

Addendum

REPORTS FROM THE DIRECTOR TECHNOLOGY AND CORPORATE SERVICES

b43 [TCS-CM] Monthly Investment Report for Period Ending 30 November 2010

ORIGIN:

Financial Services

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 **\$150,213,567** invested as at **30 November, 2010** and the accrued net return on these funds was **\$681,102** or **5.44%** annualised for the month.

RECOMMENDATION:

That in accordance with Section 625 of the Local Government Act 1993 the monthly investment report as at 30 November 2010 totalling \$150,213,567 be received and noted.

Addendum

REPORT:

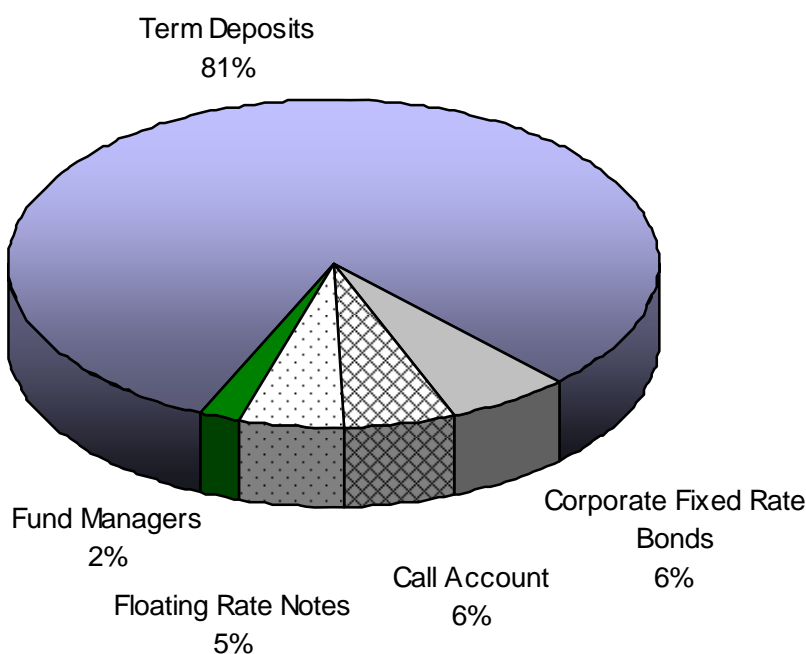
Report for Period Ending 30 November 2010

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), Clause 212 of the Local Government (General) Regulations and Council policies.

1. RESTRICTED FUNDS AS AT 1 JULY 2010

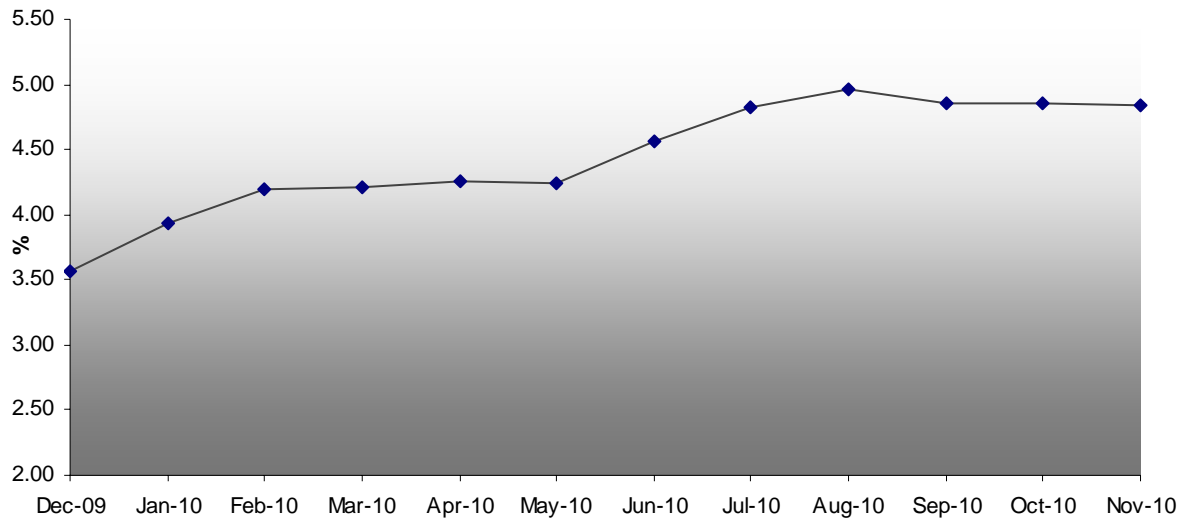
Description	(\$'000)			
	General Fund	Water Fund	Sewer Fund	Total
Externally Restricted	948	14,977	37,039	52,964
Crown Caravan Parks	11,013			11,013
Developer Contributions	30,195	16,801		46,996
Domestic Waste Management	8,262			8,262
Grants	4,261			4,261
Internally Restricted	15,097			15,097
Employee Leave Entitlements	1,833			1,833
Grants	3,185			3,185
Unexpended Loans	9,847			9,847
Total	84,641	31,778	37,039	153,458

2. CURRENT INVESTMENT PORTFOLIO BY CATEGORY



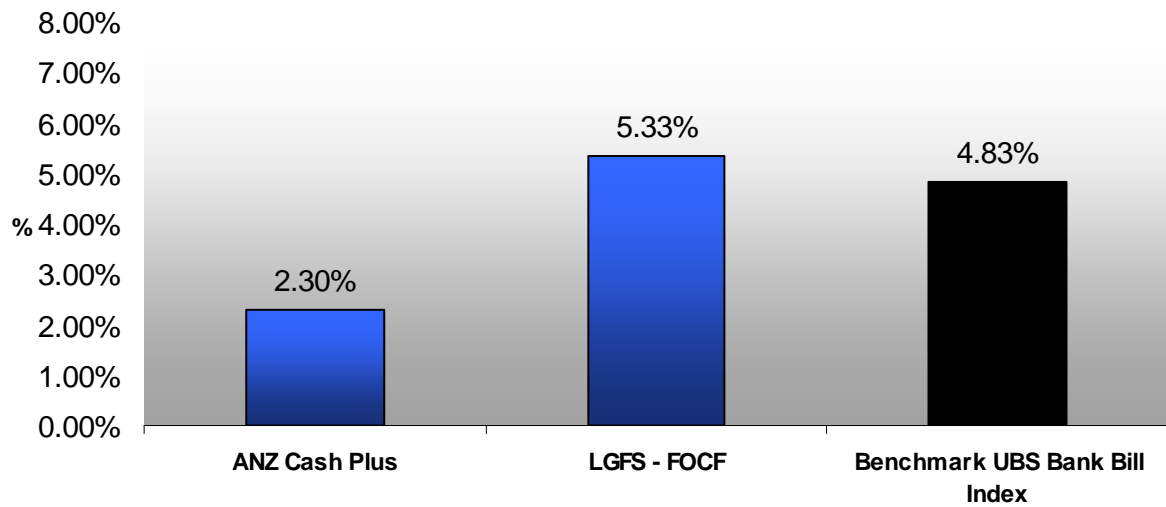
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3. INVESTMENT RATES - 90 DAY BANK BILL RATE (%)



4. FUNDS MANAGERS PERFORMANCE FOR MONTH - NET OF FEES (ANNUALISED)

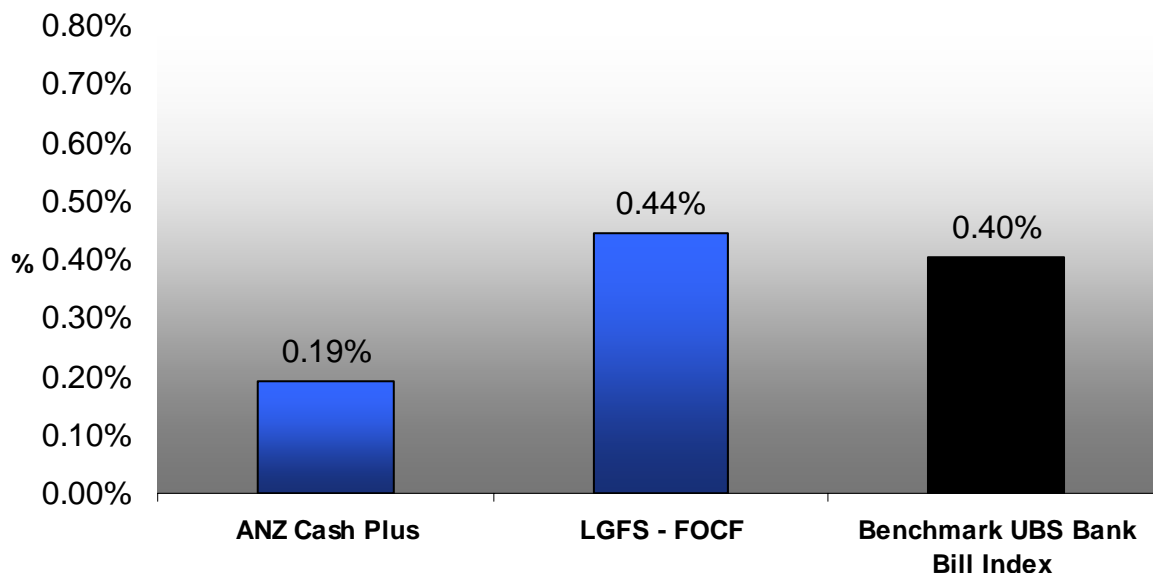
30 Days Term



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5. FUNDS MANAGERS PERFORMANCE FOR MONTH - NET OF FEES (NOT ANNUALISED)

30 Days Term



6. FUND MANAGERS - DETAILED INFORMATION

Fund	Credit Rating	Percentage of Total Fund Managers Current Month	Fund Managers Balance end of Previous month	Fund Managers Balance end of Current month	Distribution for Month/Quarter	Coupon Paid
ANZ Cash Plus	AA	2.10%	\$109,795	\$57,688	\$0	Monthly
LGFS - FOCF	AA-	97.90%	\$2,661,822	\$2,685,522	\$11,445	Quarterly
Total		100%	\$2,771,617	\$2,743,210	\$11,445	

Note: \$52,000 redeemed from ANZ Cash Plus in November.

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7. DIRECT SECURITIES

Counterparty/ Product Name	Face Value	Market Value	% Return on Face Value	Investment Type	Final Maturity Date	Credit Rating
ANZ Bank	1,000,000.00	1,012,770.00	5.15	Fixed Rate Bond	24/01/2011	AA
ANZ Bank	1,000,000.00	1,064,210.00	8.65	Fixed Rate Bond	24/09/2012	AA
Bank of QLD	1,000,000.00	999,859.88	6.00	Fixed Rate Bond	22/04/2013	BBB+
Bank of QLD	1,500,000.00	1,499,789.82	5.55	Fixed Rate Bond	02/12/2010	BBB+
CBA	1,000,000.00	1,018,531.63	6.04	FRN	21/01/2011	AA
CBA	1,000,000.00	1,006,147.83	5.22	FRN	17/04/2012	AA
CBA/Merrill Lynch Zero Coupon Bond	4,000,000.00	2,360,000.00	7.28	Fixed Rate Bond	22/01/2018	AA
Deutsche Bank	1,000,000.00	897,188.00	6.05	FRN	08/11/2011	A+
Macquarie/HSBC	2,000,000.00	2,007,709.82	5.38	FRN	23/11/2012	A
Members Equity Bank	2,000,000.00	1,925,480.00	5.77	FRN	02/12/2010	BBB-
National Australia Bank	1,000,000.00	1,004,370.00	6.08	FRN	05/11/2015	AA
Westpac Bank	1,000,000.00	1,037,150.00	5.15	Fixed Rate Bond	08/03/2012	AA
Westpac Bank	1,000,000.00	1,037,150.00	4.90	Fixed Rate Bond	24/09/2012	AA
Total	18,500,000.00	16,870,356.98	5.94			
ABS = Asset Backed Security Bond = Fixed Rate Bond CDO = Collateralised Debt Obligation FRN = Floating Rate Note						

8. TERM DEPOSITS

TERM DEPOSITS SORTED BY MATURITY AS AT 30/11/10						
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield	INCOME RECEIVABLE
09-Mar-10	08-Mar-11	(BCU) Bananacoast CU	1,000,000.00	364	6.85	68,312.33
17-Feb-09	17-Feb-11	Adelaide Bendigo Bank	2,000,000.00	730	4.7	188,000.00
25-Jun-10	22-Mar-11	Adelaide Bendigo Bank	2,000,000.00	270	6.25	92,465.75
06-Jul-10	05-Apr-11	Adelaide Bendigo Bank	2,000,000.00	273	6.3	94,241.10
01-Sep-10	06-Sep-11	Adelaide Bendigo Bank	3,000,000.00	370	6.2	188,547.95
06-Aug-10	07-Aug-12	Adelaide Bendigo Bank	2,000,000.00	732	6.6	264,723.29
11-Aug-10	16-Aug-11	AMP Bank (RIMSEC)	1,000,000.00	370	6.31	63,964.38
31-Aug-10	31-Aug-11	AMP Bank (RIMSEC)	1,000,000.00	365	6.31	63,100.00
27-May-10	24-May-11	ANZ	2,000,000.00	362	6.4	126,947.95
01-Dec-10		ANZ	4,000,000.00			0

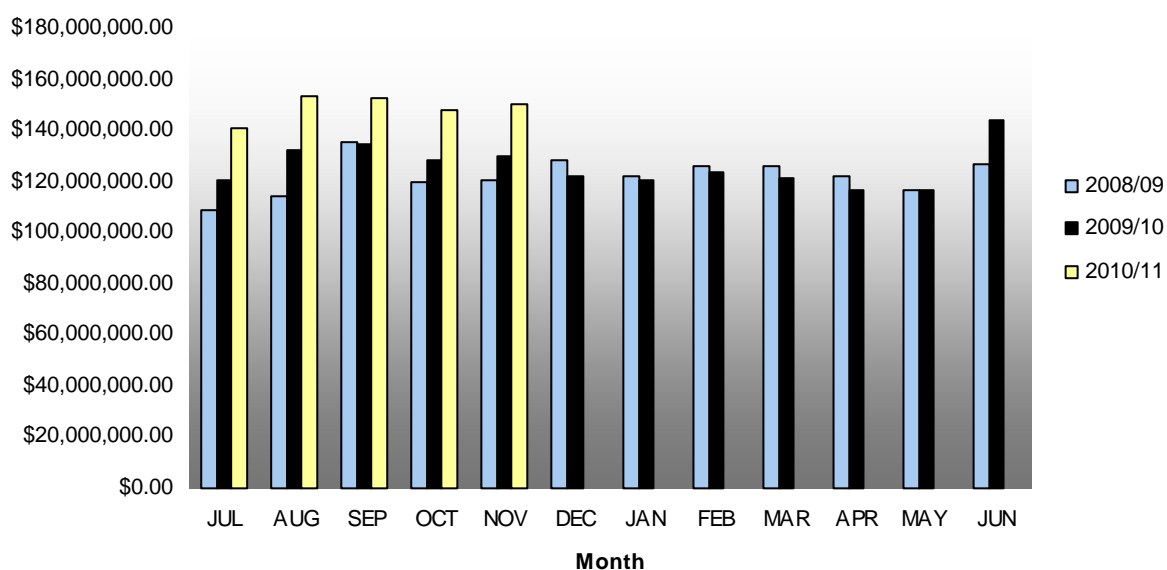
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TERM DEPOSITS SORTED BY MATURITY AS AT 30/11/10						
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield	INCOME RECEIVABLE
12-Nov-10	12-Feb-11	Bank of QLD	2,000,000.00	92	6.56	33,069.59
24-Aug-10	23-Feb-11	Bank of QLD	2,000,000.00	183	6.2	62,169.86
25-Jun-10	22-Mar-11	Bank of QLD	5,000,000.00	270	6.3	233,013.70
04-Aug-10	14-Jun-11	Bank of QLD	2,000,000.00	314	6.33	108,910.68
12-Aug-10	13-Aug-13	Bank of QLD	2,000,000.00	1097	7.05	423,772.60
06-Jul-10	04-Jan-11	Bankwest	2,000,000.00	182	6.05	60,334.25
24-Aug-10	25-Jan-11	Bankwest	2,000,000.00	154	6	50,630.14
04-Aug-10	10-May-11	Bankwest	2,000,000.00	279	6.15	94,019.18
01-Sep-10	30-Aug-11	Bankwest	3,000,000.00	363	6	179,013.70
		Community				
03-Aug-10	01-Feb-11	Mutual Group	1,000,000.00	182	6.19	30,865.21
07-Sep-10	15-Mar-11	CPS CU	1,000,000.00	189	6.1	31,586.30
15-Sep-10	20-Sep-11	CUA	1,000,000.00	370	6.33	64,167.12
		Elders Rural				
17-Feb-09	16-Feb-11	Bank	1,000,000.00	729	4.62	92,273.42
03-Sep-10	06-Sep-11	Heritage BS	1,000,000.00	368	6.25	63,013.70
18-Nov-10	18-Feb-11	IMB CRI	1,000,000.00	92	6.26	15,778.63
25-Aug-10	22-Feb-11	ING (RIMSEC)	1,000,000.00	181	6.32	31,340.27
19-Aug-10	17-Dec-11	ING (RIMSEC)	1,000,000.00	182	6.36	31,712.88
12-Nov-08	14-Nov-11	Investec Bank	1,000,000.00	1099	6.88	207,153.97
28-Jun-10	11-Jan-11	LGFS	5,000,000.00	197	6.3	170,013.70
29-Jun-10	22-Mar-11	LGFS	2,000,000.00	266	6.25	91,095.89
20-Sep-10	20-Dec-10	LGFS CRI	1,000,000.00	91	5.54	13,812.05
27-Sep-10	29-Dec-10	LGFS CRI	4,000,000.00	93	6	61,150.68
29-Nov-10	28-Feb-11	LGFS CRI	5,000,000.00	91	6.072	75,688.32
		Members Equity				
01-Jun-10	07-Dec-10	Bank	1,000,000.00	189	6.2	32,104.11
		Members Equity				
06-Jul-11	11-Jan-11	Bank	1,000,000.00	189	6.25	32,363.01
14-Sep-10	22-Mar-11	NAB	3,000,000.00	189	6.18	96,001.64
19-Oct-10	26-Apr-11	NAB	2,000,000.00	182	6.2	61,830.14
03-Sep-10	03-May-11	NAB	2,000,000.00	242	6.1	80,887.67
01-Sep-10	02-Sep-13	NAB	4,000,000.00	1098	6.52	784,543.56
10-Dec-09	14-Dec-10	NAB	1,000,000.00	369	6.65	67,228.77
11-Aug-10	11-Aug-15	NAB (RBS)	2,000,000.00	1095	6	360,000.00
27-Aug-10	27-Aug-15	NAB (RBS)	2,000,000.00	365	7	140,000.00
19-May-10	17-May-11	QTCU	1,000,000.00	363	6.45	64,146.58
		Summerland				
06-Jul-10	12-Jul-11	Credit Union	1,000,000.00	371	6.55	66,576.71
05-Jan-10	21-Dec-10	Suncorp Metway	1,000,000.00	350	6.9	66,164.38
25-Jun-10	05-Jan-11	Suncorp Metway	5,000,000.00	194	6.3	167,424.66
29-Jun-10	05-Jan-11	Suncorp Metway	2,000,000.00	190	6.5	67,671.23
28-Jun-10	11-Jan-11	Suncorp Metway	5,000,000.00	197	6.31	170,283.56
03-Nov-10	06-Feb-11	Suncorp Metway	1,000,000.00	97	6.05	16,078.08
02-Apr-08	01-Apr-11	Suncorp Metway	3,000,000.00	1095	8.3	747,000.00
17-Nov-10	12-Apr-11	Suncorp Metway	1,000,000.00	146	6.25	25,000.00
09-Nov-10	09-Aug-11	Suncorp Metway	2,000,000.00	274	6.52	97,889.32
12-Nov-08	11-Nov-11	Suncorp Metway	4,000,000.00	1094	6.88	824,846.03
22-Jul-10	18-Jul-12	Suncorp Metway	2,000,000.00	727	6.72	267,695.34
21-Jul-10	23-Jul-13	Suncorp Metway	1,000,000.00	1097	7.3	219,400.00
01-Dec-09	07-Dec-10	Westpac Bank	2,000,000.00	370	6.8	137,863.01

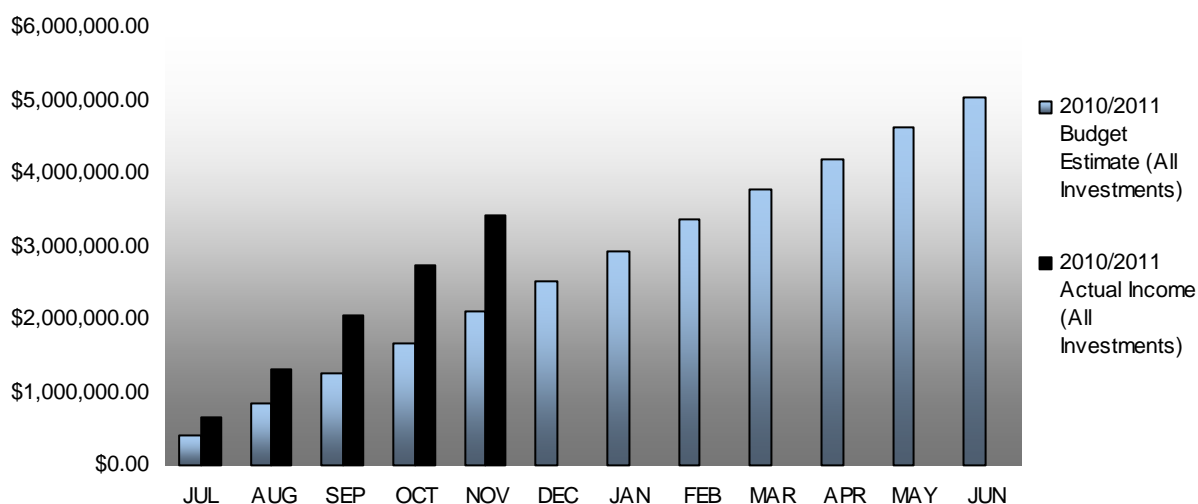
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TERM DEPOSITS SORTED BY MATURITY AS AT 30/11/10						
Lodged or Rolled	DUE	Counterparty	PRINCIPAL	TERM	% Yield	INCOME RECEIVABLE
03-Dec-09	14-Dec-10	Westpac Bank	1,000,000.00	376	7.05	72,624.66
16-Dec-09	21-Dec-10	Westpac Bank	1,000,000.00	370	7	70,958.90
14-Jul-10	11-Jan-11	Westpac Bank	2,000,000.00	181	6.02	59,705.21
22-Jul-10	19-Jul-11	Wide Bay CU	1,000,000.00	362	6.55	64,961.64
			122,000,000.00		6.26	

9. MONTHLY COMPARISON OF TOTAL FUNDS INVESTED



10. TOTAL PORTFOLIO INCOME YEAR TO DATE



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11. PERFORMANCE BY CATEGORY

Category	Face Value	Market Value	Average Return	Above/(Below) 30 day BBSW Benchmark
Overnight Money Market Managed Funds	\$8,600,000.00	\$8,600,000.00	5.22%	0.39%
Direct Securities Investments	\$2,743,210.48	\$2,743,210.48	5.01%	0.18%
Term Deposits	\$18,500,000.00	\$16,870,356.98	5.94%	1.11%
	\$122,000,000.00	\$122,000,000.00	6.26%	1.43%
Benchmark	\$151,843,210.48	\$150,213,567.46	4.83%	Benchmark 30 Day UBS Bank Bill Index

12. SECTION 94 DEVELOPER CONTRIBUTIONS - MONTHLY BALANCES REPORT - PERIOD ENDING - 30 NOVEMBER 2010

Contribution Plan	Plan Description	End of Month Balance	Contributions Received for Month
1	DCP3 Open Space	3,870,717	-
2	Western Drainage	478,924	-
3	DCP3 Community Facilities	34,821	-
4	Tweed Road Contribution Plan	10,906,312	41,539
5	Open Space	1,164,957	21,811
6	Contribution Street Trees	211,817	9,207
7	West Kingscliff	829,450	3,845
10	Cobaki Lakes	-726	-
11	Libraries	1,513,079	27,555
12	Bus Shelters	42,994	2,029
13	Cemeteries	-48,733	4,175
14	Mebbin Springs	72,085	-
15	Community Facilities	1,304,629	4,225
16	Surf Lifesaving	377,227	3,616
18	Council Administration & Technical Support	1,408,069	61,230
19	Kings Beach	962,960	-
20	Seabreeze Estate	601	-
21	Terranora Village Footpath	24,680	-
22	Shirewide Cycleways	332,799	15,552
23	Shirewide Carparking	1,775,785	-
25	Salt Development	814,446	-

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Contribution Plan	Plan Description	End of Month Balance	Contributions Received for Month
26	Shirewide Open Space	4,198,264	161,782
27	Tweed Heads Masterplan & Streetscaping	84,173	-
28	Seaside City	-675	-
91	DCP14	86,267	-
92	Public Reserve Contributions	108,283	-
95	Bilambil Heights	421,853	-
Total		30,975,059	356,566

13. ECONOMIC COMMENTARY**Global Economy**

Whilst leaving the US Federal Reserve Funds rate at 0 to 0.25%, the Federal Reserve announced QE2 - the second round of quantitative easing by declaring: "The Committee will maintain its existing policy of reinvesting principal payments from its securities holdings. In addition, the Committee intends to purchase a further \$600 billion of longer-term Treasury securities by the end of the second quarter of 2011, a pace of about \$75 billion per month."

Federal Reserve Bank Chairman Ben Bernanke stated that the "unemployment rate is just not going down. Unemployment is just about the same as it was in mid-2009, when the economy started growing. So, that's a major concern and it looks that at current rates that it may take some years before the unemployment rate is back down to normal levels."

There continues to be concern about deflation in the US and if combined with high unemployment, an economic downward spiral is likely, as those consumers still employed, postpone purchases in favour of cheaper prices next week, next month or next year. In this regard Chairman Bernanke said that the threat of deflation was behind the recent \$600 billion quantitative easing by the Federal Reserve. Paradoxically, if inflation does eventuate from these massive cash injections into the US economy he said he would raise interest rates immediately.

In other overseas economic news, China is expected to increase interest rates to slow down inflation. With CPI data set for release on December 13, a rate rise may be announced sooner rather than later as the central bank tends to raise rates before announcing major data.

The \$85 billion Irish bailout made news during November as the sovereign debt and fiscal crisis engulfed that country like Greece before it. Portugal, Spain and Italy seem certain to gain attention in coming months as these economies struggle under the weight of massive deficits and insolvent banking systems. Germany and France appear reluctant to provide further taxpayer funded bailouts for peripheral European Union economies.

At the same time, recent data suggests that the Chinese and Indian economies have continued to grow strongly and commodity price pressures, particularly for food, have picked up in China as well as a number of other economies in Asia.

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Domestic Economy

The Reserve Bank of Australia left the cash rate to 4.75% at the 7 December meeting. The RBA Board stated that since the previous Board meeting, concerns about the creditworthiness of a number of European governments have again become the main focus of financial markets. The Reserve Bank said that after the increase on Melbourne Cup day and the subsequent rises beyond the official cash rate by the major banks, lending rates are currently a little above average. The Board also noted inflation was set to remain steady over the next few quarters, suggesting the RBA is in no hurry to raise rates. Most economists expect that the RBA will have to increase rates by the second quarter of next year.

The Australian dollar moved slightly below parity with a weak US dollar during November.

Retail sales in dropped in October by 1.1% which represents the steepest fall in 15 months. Various theories have sought to explain this drop such as increased online purchases due to the favourable exchange rate or increased savings by consumers.

Council's Investment Portfolio Performance

Council's investment portfolio continues to be very conservatively structured with 81% of the portfolio held in term deposits. This investment segment continues to provide above trend returns while minimizing capital risk.

All investment categories out-performed the UBS 30 day bank bill benchmark this month. Overall, the investment portfolio has returned an average 2.24% pa above the 30 day UBS bank bill index for the last 12 month period. Only 2% of the portfolio is invested in the volatile managed funds sector.

An indication of Portfolio performance is provided by totalling investment income for the month and disregarding changes in capital values as follows. Council had \$150,213,567 invested as at 30 November, 2010 and the accrued net return on these funds was \$681,102 or 5.44% annualised for the month.

14. INVESTMENT SUMMARY AS AT 30 NOVEMBER 2010

GENERAL FUND

COLLATERISED DEBT OBLIGATIONS	0	
COMMERCIAL PAPER	0	
CORPORATE FIXED RATE BONDS	9,010,929.70	
FLOATING RATE NOTES	7,859,427.28	
ASSET BACKED SECURITIES	0	
FUND MANAGERS	19,833.61	
TERM DEPOSIT - LOAN 104 OFFSET	0	
TERM DEPOSITS	68,000,000.00	
CALL ACCOUNT	8,600,000.00	93,490,190.59

WATER FUND

TERM DEPOSITS	25,000,000.00	
FUND MANAGERS	2,695,001.98	27,695,001.98

SEWERAGE FUND

TERM DEPOSITS	29,000,000.00	
FUND MANAGERS	28,374.89	29,028,374.89

TOTAL INVESTMENTS	150,213,567.46
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Addendum

It should be noted that the General Funds investments of \$93 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.



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

LEGAL/RESOURCE/FINANCIAL IMPLICATIONS:

Nil.

POLICY IMPLICATIONS:

Nil.

UNDER SEPARATE COVER/FURTHER INFORMATION:

To view any "non confidential" attachments listed below, access the meetings link on Council's website www.tweed.nsw.gov.au (from 8.00pm Wednesday the week before the meeting) or visit Council's offices at Tweed Heads or Murwillumbah (from 8.00am Thursday the week before the meeting) or Council's libraries (from 10.00am Thursday the week of the meeting).

Nil.

Addendum

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