

**LATE REPORT  
ITEM NO. 25 OF ORDINARY MEETING 23 JUNE 2009**

**Subject:** CCS - LATE REPORT - Investment Report as at 31 May 2009  
**Index:** Investments  
**Author:** Revenue Accountant - Col McKillop-Davies

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**SUMMARY OF REPORT:**

Council's investment report as at 31 May 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 May 2009 is \$1,726,840.77 with a further \$293,014.38 accrued to the same date.

**POLICY IMPLICATIONS:**

Nil

**LEGAL IMPLICATIONS:**

Nil

**LIST OF ANNEXURES:**

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

**ATTACHMENTS:**

Nil

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**REPORT:**

Council's investments as at 31st May 2009 amounted to \$41,295,677.32. It should be noted that the amount currently invested represents all Council's external and internal restrictions (i.e. 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 May 2009 follows:

<b>Investment Report for May 2009</b>					
<b>Investment Type</b>	<b>Opening balance</b>	<b>Movement</b>	<b>Closing balance</b>	<b>Portfolio %</b>	<b>Average return for March %</b>
<b>Term Deposits</b>	\$25,113,797	-\$613,797	\$24,500,000	59.33%	4.64%
<b>Managed Funds</b>	\$5,890,014	\$17,427	\$5,907,441	14.31%	3.50%
<b>Floating Rate Notes</b>	\$5,381,450	-\$1,000,000	\$4,381,450	10.61%	3.13%
<b>11am Call Deposits</b>	\$1,326,052	-\$19,266	\$1,306,786	3.16%	3.00%
<b>Sub-Total</b>	<b>\$37,711,313</b>	<b>-\$1,615,636</b>	<b>\$36,095,677</b>	<b>87.41%</b>	
<b>Property Linked Notes</b>	\$0	\$0	\$0	0.00%	
<b>CPPI Notes</b>	\$5,200,000	\$0	\$5,200,000	12.59%	0.00%
<b>Total</b>	<b>\$42,911,313</b>	<b>-\$1,615,636</b>	<b>\$41,295,677</b>	<b>100%</b>	
<b>NAB 90 day BBSW</b>					<b>3.13%</b>

The total interest physically received for the period ending 31 May 2009 was \$1,726,840.77 with a further \$293,014.38 in accrued interest.

During May, Council was advised by its advisors, CPG (formerly Grove) that interest coupons credited to our online account for the Endeavour CDO were credited in error.

As the Endeavour CDO was arranged under the umbrella of Lehman Brothers it is involved in the Lehman Brothers Insolvency and hence all interest coupon payments had been suspended. Council's advisors, CPG have advised that \$22,215 representing the December and February interest coupons has been debited to our account. In addition the income from investments will be impacted by a further \$10,000 for the amount expected to be received for this CDO in June.

The Endeavour CDO is also involved in an early termination as a result of the Lehman Brothers Insolvency. Whilst all associated paper work has been completed there is no indication as to when the actual termination will take place. It is expected that Council will receive most of the \$500,000 originally invested.

It is expected that income from investments will be approximately \$2,150,000 in the 2008-2009 period which is less than that estimated in the March quarterly review. This is a result of the reversal of the above interest coupons and interest paid on bond refunds not being taken into account during the March quarterly review.

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 31 May 2009 be noted.

**ANNEXURES:**

**A: Report of Investments as at 31 May 2009**

31 May 2009 Initial Book Value									
Financial Securities	Investment Date	Interest Rate	Security Type	Duration	Amount Invested	Maturity Date	Held With	Next Reset Date	
	17/02/2006	4.0100%	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	4.0100%	CCO/CDO	1825	\$898,000.00	21/12/2011	ANZ Belo	20/06/2009	
	23/03/2007	4.1267%	Commodity linked CDO	1825	\$982,450.00	23/03/2012	Credit Suisse Cargo 2	23/06/2009	
					<u>\$4,381,450.00</u>				

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 Averon	NA		
				<u>\$5,200,000.00</u>					

\* Coupon Not Expected

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

Managed Funds		
28/02/2009	Managed Funds	\$397,264.67
28/02/2009	Managed Funds	\$5,510,176.46
	<b>Managed Funds</b>	<u>\$5,907,441.13</u>

LGFM EXPANDED CREDIT

LGFM Fixed Out Fund

**On Call Bank Accounts**

28/02/2009	On Call	\$1,273,025.97	IMB On Call
28/02/2009	On Call	\$33,760.22	ANZ High Yield
	On Call	<u>\$1,306,786.19</u>	

**Term Deposits**

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
06/04/2009	4.2600%	Term Deposit	77	\$1,000,000.00	22/06/2009	PNCU
02/04/2009	4.2500%	Term Deposit	92	\$1,000,000.00	03/07/2009	IMB
10/02/2009	4.8000%	Term Deposit	150	\$1,500,000.00	10/07/2009	Bank Of Adelaide
07/04/2009	4.2500%	Term Deposit	101	\$1,000,000.00	17/07/2009	Greater Building Society
31/03/2009	4.3000%	Term Deposit	120	\$1,000,000.00	29/07/2009	Bank West
29/04/2009	4.3500%	Term Deposit	93	\$1,000,000.00	31/07/2009	CJA
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
14/04/2009	4.4000%	Term Deposit	136	\$1,000,000.00	28/08/2009	SGE Credit Union
29/04/2009	4.2500%	Term Deposit	128	\$1,000,000.00	04/09/2009	Savings & Loans
19/05/2009	4.2500%	Term Deposit	122	\$1,000,000.00	18/09/2009	Bankwest
07/06/2009	4.2900%	Term Deposit	155	\$1,000,000.00	09/10/2009	NAB
21/11/2008	6.6500%	Term Deposit	367	\$2,000,000.00	23/11/2009	Elders Rural Bank
24/04/2009	4.4200%	Term Deposit	214	\$2,500,000.00	24/11/2009	Westpac
22/05/2009	4.3000%	Term Deposit	239	\$1,000,000.00	16/01/2010	Credit Union Aust
06/04/2009	5.0200%	Term Deposit	730	\$1,000,000.00	06/04/2011	Bank of Cyprus
14/04/2009	5.8000%	Term Deposit	910	\$1,000,000.00	11/10/2011	Suncorp Metway

Term Deposit \$24,500,000.00

**TOTAL INVESTMENTS**

\$41,295,677.32

B: Monthly Interest Comparison

