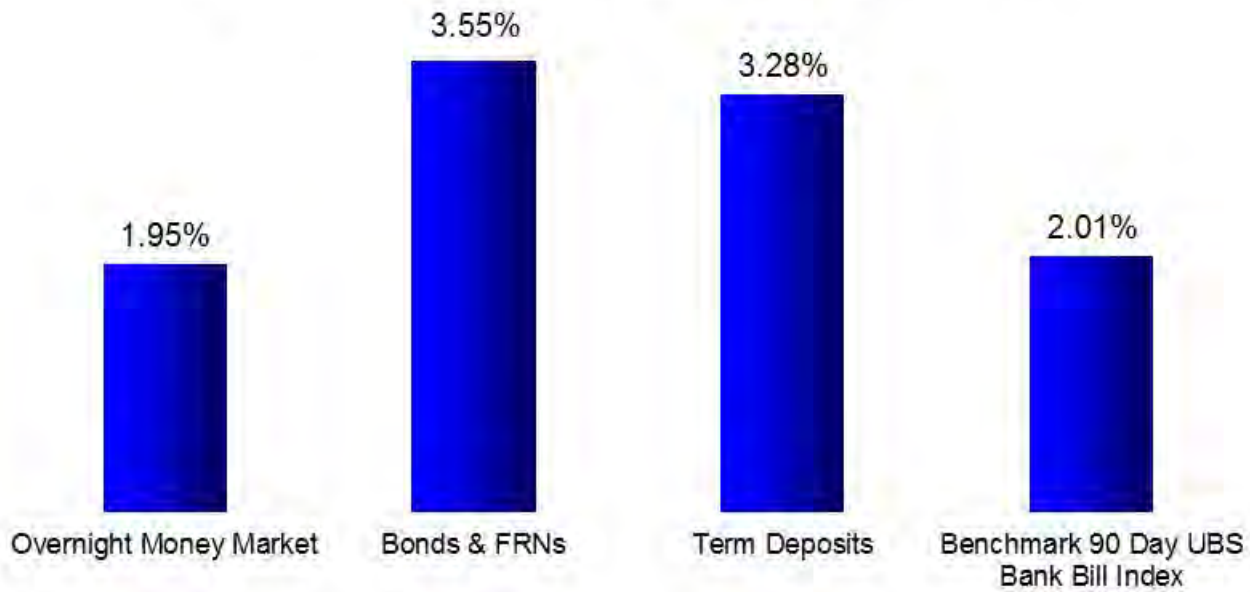
- * Ethical Financial Institutions highlighted
\$123,514,611 which represents **48.99%** of the total portfolio
 Source: *Australian Ethical* - www.australianethical.com.au

7. Performance by Category

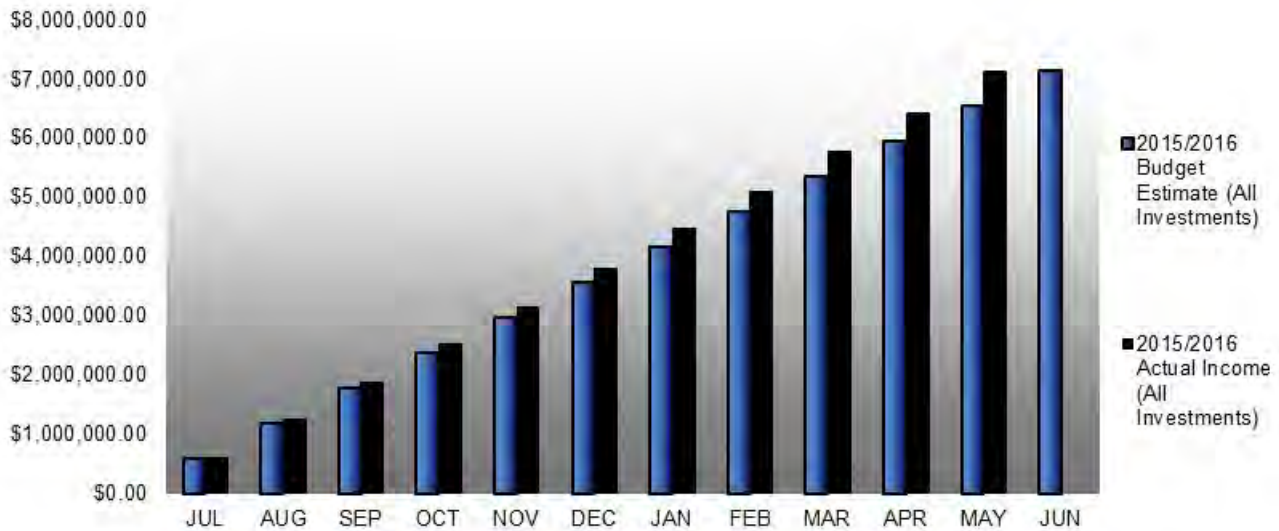
Category	Face Value	Market Value	Weighted Average Return	Above or (Below) 90 day BBSW Benchmark	
Overnight Money Market	8,800,000.00	8,800,000.00	1.95%	-0.06%	
Bonds & FRNs	74,000,000.00	74,336,499.00	3.55%	1.54%	
Term Deposits	169,000,000.00	169,000,000.00	3.28%	1.27%	
Benchmark 90 Day UBS Bank Bill Index	2.01%	251,800,000.00	252,136,499.00	2.01%	0.91%

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Performance by Category Compared with Benchmark



8. Total Portfolio Income v Budget

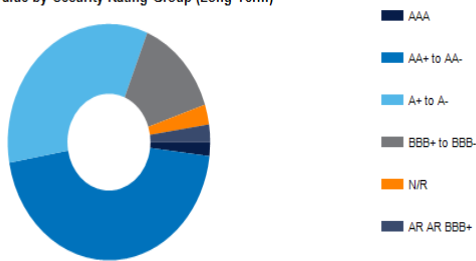


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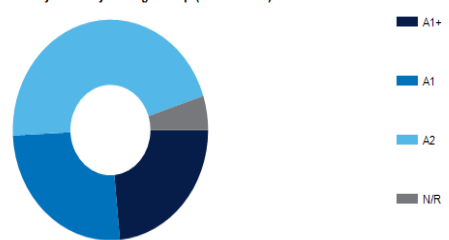
9. Investment Policy Diversification and Credit Risk

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%	0.83%	A-1+	100%	13.17%
AA Category	100%	19.89%	A-1	100%	14.45%
A Category	60%	14.91%	A-2	60%	25.69%
BBB Category	20%	7.05%	A-3	0%	0.00%
Unrated	10%	1.20%	Unrated	10%	2.81%

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	46.93%	Minimum 40%
More than 365 days and less than 3 years	26.68%	Maximum 60%
3 years and less than 5 years	26.39%	Maximum 35%
Total	100.00%	

Market Value by Term Remaining



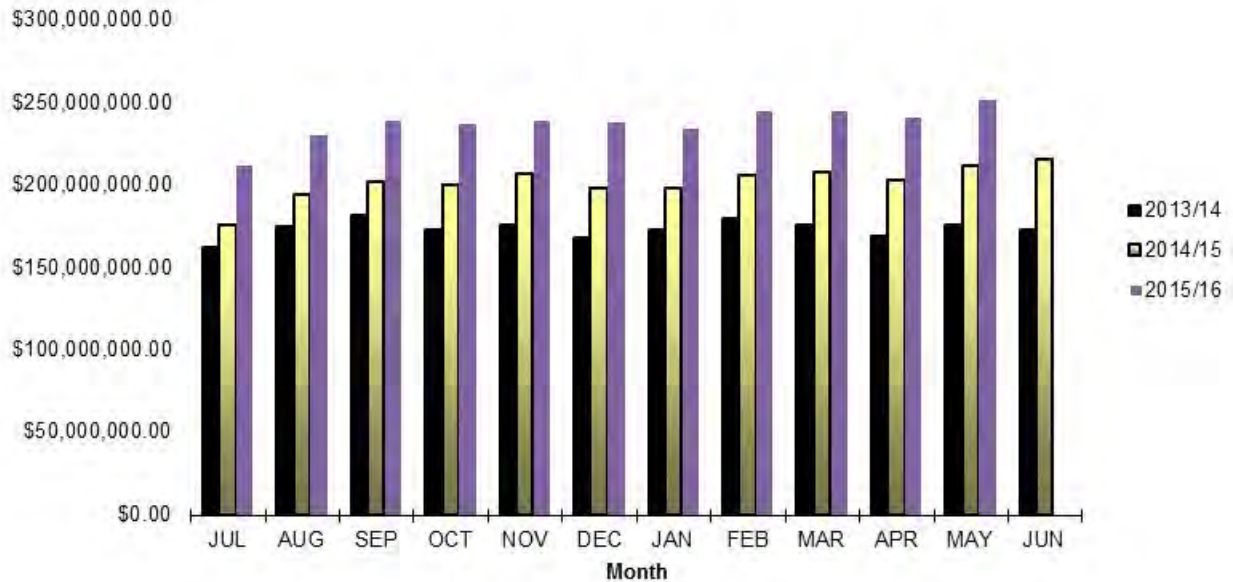
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11. Investment Alternatives Explained

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 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	

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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	4,300,222	
2	Western Drainage	611,779	
3	DCP3 Community Facilities	1,656	
4	TRCP Road Contributions	12,803,617	34,374
5	Open Space	384,888	4,283
6	Street Trees	192,429	11,583
7	West Kingscliff	500,206	
10	Cobaki Lakes	-1,370	
11	Libraries	2,119,665	39,640
12	Bus Shelters	93,148	2,496
13	Cemeteries	72,974	4,836
14	Mebbin Springs	91,560	
15	Community Facilities	1,156,692	10,951
16	Surf Lifesaving	399,845	4,407
18	Council Administration/Technical Support	1,296,084	88,002
19	Kings Beach	743,350	89,232
20	Seabreeze Estate	764	

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Contribution Plan	Plan Description	End of Month Balance	Contributions Received for Month
21	Terranora Village	32,964	
22	Cycleways Shirewide	287,015	
23	Carparking Shirewide	1,428,773	
25	SALT	1,138,034	
26	Open Space Shire wide	1,317,362	202,629
27	Tweed Heads Masterplan	178,360	
28	Seaside City	285,902	-47,827
91	DCP14	109,574	
92	Public Reserve Contributions	137,363	
95	Bilambil Heights	535,822	
	Total	30,218,678	444,606

14. Economic Commentary

Australian and World Economy and Cash Rate

The Reserve Bank of Australia (RBA) met on 7 June and decided to leave the cash rate at 1.75 per cent.

The global economy is continuing to grow, at a lower than average pace. Several advanced economies have recorded improved conditions over the past year but 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 are above 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.

In financial markets, conditions have generally been calmer for the past several months following the period of volatility early in the year. Attention is now turning to some particular event risks. Funding costs for high-quality borrowers remain very low and, globally, monetary policy remains remarkably accommodative.

In Australia, recent data suggest overall growth is continuing, despite a very large decline in business investment. Other areas of domestic demand, as well as exports, have been expanding at a pace at or above trend. Labour market indicators have been more mixed of late, but are consistent with continued expansion of employment in the near term.

Inflation has been quite low. Given very subdued growth in labour costs and very low cost pressures elsewhere in the world, this is expected to remain the case for some time.

Low interest rates have been supporting domestic demand and the lower exchange rate overall is helping the traded sector. Over the past year, growth in credit to businesses has picked up, even as that to households has moderated a little. These factors are all assisting

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the economy to make the necessary economic adjustments, though an appreciating exchange rate could complicate this.

Indications are that the effects of supervisory measures have strengthened lending standards in the housing market. Separately, a number of lenders are also taking a more cautious attitude to lending in certain segments. Dwelling prices have begun to rise again recently but considerable supply of apartments is scheduled to come on stream over the next couple of years, particularly in the eastern capital cities.

Council's Investment Portfolio

Council's investment portfolio is conservatively structured in accordance with Office of Local Government guidelines with approximately 70.5% 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 0.91% 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	13,607,850.00	
FLOATING RATE NOTES	60,728,649.00	
ASSET BACKED SECURITIES	0.00	
FUND MANAGERS	0.00	
TERM DEPOSITS	50,000,000.00	
CALL ACCOUNT	8,800,000.00	133,136,499.00

WATER FUND

TERM DEPOSITS	53,000,000.00	
FUND MANAGERS	0.00	53,000,000.00

SEWERAGE FUND

TERM DEPOSITS	66,000,000.00	
FUND MANAGERS	0.00	66,000,000.00

TOTAL INVESTMENTS		252,136,499.00
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It should be noted that the General Fund investments of \$133 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

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- (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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