

LATE REPORT NO. 3 - ORDINARY MEETING 21 APRIL 2009

Subject: CCS - Investment Report as at 31 March 2009
Index: Investments
Author: Revenue Accountant - Col Mckillop-Davies

SUMMARY OF REPORT:

Council's investment report as at 31 March 2009 is provided in accordance with Part 9, Division 5, Section 212 Local Government (General) Regulations 2005.

SUMMARY OF RECOMMENDATION:

That the report be received and noted.

FINANCIAL/RESOURCE IMPLICATION:

Nett Interest received to 31 March 2009 is \$1,361,960.88 with a further \$271,222.05 accrued to the same date. Council has budgeted \$2,300,000 for the 2008/2009 financial year. It is anticipated that the actual interest received to 30 June 2009 will be in the vicinity of \$2,080,000 leaving a shortfall of \$220,000

POLICY IMPLICATIONS:

Nil.

LEGAL IMPLICATIONS:

Nil

LIST OF ANNEXURES:

- A: Report of Investments as at 31 March 2009
- B: Monthly Interest Comparison

ATTACHMENTS

Nil

REPORT

Council's investments as at 31 March 2009 amounted to \$39,840,549.18. It should be noted that the amount currently invested represents all Council's external and internal restrictions (ie grants, Section 94 funds, loans, crown reserves, etc) as well as cash flow requirements. Only a minor portion is applicable to Council's day to day operations.

A summary of Investments held for March 2009 follows:

Investment Report for March 2009					
Investment Type	Opening balance	Movement	Closing balance	Portfolio %	Average return for March %
Term Deposits	\$22,363,797	-\$750,000	\$21,613,797	54.25%	5.26%
Managed Funds	\$5,856,975	\$16,139	\$5,873,114	14.74%	3.64%
Floating Rate Notes	\$5,381,450	\$0	\$5,381,450	13.51%	4.15%
11am Call Deposits	\$1,254,901	\$517,288	\$1,772,189	4.45%	3.25%
Sub-Total	\$34,857,122	-\$216,573	\$34,640,549	86.95%	
Property Linked Notes	\$0	\$0	\$0	0.00%	
CPPI Notes	\$5,200,000	\$0	\$5,200,000	13.05%	0.00%
Total	\$40,057,122	-\$216,573	\$39,840,549	100%	
90 day UBS Aust Bank Bill Index					3.94%

The total interest physically received for the period ending 31 March 2009 was \$1,361,960.88 with a further \$271,222.05 in accrued interest.

The Reserve Bank of Australia has continually lowered the official interest rate over the past few months and this has impacted on the returns from all sources of income including term deposits. From the chart provided it can be seen that income from investments in the 2008/2009 period will not meet budgeted forecasts.

The Longreach Sceptre CDO purchased by Council has had its rating downgraded further to CCC, but has not been any further defaults.

Whilst equity markets have gained in recent weeks the global economic crisis is far from over and this will have a continued impact on Council's income on investments.

Pursuant to Part 9, Division 5, Section 212, Local Government (General) Regulations 2005 Clause 1(a) attached are details of all money that Council has invested in accordance with Section 625 of the Local Government Act 1993.

Pursuant to Part 9, Division 5, Section 212, Local Government (General) Regulations 2005 Clause 1(b) Council's responsible accounting officer hereby certifies that Council's investments have been effected in accordance with Section 625 of the Local Government Act 1993, the Regulations and Council's investment policies.

RECOMMENDATION:

It is recommended that the information concerning Council's investments as at 31st March 2009 be noted.

ANNEXURES

A: Report of Investments as at 31 March 2009

Financial Securities		31st March 2009 Initial Book Value									
Investment Date	Interest Rate	Security Type	Duration	Amount Invested	Maturity Date	Held With	Next Reset Date				
17/02/2006	4.1333%	Portfolio of CDO's	1095	\$1,000,000.00	20/03/2009-2013	NEWPORT (CORSAIR JERSEY NO 2)	21/06/2009				
04/02/2006	4.1333%	Floating Rate CDO portfolio	2191	\$500,000.00	04/08/2011	ENDEAVOUR	05/05/2009				
10/03/2006	4.1333%	Floating Rate CDO portfolio	1825	\$1,000,000.00	10/03/2011	Longreach Sceptre	10/06/2009				
21/12/2006	4.1333%	CCO/CDO	1825	\$899,000.00	21/12/2011	ANZ Belo	20/06/2009				
23/03/2007	4.2333%	Commodity linked CDO	1825	\$982,450.00	23/03/2012	Credit Suisse Cargo 2	23/06/2009				
07/03/2007	0%***	Synthetic CDO	1185	\$1,000,000.00	30/06/2010	Caylon Momentum TRIO	30/06/2009				
				\$5,381,450.00							

Principal Protected Securities									
Investment Date	Interest Rate	Security Type	Duration	Amount Invested	Maturity Date	Held With	Next Reset Date		
22/11/2006	0%*	CPPI Note	2190	\$500,000.00	22/11/2012	Longreach Liquidity	NA		
24/11/2006	0%**	CPPI Note	2190	\$1,000,000.00	24/11/2012	ANZ Asprit	NA		
23/06/2006	0%**	CPPI Note	2555	\$1,000,000.00	22/06/2013	Longreach Series 18	NA		
20/12/2006	0%**	CPPI Note	2190	\$1,000,000.00	20/12/2012	Westpac Focus	NA		
06/05/2007	2.1000%	Fund	1825	\$700,000.00	30/06/2012	Longreach Fund 2	31/06/2009		
10/05/2006	0%*	CPPI Note	2555	\$1,000,000.00	20/03/2012	ANZ Averton	NA		
				\$5,200,000.00					

* Coupon Not Expected

** No coupon to be paid. These securities are now fully allocated to bonds.

Managed Funds					
Investment Date	Interest Rate	Security Type	Duration	Amount Invested	Maturity Date
28/02/2009		Managed Funds		\$395,677.05	
28/02/2009		Managed Funds		\$5,477,436.86	
		Managed Funds		\$5,873,113.91	

On Call Bank Accounts					
Investment Date	Interest Rate	Security Type	Duration	Amount Invested	Maturity Date
28/02/2009		On Call		\$1,716,360.23	
28/02/2009		On Call		\$55,828.52	
		On Call		\$1,772,188.75	

LGFM EXPANDED CREDIT
LGFM Fixed Out Fund

IMB On Call
ANZ High Yield

Term Deposits

03/02/2009	4.7500%	Term Deposit	62	\$1,000,000.00	06/04/2009	Greater Building Society
05/01/2009	5.6600%	Term Deposit	91	\$1,000,000.00	06/04/2009	PNCU
08/01/2009	5.6000%	Term Deposit	89	\$1,000,000.00	07/04/2009	Greater Building Society
14/10/2008	7.0500%	Term Deposit	182	\$2,000,000.00	14/04/2009	Greater Building Society
29/01/2009	5.5500%	Term Deposit	90	\$1,000,000.00	29/04/2009	CUA
29/01/2009	5.5000%	Term Deposit	90	\$1,000,000.00	29/04/2009	Heritage Building Society
05/01/2009	5.6200%	Term Deposit	120	\$1,000,000.00	05/05/2009	Bank of QLD
07/10/2008	7.8000%	Term Deposit	212	\$613,796.52	07/05/2009	Holiday Coast Credit Union
03/03/2009	4.3000%	Term Deposit	73	\$1,000,000.00	15/05/2009	Savings & Loan
24/02/2009	4.5000%	Term Deposit	87	\$1,000,000.00	22/05/2009	Credit Union Aust
02/12/2008	5.4000%	Term Deposit	181	\$1,000,000.00	01/06/2009	IMB
03/03/2009	4.5000%	Term Deposit	100	\$1,000,000.00	11/06/2009	Credit Union Aust
03/03/2009	4.3000%	Term Deposit	101	\$1,000,000.00	12/06/2009	Heritage Building Society
09/03/2009	4.2500%	Term Deposit	98	\$1,000,000.00	15/06/2009	Australian Defence Credit Union
10/02/2009	4.9000%	Term Deposit	150	\$1,500,000.00	10/07/2009	Bank Of Adelaide
31/03/2009	4.3000%	Term Deposit	120	\$1,000,000.00	29/07/2009	Bank West
06/02/2009	4.8000%	Term Deposit	180	\$1,000,000.00	05/08/2009	Bank of Queensland
18/02/2009	4.5300%	Term Deposit	181	\$1,500,000.00	18/08/2009	Citibank
21/11/2008	6.6500%	Term Deposit	367	\$2,000,000.00	23/11/2009	Elders Rural Bank

Term Deposit

\$21,613,796.52

TOTAL INVESTMENTS

\$39,840,549.18

B: Monthly Interest Comparison

