

ITEM NO: 1**SUBJECT: SCHEDULE OF INVESTED MONIES****FILE NO: C00694**

Recommendation:

That the Schedule of Invested Monies as at 30 November 2007 be received.

Report by Acting Group Manager, Community & Corporate:

This report is submitted for the purpose of financial accountability and in satisfaction of the investment reporting requirements of the Local Government (Financial Management) Regulation 1999 and the Local Government Act, 1993 (Section 625). The report also certifies that the Council investments comply with the forms of investment made by order of the Minister under section 625(2) of the Local Government Act 1993. The current Ministerial Order was issued under the Council Circular 05-53 on 23 September 2005.

The Schedule of the Council Invested Monies as at 30 November 2007 is attached for information.

The increased returns, above budget, on the Council investments are due to a greater than anticipated rise in interest rates and increased cash position for the financial year.

Recent Market Developments

Since July 2007 a significant downturn has occurred in global credit markets. This event has impacted on the mark to market value of some of the Council investments. The asset classes most significantly impacted in the Council's portfolio were Credit Linked Notes and Asset Backed Securities. The Council's investments market valuations has been revalued downwards specifically as a result of its exposure to Collateralised Debt Obligations (CDOs) within its portfolio (i.e. \$6M of the Grange Securities Portfolio which includes \$250k of sub prime).

The Council entered into these transactions as part of its long term strategy with the intent of holding them until their respective maturity dates, at which time the Council will redeem the full face value of the security, provided there are no defaults in the underlying securities. The Council's cash flow has not been affected as the Council continues to receive interest coupons based on the face value of the security.

The financial impact on the Council's investment portfolio is that the mark to market valuation of the Council's investment securities, classified as fair value through profit and loss, has been reduced between balance date and 30 November 2007. If the Council were forced to sell these securities for liquidity reasons it could potentially realise a loss based on current market conditions. However, the Council's investment portfolio is structured with adequate diversification to provide sufficient liquidity until the impaired investments mature.

The Council is in regular consultation with its investment advisor and continues to closely monitor the portfolio in the current investment environment to ensure continued compliance and minimal exposure to risk.

* * * * *

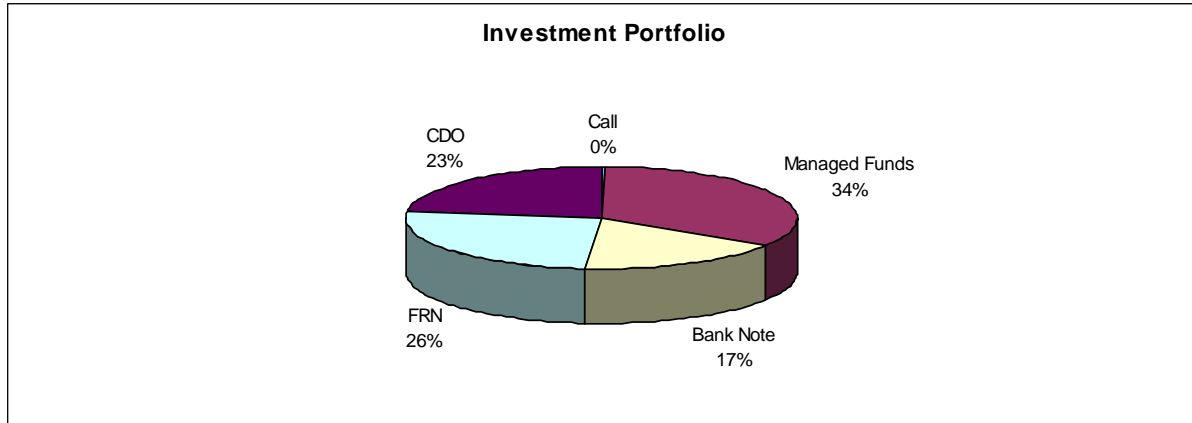
Attachment: SCHEDULE OF INVESTED MONIES - 30 November 2007

<i>Institution and Fund</i>	<i>Return for Month</i>	<i>Investment Valuations</i>	<i>Investment Valuations Previous Month</i>	<i>Comments</i>
Adelaide Bank Managed Funds	6.9%	8,448,487	4,879,725	Cash flow investment and interest reinvested
Bendigo Bank FRN	8.06%	1,000,000	1,000,000	Capital protected
CBA – Palladin Portfolio Note	7.8467%	365,000	397,500	Market revaluation
Generator Income Notes (managed by Rim Securities Ltd)	8.45%	905,606	905,606	Valuation 30/6/07
FRN and CDO Investment Managed Portfolio (managed by Grange Securities)	7.45%	9,855,012	10,292,733	Market revaluation
Macquarie Cash Management (managed by Grange Securities)	5.44%	78,246	37,106	Coupon returns
Averon Series AF7 Floating Rate Note (managed by ANZ Bank)	0%	444,500	444,500	Valuation 30/9/07
CBA – Equity Linked Note	7.5%	963,250	976,850	Market revaluation
CBA – Callable CPI Linked Note	7.5%	978,700	873,200	Market revaluation
Athena Series 1 Camelot Notes (managed by ICAP)	6.74%	511,607	518,335	Market revaluation
Aphex Pacific Capital Phoenix Notes (managed by ABN-AMRO Morgans)	8.0%	536,950	495,300	Market revaluation
CBA – Range Accrual Note	7.55%	966,200	979,700	Market revaluation
Total		25,053,558	21,800,555	

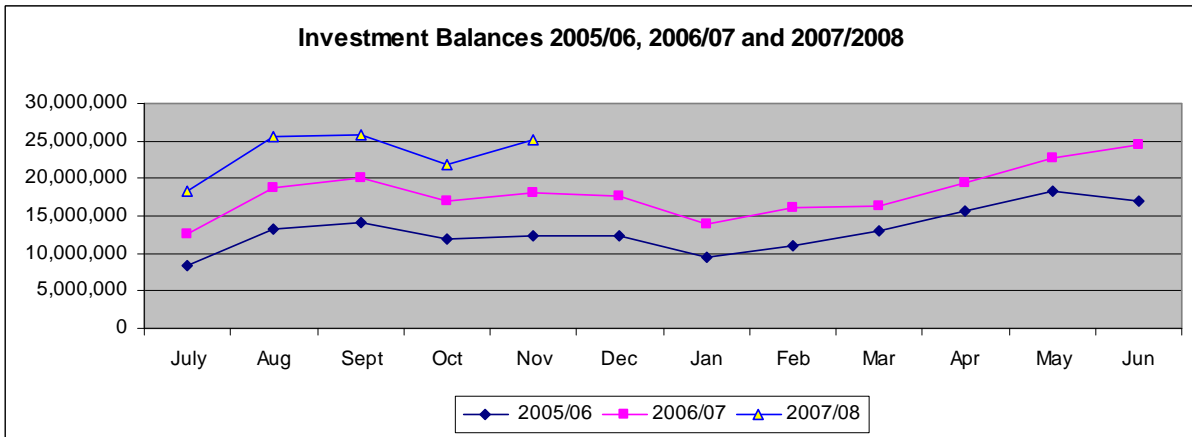
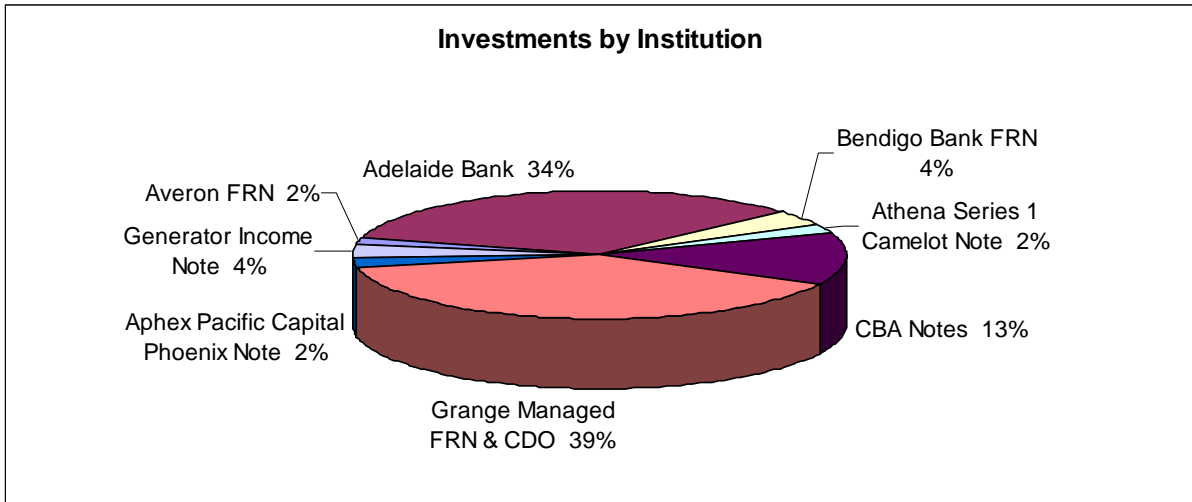
Balance of investments 1 November 2007 (Market Value)	21,800,555
New funds invested during month	3,500,000
Interest Re-invested during month	109,902
Revaluation of investments during month – Favourable + Unfavourable ()	(356,899)
Balance of investments 30 November 2007 (Market Value)	25,053,558

BBSW 30 Days 6.94%
Average Rate of Return for Month 7.90%

The valuations are as at 30 November 2007 unless otherwise advised. The valuations are indicative with no assurance that trades could be completed at such values.



Call – Cash at Call
 Managed Funds – Managed Funds
 Bank Note – Structured Notes
 FRN – Floating Rate Note
 CDO – Collateralised Debt Obligation



Interest Income - Budget vs Actual

	Year to Date	Full Year
Original Budgeted Return	\$457,292	\$1,097,500
Revised Budgeted Return	\$457,292	\$1,097,500
Council's Actual Return	\$709,190	\$1,400,000 (estimated)

I certify and report that the Schedule of Invested Monies listed above describes all Council's funds invested by virtue of Section 625 of the Local Government Act, 1993. The monies referred to in this Schedule are invested in accordance with the Local Government Act, 1993 (Section 625 and Order of the Minister dated 23/09/2005), and Local Government Regulation 1999 (Clause 16) and Council's Policy.

Neil Farquharson
Responsible Accounting Officer