

Audit & Risk Committee Agenda & Reports

13 October 2025

Our Vision

*A City which values its heritage, cultural diversity,
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable
and socially cohesive, with a strong community spirit.*

City of Norwood Payneham & St Peters
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City of
Norwood
Payneham
& St Peters

9 October 2025

To all Members of the Audit & Risk Committee

Committee Members

- Ms Cate Hart (Independent Member) (Presiding Member)
- Mayor Robert Bria
- Cr Grant Piggott
- Ms Tami Norman (Independent Member)
- Mr Kym Holman (Independent Member)

Staff

- Mario Barone (Chief Executive Officer)
- Lisa Mara (General Manager, Governance & Civic Affairs)
- Jenny McFeat (Manager, Governance)
- Natalia Axenova (Chief Financial Officer)
- Eleanor Walters (Manager, Urban Planning & Sustainability)
- Megan Schartner (Sustainability Officer)

NOTICE OF MEETING

I wish to advise that pursuant to Sections 87 and 88 of the *Local Government Act 1999*, the next Ordinary Meeting of the Audit & Risk Committee, will be held in the Mayors Parlour, Norwood Town Hall, 175 The Parade, Norwood, on:

Monday 13 October 2025, commencing at 7.00pm

Please advise Lisa Mara on 8366 4549 or email lmara@npsp.sa.gov.au, if you are unable to attend this meeting or will be late.

Yours faithfully



Mario Barone
CHIEF EXECUTIVE OFFICER

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City of
Norwood
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& St Peters

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VENUE Mayors Parlour, Norwood Town Hall

HOOR

PRESENT

Committee Members

Staff

APOLOGIES

ABSENT

1. **CONFIRMATION OF MINUTES OF THE SPECIAL MEETING OF THE AUDIT & RISK COMMITTEE HELD ON 15 SEPTEMBER 2025**

2. **PRESIDING MEMBER'S COMMUNICATION**

3. **COMMITTEE MEMBER DECLARATION OF INTEREST**

4. **PRESENTATIONS**

4.1 Budget Process

 A presentation will be provided by the Chief Financial Officer.

5. **STAFF REPORTS**

5.1 CLIMATE RISK GOVERNANCE ASSESSMENT

REPORT AUTHOR: Sustainability Officer
GENERAL MANAGER: General Manager, Urban Planning & Environment
CONTACT NUMBER: 83664552
FILE REFERENCE:
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to present the Council's *Climate Change Governance Assessment Report* to the Audit & Risk Committee.

BACKGROUND

The recognition of climate change risk has grown significantly in recent years, particularly organisational and investor financial and economic risks. A pivotal development in this regard, was the establishment of the Task Force by the G20 Financial Stability Board on Climate Related Financial Disclosure (TCFD) in 2015, in recognition of the risks that climate change present, particularly in relation to international financial and economic impacts. Initially, a voluntary framework for corporations to report on governance, climate change adaptation and transitional risks, the reporting framework and associated standards are now being widely adopted as legally binding requirements in many countries.

The Australian Government introduced legislation for mandatory climate related financial disclosure, through the Australian Sustainability Reporting Standards (ASRS) Framework Australian Accounting Standards Board Standard 2 (AASB S2) in January 2025, which is supported by the Australian Accounting Standards Board (AASB) and the Australian Auditing and Assurance Standards Board (AUASB). While this legislation is currently limited to entities covered by the *Corporations Act 2001*, it is an indication of the growing recognition of the significance placed on climate change as a material financial and economic risk and it demonstrates best practice approaches for climate reporting.

Typically, climate change risks are categorised into two broad categories, namely:

- Physical risk – risks caused directly by climate change, such as extreme weather events. For example, flooding or storm damage to Council owned infrastructure.
- Transitional risk – risks associated with the transition to a low carbon economy. For example, increasing cost and access to insurance of assets as a result of climate-related events.

To date, this Council's strategic response to climate change, has been driven initially through its membership of Resilient East, a regional climate initiative between State and Local Government (which includes all of the Eastern Region Alliance Councils and the City of Tea Tree Gully and the City of Adelaide) and through the Council's *Corporate Emissions Reduction Plan 2020 to 2030*.

Resilient East was established in 2006, through the Eastern Regional Alliance (ERA) councils, the City of Adelaide and City of Tea Tree Gully, in response to the State Government Climate Change Adaptation Framework (2012). The purpose of Resilient East is to ensure that the eastern region remains a vibrant, desirable and productive place to live, work and visit and that local businesses, communities and environments can respond positively to the challenges and opportunities presented by a changing climate.

The climate in South Australia is already experiencing the impacts of climate change, including more intense storms, flooding and heatwaves. As the climate continues to change, the impacts will become increasingly acute and present greater challenges to this Council's ability to adapt and support our community.

One of the goals of Resilient East is to increase member councils' understanding of climate change governance and capacity building on climate change adaptation and transition risks. Resilient East focuses on adapting to the already locked-in climatic changes to build resilience, reduce climate-related impacts and create a prosperous future for the region.

In 2019, the Council developed a Risk Assessment tool that was prepared by Bentleys, which identified twenty-one (21) strategic Corporate Risks facing the organisation. Risk No. 7 was “Climate change not in key decisions”, which was described as “inadequate consideration of Climate Change Adaptation in key Council decisions and forward planning”. Not adequately planning for climate change was assessed as having a medium inherent risk rating, with controls such the Council’s participation in the regional adaptation partnership of Resilient East, this reduced the residual risk rating to low.

Risks associated with climate change governance were raised through Resilient East, which resulted in the member councils undertaking Climate Risk Governance Assessment processes.

The Climate Change Governance Assessment (the Assessment) was completed in January 2024 reviewed and benchmarked how this Council embeds climate change and associated risk into its existing governance frameworks and provides recommendations to enhance climate governance across the Council and achieve best practice climate risk management.

A copy of the Council’s *Climate Change Governance Assessment Report* is contained in **Attachment A**.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Climate change governance and risk management, fits under *CityPlan 2030* Outcome 4: Environmental Sustainability Objective 4.4 *Mitigating and adapting to the impacts of climate change*.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

EXTERNAL ECONOMIC IMPLICATIONS

The physical and transitional risks of climate change have a range of potential economic implications for the City of Norwood Payneham & St Peters. These risks could directly affect the Council’s operations and service delivery (e.g. costs associated with infrastructure damage resulting from increased frequency of extreme weather events) or result in indirect consequences from broader impacts on our community and its economic prosperity and resilience (e.g. exacerbating cost of living pressures caused by impacts of increased frequency of extreme weather events and associated infrastructure and insurance costs).

SOCIAL ISSUES

Climate change poses a range of community and social risks, particularly impacting the most vulnerable in our community. For example, extreme heat and extreme weather events disproportionately affect vulnerable people, such as older people and those with pre-existing health issues, exacerbating socio-economic disparities.

The Council is responsible for a range of socially based services that intersect with and are impacted by climate change, including aged care support, volunteer coordination, libraries and other community facilities as well as the maintenance and development of open space to support social and community activity.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

The environmental impacts of climate change include impacts on natural systems and biodiversity through changes to the climate and extreme weather events. The Council’s management of open space natural assets and street trees will need to adapt, through changes to monitoring and maintenance regimes and species selection and diversity.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Climate change risks have, to some extent, previously been identified through the Resilient East Integrated Vulnerability Assessment (IVA) and subsequent Climate Change Adaptation Plan (2016). However, no specific risk assessment has been undertaken of the Council's operational context and activities.

This Council's participation in the LGRS Strategic Risk Services Program which is currently underway will ultimately result in organisational wide Strategic Risk Register and an Operational Risk Register and embed supporting processes across the Council's operations and strategic planning, to ensure a comprehensive risk management system can be sustainably maintained.

To date, this Program has resulted in the adoption of a Risk Management Policy by the Council on 4 August 2025 and the development of a Strategic Risks Register. Work is still underway on the development of an Operational Risks Register and on embedding the registers into the Council's operations.

CONSULTATION

- **Elected Members**
An Elected Members Information Briefing Session was held on 22 September 2025, outlining the results of the Assessment and the next steps for building capacity around climate governance using LGA SA developed workshop materials.
- **Community**
Not Applicable.
- **Staff**
All Managers and subject area specialists were invited to participate in internal workshops conducted by the consultant.
- **Other Agencies**
Not Applicable.

DISCUSSION

The Climate Change Governance Assessment (the Assessment) has been conducted using the *InformedCity* Governance Tool which enables users to understand the extent that climate change is considered in the corporate operations and governance of local government.

The Assessment tool developed in Australia has been used to assess the climate-related governance of over 350 local government authorities in Australia and New Zealand. The process is designed to facilitate informed decision-making and enable public disclosure of climate risk, comparative analysis and community of practice.

The Assessment used a combination of qualitative and quantitative approaches, including a staff wide survey, key documentation review and a series of face-to-face team interviews.

The quantitative component of the Assessment resulted in a rating against 14 core indicators of climate change governance as outlined in Table 1 below using a 5-point scale from None, defined as "No published documents related to an indicator on the website", through to Advanced, defined as "A comprehensive inclusion of climate change."

Table 1 below provides the results of where the City of Norwood Payneham & St Peters was assessed based on those indicators in 2023.

TABLE 1: RESULTS OF THE CLIMATE CHANGE GOVERNANCE ASSESSMENT

Indicator	Importance for Climate Governance	2023 Council Assessment
1 Strategic Planning	Directs how decision-makers in councils must discharge their responsibility under their State's Local Government Act.	High
2 Financial Management	Effects of climate change are likely to have a considerable impact on a council's financial performance. In addition, mandatory reporting for corporations through the AASB ASRS will affect local governments indirectly, if not directly.	None
3 Public Risk Disclosure	Increasing demand in the private sector for a transparent approach to addressing climate-related risks means councils can expect insurers and financial providers to request public disclosure of how they are addressing these risks.	Intermediate
4 Risk Management	Climate change is a complex issue that will exacerbate existing risks and present new ones.	None
5 Asset Management	Assets maintained by councils may have long life-expectancy and as such may be exposed to direct and indirect climate risks. This has the potential to generate unexplored or under-quantified financial risk for local government.	High
6 Procurement	Procurement plays an important role in transitioning to a net-zero, climate resilient future through reduction in emissions through design and the stimulation of the market for low-carbon technologies, products, and services.	None
7 Community Wellbeing	The negative impacts of climate change on community wellbeing will likely lead to increased demand on council services and/or ability for the community to contribute (via rates or voluntary support)	Basic
8 Land Use Planning	Strategic and local planning decisions can both increase and decrease the exposure of human settlements to climate change impacts. Effective planning can support climate-resilient and low-energy development.	Intermediate
9 Natural Environment	Local governments play a key role in supporting the natural environment which provides ecosystem services and can greatly support adaptation to climate-related risks and mitigation of emissions.	Intermediate
10 Emergency Management	Adaptation has numerous supporting benefits for emergency management including the implementation of risk planning for disaster mitigation and preparedness, response capacity and minimising exposure to reoccurring situations.	None
11 Climate Change Policy	An internal climate change policy (or corporate standard/statement of intent) allows local governments to place a climate change lens over all the council's activities and use the existing system to drive adaptation, risk minimisation and transition to a lower-carbon economy.	No data
12 Adaptation Planning	Best practice adaptation plans identify the actions required to mitigate specific risks and have mechanisms in place to respond to physical, transitional and liability risks. It helps set KPIs and establish roles and responsibilities.	High
13 Transition Planning	A transition plan publicly unpacks councils' responses as they adjust to a low-carbon and resilient organisation and community and provides transparency for key stakeholders such as communities, businesses and utilities.	Basic
14 Carbon Target	Climate change mitigation actions allow for the exploration and promotion of resilient energy systems and passive solar design that may reduce human health-related issues as well as energy savings. Climate change adaptation will also likely need to occur in a carbon-constrained economy.	Advanced

Legend:

No data	None	Basic	Intermediate	High	Advanced
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The qualitative component of the Assessment, considered the effectiveness of a range of additional governance criteria, in terms of how effectively climate change considerations are embedded in operational matters including oversight (the process by which the organisation monitors and oversees progress against goals and targets for addressing climate-related issues), information systems for storing, analysing and visualising climate-related data, climate risk assessments, climate legal risk, metrics, staff / resource allocation, community / stakeholder engagement and institutional / intergovernmental relationships.

The Assessment process then aggregated the individual indicator and criteria results into an overarching governance assessment using the categories detailed in Table 2 below.

TABLE 2: CLIMATE CHANGE GOVERNANCE ASSESSMENT BY CATEGORY

Status	Measure	Description
Leader	13-14 'High' and/or 'Advanced' indicators	The Council has public and active monitoring and evaluation of climate-related risks and opportunities, and these shape the whole of organisation direction. Climate change is integrated into the organisation, with improvements likely to arise over time as a result from strategic planning shifts, a reduction in exposure to climate risk and full transparent disclosure of responses.
Integrator	9-12 'High' and/or 'Advanced' indicators	The Council is on the cusp of full integration of climate change into its organisation. Climate change is likely to shape numerous decisions in council, but not completely shape strategic direction.
Responder	5-8 'High' and/or 'Advanced' indicators	The Council has recognised climate change as an issue and is actively responding. Full integration is likely to be limited by a full understanding of the extent of the financial risk, resourcing, management and/or elected member support.
Seeker	1-4 'High' and/or 'Advanced' indicators	The Council is likely to have one or more climate champions who are actively leading change but are yet to be received by all areas of executive management.
Starter	No 'High' and/or 'Advanced' indicators	The Council may have some consideration of climate change, but this is most likely to be driven by regulatory requirements or from staff (not executive management) leadership.

Based on this process, the Council has been identified as attaining the 'Seeker' status, as highlighted in green above. This status highlights the fact that although the Council has a solid recognition of the issues related to climate change, there is still room for improvement in its governance structure to enable full integration and embedment of climate change into "business as usual".

The Assessment identified that the City of Norwood Payneham & St Peters has a 'solid foundation of climate change governance'. The Council's climate related governance strengths identified in the analysis include the following:

- A solid recognition of the issue, with climate change considered throughout many of the Council's governance documents and mechanisms.
- Demonstration of leadership via the setting of a zero emissions corporate target.
- Strong inclusion of climate change in the Council's Strategic Management Plan, *CityPlan 2030* and a willingness of staff to improve strategic management and oversight of climate-related issues.

The Assessment also identified areas of the Council's governance arrangements that do not adequately incorporate climate change considerations, to an extent that this is likely to inhibit effective responses to climate change. The key gaps identified in the governance assessment are:

- Climate change is inadequately captured in financial management mechanisms.
- No specific Climate Change Policy.
- Council has not yet tested how climate change may affect its strategic planning, via the use of integrated scenario narratives.
- No consideration of climate change in procurement.

The Assessment provides recommendations for each of the quantitative and qualitative indicators. From these, a selection of priority recommendations were identified, which focus on strengthening the foundations of climate risk management in the Council's governance arrangements.

The priority recommendations as outlined in the report are:

1. Climate change policy – Developing a Council climate change policy supported by a climate change implementation plan to provide a robust and consistent response to climate-related issues.
2. Capacity building – Allocating additional resources to support the upskilling and information needs of those in risk and financial management to ensure that they can respond to the rapidly emerging changes in the regulatory and market environment.
3. Quantifying risks – Quantifying the potential exposure to climate-related risks. The scope of climate risk assessments will need to incorporate both physical and transition risks and should, where possible, look to analyse risks using both qualitative and quantitative (monetary terms) approaches. This will assist in the improved consideration of climate change in financial governance mechanisms. The quantification of some risk metrics will also help the Council to monitor and evaluate progress and help drive a targeted response to climate risks to the Council's assets.
4. Metrics dashboard – consider development of a dashboard that tracks key climate-related metrics.

Staff are currently assessing what the allocation of additional resources, as outlined in Recommendation 2, would entail for this Council.

Since the completion of the Assessment, staff have been working to embed climate change into the organisation to align with the recommendations and key priorities outlined above. That said, implementation of the Assessment recommendations was held in abeyance in 2024, to allow for integration of the climate change risks into the Council's participation in the LGRS Strategic Risk Services Program.

It is expected that Recommendation 1 will be addressed by embedding climate change across all Council policies and strategies rather than through the creation of a standalone Climate Change Policy. Recommendations 3 and 4 are being addressed through the LGRS Strategic Risk Services Program, the Resilient East Climate Action Plan (RECAP) project and through work that staff are currently undertaking to identify key performance indicators and metrics for reporting. Recommendation 2 will be addressed through a series of Climate-risk capacity building sessions run in-house for Elected Members and relevant staff.

Table 3 below outlines the actions that have occurred since the Climate Change Governance Assessment was completed against each of the core indicators as well as the preliminary next step actions that will occur.

TABLE 3: 2025 UPDATES AND NEXT STEPS FOR EACH CORE INDICATOR OF THE CLIMATE CHANGE GOVERNANCE ASSESSMENT

Indicator	2023 Assessment	2025 Update	Next Steps
1 Strategic Planning	High	Updated Asset Management Plans incorporate climate considerations	Resilient East RECAP Project will investigate aligning Council Reporting with ASRS AASB S2 Framework. Climate-risk and Sustainability will be further embedded into Council policies and strategies as these are reviewed. Council staff working to develop organisation-wide key performance indicators and metrics for regular monitoring and reporting.
2 Financial Management	None	No change	Resilient East RECAP Project will investigate aligning Council Reporting with ASRS AASB S2 Framework.
3 Public Risk Disclosure	Intermediate	Risk Management Policy now in place and available on website.	Resilient East RECAP Project will investigate aligning Council Reporting with ASRS AASB S2 Framework. Staff are developing key performance indicators and metrics for annual reporting.
4 Risk Management	None	Risk Management Policy now in place and available on website. Strategic Risk Register now under development.	Resilient East RECAP project will include a regional Council Operations and Community Risk Assessment. Developing an Operational Risk Assessment as part of the LGRS Strategic Risk Services Program Embedding use of risk registers into all decision-making processes.
5 Asset Management	High	Updated Asset Management Plans (2024) incorporate climate considerations.	Continue to embed sustainability and climate-related risks into Asset Management Plans and Asset Management Contracts.
6 Procurement	None	Procurement Policy updated to include following outcome: "integrate principles of waste minimisation and carbon reduction".	Work with staff to ensure climate and sustainability is included in procurement processes including assessment criteria and sustainability assessment tools.
7 Community Wellbeing	Basic	No Change	New Public Health Plan due to be developed. Consider incorporating Sustainability and Climate actions into new plan.
8 Land Use Planning	Intermediate	Updated Greater Adelaide Regional Plan includes data for understanding the spatial impacts of projected changes due to climate change.	Continue to advocate for Planning & Design Code changes to align with better climate change management.
9 Natural Environment	Intermediate	No Change	
10 Emergency Management	None	No Change	
11 Climate Change Policy	No data	No Change	Instead of a standalone Climate Change Policy, climate-risk and sustainability will be further embedded into Council policies and strategies as they are renewed.

Indicator	2023 Assessment	2025 Update	Next Steps
12 Adaptation Planning	High	No Change	Resilient East is currently working on RECAP, the updated 5-year plan.
13 Transition Planning	Basic	No Change	
14 Carbon Target	Advanced	No Change	

Legend:

No data	None	Basic	Intermediate	High	Advanced
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OPTIONS

Not Applicable. The report is provided for information only.

CONCLUSION

The recommendations contained in the Climate Change Governance Assessment Report provide a quantitative and qualitative benchmark from which to build more robust climate change governance, which improves the identification, integration and management of climate change risks.

The Assessment identifies specific climate focused initiatives as well as a range of improvements to broader existing Council mechanisms, processes and practices that are fundamental to ensuring that climate change risks can be effectively identified and managed into the future. While strengthening climate governance requires specific climate focused initiatives, in many respects, improving climate governance is facilitated by improvements to existing Council systems and processes that underpin a range of council functions, for example, improvements to information systems, such as GIS.

Building on the previous Regional Action Plan (2016) and assessments undertaken by each Council, Resilient East Councils are currently participating in a joint process to develop a new Resilient East Climate Action Plan (RECAP). This process will involve a regional council operations and community risk assessment, a gap analysis against the ASRS AASB S2 Framework to identify the features relevant to the local government sector and how Council can meet the reporting requirements, and the development of a 5-year Climate Action Plan using latest climate data and community knowledge to build on strengths and focus on where the regional partnership can make the most impact on reducing climate risks together in Eastern Adelaide. This project is currently being tendered by Resilient East.

Given its far-reaching impacts, ensuring that the City of Norwood Payneham & St Peters is equipped to meet the challenges posed by climate change, requires a robust governance framework that ensures that climate change related risks and considerations are embedded into Council's organisational policies, processes and practices.

The work that is currently being undertaken with the LGRS Strategic Risk Services Program to embed effective risk management processes across the organisation to support the application of the Council's Risk Management Framework, will address many of the recommendations in terms of managing climate change related risks. Future reporting on the management of climate change risks will be incorporated into the regular risk management reporting to the Audit & Risk Committee based on the Council's Strategic and Operational Risk Registers.

COMMENTS

Nil.

RECOMMENDATION

That the Climate Risk Governance Assessment Report, as contained in **Attachment A**, be received and noted.

Attachment A

Climate Risk Governance Assessment

Climate Change Governance Assessment

Summary Report for the City of Norwood Payneham & St Peters

January 2024



Date/ Version:

January 2024 / Version 2

Prepared by:

Informed.City™

Citation:

Informed.City™ 2024. Climate Change Governance
Assessment: Summary Report for the City of Norwood
Payneham & St Peters, January 2024

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Caveat:

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Abbreviations

AASB	Australian Accounting Standards Board
ELT	Executive Leadership Team
FTE	full-time equivalent
IPCC	Intergovernmental Panel on Climate Change
KPI	key performance indicator
TCFD	Taskforce on Climate-Related Financial Disclosures

1 Introduction

About Informed.City™ Governance

Developed in Australia, the Informed.City™ Governance tool enables users to understand the extent that climate change is considered in the corporate operations and governance of local governments. To date, the award-winning tool has been used to assess the climate-related governance of over 350 local governments in Australia and New Zealand. The process includes quantitative scoring of key indicators which are obtained from a review of publicly available governance mechanisms. Where relevant, insights from staff interviews and a staff survey are also provided to support the recommendations. Informed.City™ Governance is designed to facilitate informed decision-making and enable public disclosure of climate risk, comparative analysis, and community of practice.

This report is focussed on governance mechanisms, not on studies or reports. The aim is to identify lines of evidence that support how climate change is explicitly considered in councils' governance arrangements.

Importance of Climate Change Governance

Climate change is a complex issue that presents a multi-faceted risk for local government. Increasingly, councils seek to understand the projected impacts of climate change to inform decisions about the design and management of its own assets and infrastructure, operations, and services. The impacts extend well beyond direct physical degradation to create cascading implications across all council business units and for the communities they represent. While climate risks have broadly been recognised by many councils, they have often been seen as a future problem and a non-financial problem.

Climate-related risk is rapidly shifting into the financial mainstream and some risks are distinctly 'financial' in nature (Edwards et al. 2017). These include insurance affordability and availability, access to finance, enlarged exposure to litigation, threats to business continuity and increased expenditure on asset management and service delivery. Given the above matters, climate change should now be framed and managed as an organisational risk; one that is captured in executive decision-making and council governance arrangements.

Embedding climate change into the core governance mechanisms of local governments is crucial as it supports robust decision-making, provides consistency, addresses emerging expectations, fosters transparency, and ensures long-term sustainability and resilience. This robust decision-making is required, not only to minimise future uncertainty as issues emerge and new information becomes important but also to facilitate the transition to a low-carbon and resilient future.

2 Methodology

The governance assessment was undertaken in two stages:

1. **Quantitative Assessment** – An evaluation of the inclusion of climate change in publicly available governance documents. The quantitative assessment was completed in December 2023.
2. **Qualitative Assessment** – A qualitative analysis of local government's consideration of climate change governance based on face-to-face interviews with key Council staff members and the distribution of a climate change governance survey to staff members. The interviews and surveys were used to glean information about barriers and enablers to mainstreaming consideration of climate change and support the development of specific recommendations. The face-to-face meetings were conducted on the 16th of November 2023.

Quantitative assessment

The quantitative assessment analyses the level of consideration of climate change governance in local government's corporate documents. In the assessment, analysts identified publicly available corporate documents for each local government and undertook a deeper exploration into how climate change is considered in those governance documents. These corporate documents are the key governance documents that either drive the organisational decision-making or report on the effectiveness of those processes. The corporate documents were assessed against the following 14 core indicators of climate change governance:

- | | |
|---------------------------|---------------------------|
| 1. Strategic Planning | 8. Land Use Planning |
| 2. Financial Management | 9. Natural Environment |
| 3. Public Risk Disclosure | 10. Emergency Management |
| 4. Risk Management | 11. Climate Change Policy |
| 5. Asset Management | 12. Adaptation Planning |
| 6. Procurement | 13. Transition Planning |
| 7. Community Wellbeing | 14. Carbon Target |

The quantitative assessment focusses specifically on an assessment of the Council's corporate documents which are publicly available, which means they are accessible through an online platform (e.g. Council's website).

A ten-year update of the Informed.City™ governance assessment was performed in 2023. This included an update of the scoring methodology to align with industry standards and/or market expectations for identifying, managing, and disclosing climate-related risks and opportunities for local governments.

Evaluation matrices

Analysts assessed the corporate documents for each governance indicator using a scoring system developed by Informed.City™. The method uses scaled matrices with descriptions on a continuum between no consideration and an advanced consideration of climate change. Informed.City™ scored the corporate documents using a five-point scale which was tailored to each governance indicator in the quantitative assessment. Table 1 provides a general summary of the how the quantitative scores should be interpreted.

Table 1: Interpretation of quantitative scores for the climate change governance assessment

Level (score)	Interpretation
No data	The Council has not published a document/s related to this indicator in its website.
None (0)	The Council is yet to mention climate change in its publicly available corporate documents.
Basic (1)	Whilst climate change is included in the mechanism it is general in nature. It will not meaningfully affect consideration of climate change in the focus area.
Intermediate (2)	Certain elements of climate change are considered but it is unlikely to be enough to support the identification and management of climate-related risks or influence change in the focus area.
High (3)	Climate change is well considered for the associated area of focus, although improvements are required to fully support system change. It is unlikely to be enough to influence long lasting change in the focus area, and unlikely to affect the consideration of climate change in other indicators.
Advanced (4)	A comprehensive inclusion of climate change. An 'Advanced' score means that this indicator is an active enabler to change and if implemented will likely be a catalyst for improved management of climate-related risks and opportunities associated with the indicator, and broader organisational functions. The score also signifies that this area of focus is very likely to positively influence other indicators and make a noticeable change to organisational management.

Qualitative assessment

The purpose of the qualitative assessment was to build a more complete representation of climate change by focussing on the complex drivers which could not be understood through an assessment of public corporate documents in the quantitative assessment. These drivers are captured in the following eight governance indicators:

- | | |
|------------------------------|--|
| 15. Oversight | 20. Staff/ Resource Allocation |
| 16. Information Systems | 21. Community/ Stakeholder Engagement |
| 17. Climate Risk Assessments | 22. Institutional/ Intergovernmental Relationships |
| 18. Climate Legal Risk | |
| 19. Metrics | |

3 Quantitative Results and Recommendations

The next section provides a snapshot of the results of each quantitative governance indicator as well as the actions provided for the City of Norwood Payneham & St Peters to enhance its climate change governance (e.g. achieve an 'Advanced' score for quantitative assessment).



Strategic Planning (#1)

Importance

Strategic Planning directs how decision-makers in councils must discharge their responsibility under their State's Local Government Act. Including considerations of climate change in strategic planning documents and processes will likely result in a better likelihood of mainstreaming the issue in the council's operations and financial structures.

Governance score

	2023 Assessment
Level (score)	High
Description	Detailed inclusion of climate change, but is limited to two climate-related risks (e.g. flooding) AND/OR two council functions (e.g. land use planning).
Document/s reviewed	▪ City Plan 2030 ▪ Long Term Financial Plan 2021-2031 ▪ Buildings Infrastructure Asset Management Plan 2020 ▪ Civil Infrastructure Asset Management Plan 2020 ▪ Recreation and Open Space Infrastructure Asset Management Plan 2020 ▪ Stormwater Infrastructure Asset Management Plan 2020

Under Section 122 (1) of the *Local Government Act 1999*, "A council must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the strategic management plans" (Government of South Australia 2023). However, there is no prescribed format for Council Strategic Management Plans and as such the information contained in them varies from council to council and can be formed from a collection of strategies/plans. The Strategic Management Plans that function as governance mechanisms were considered in this indicator as well as in their specific indicators. This includes the City Plan, Long-term Financial Plan, and asset management plans.

Interview findings

There was recognition by those interviewed that climate change is being considered in strategic planning, although some said it could be improved, especially in understanding the expectations from the community around climate change. Also, Council staff noted that the organisation was reviewing its strategic planning and corporate processes, which provided an opportunity for further improvements for considering climate change in a Corporate Plan when developed.

Actions to enhance climate change governance

To enhance its climate change governance for the Strategic Planning (#1) indicator, the Council should expand the Strategic Management Plans to incorporate:

- Detailed considerations of climate change, including both physical and transition risks and responses to direct and indirect impacts from climate change, and
- Relevant and measurable key performance indicators for managing climate change.



Financial Management (#2)

Importance

If ignored, the effects of climate change are likely to have a considerable impact on a council's financial performance. This includes costs associated with asset management, service delivery, legal risk and insurance. Climate change may also affect rateable property value and therefore have the potential to affect councils' primary income streams.

Also, the Australian Accountancy Standards Board (AASB) has released a disclosure draft of the Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information. While it is uncertain if the mandatory reporting regime will capture local governments directly, it is likely that the disclosures will affect local governments indirectly (e.g. climate-related information requestions from the insurance and financial sectors).

Governance score

	2023 Assessment
Level (score)	None
Description	No consideration of climate change (or associated key words) in financial management documents.
Document/s reviewed	▪ Annual Business Plan and Budget 2023-2024 ▪ Long Term Financial Plan 2021-2031

Interview findings

During the interviews, the finance staff recognised that there needs to be improved consideration of climate change in the financial mechanism. While there was recognition by the staff, the consideration of climate change is not widely reflected in all financial planning governance documents. This assessment did not identify a formal, recorded process that shows how long-term financial planning considers the response to climate change.

Actions to enhance climate change governance

To enhance its climate change governance for the Financial Planning (#2) indicator, the Council's Annual Business Plan and Budget should show that climate-related risks are well-budgeted for, and resources are allocated for mainstreaming. To achieve this, the Council will need to:

- State the annual budget or annual revenue for specific climate-related strategic goals or actions,
- Include key performance indicators related to climate change (e.g. metrics & targets),
- Identify roles and responsibilities for climate-related activities, and
- Keep abreast of the emerging Australian Accounting Standards Board (AASB) climate-related financial disclosure requirements (which are currently in draft format).

Also, the effect of financial management issues on other council functions (e.g. assets) is important to consider. For example, understanding whether staff capacity, capability and training needs are a barrier to understanding climate change and its financial implications in your council. For more information see the [Staff/Resource Allocation \(#20\)](#) Staff/ Resource Allocation (#20) indicator.



Public Risk Disclosure (#3)

Importance

There is an increasing demand in the private sector for a transparent approach to addressing climate-related risks. A transparent approach means public disclosure of risks. Over time councils can expect insurers and finance providers, amongst others, to request councils to disclose how they are addressing climate-related risk.

Governance score

	2023 Assessment
Level (score)	Intermediate
Description	Includes a description of one of the following elements of Taskforce on Climate-Related Financial Disclosures: a) How council is overseeing climate-related risks and opportunities in its governance systems; b) How climate-related risks and opportunities may impact the council's business and strategy (e.g. in the risk register); c) How the council identifies, assesses, and manages climate-related risks (e.g. in risk management documents); and d) The metrics and targets used to assess and manage climate-related risks and opportunities.
Document/s reviewed	▪ Annual Report 2021-2022

In the previous assessment, public risk disclosure was focussed on how well councils disclosed their climate-related risks in a strategic risk register. However, this indicator has been restructured to assess how councils are disclosing each element of the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations - which is emerging as the expected framework for public disclosure. It should be noted that future assessments of the Public Risk Disclosure (#3) indicator will align with the 'SR1 Australian Sustainability Reporting Standards - Disclosure of Climate-related Financial Information' published by the Australian Accounting Standards Board (AASB).

Interview findings

Engagement with Council staff identified that climate change was previously on the long list of the Council's strategic risk register. According to workshop participants climate was on the extended Risk Register in 2019 but it was ranked lower through the risk workshops as compared to other prioritised risks for the organisation and therefore was not identified for a risk mitigation strategy. At a recent Executive Leadership Team meeting in September (2023), climate change was raised again as an organisational risk and according to staff has now been included on the risk register as early as September 2023. However, a review of risk register minutes did not locate any such risk register or considerations of climate change.

Although some of the participants were aware of the TCFD framework or AASB's emerging standards for climate-related financial disclosure, it was evident that more education on this matter would be prudent. Concern was noted by some staff that mandatory disclosures for local governments may be an onerous task.

Actions to enhance climate change governance

To enhance its climate change governance for the Public Risk Disclosure (#3) indicator, the Council should disclose its climate-related risks and opportunities in its Annual Report. This disclosure needs to align with the TCFD/AASB framework for climate-related disclosures. This is increasingly becoming

the market norm and, in some places, a regulatory requirement. To achieve this, the Council will need to explain:

- How the Council is overseeing climate-related risks and opportunities in its governance systems,
- How climate-related risks and opportunities may impact the Council's business and strategy (e.g. in the risk register),
- How the Council identifies, assesses, and manages climate-related risks (e.g. in risk management documents), and
- Identify the metrics and targets used to assess and manage climate-related risks and opportunities.

The very essence of disclosure means that information should be actively disclosed and easily accessible. For an 'Advanced' score, the Council must provide a comprehensive climate-related disclosure that aligns with all recommended disclosures in the TCFD (see the most recent TCFD requirements and consultation draft of the AASB climate-related disclosures). A good example of local government climate-related disclosures can be found in [Volume 4 of the Auckland City Annual Report \(2023\)](#).



Risk Management (#4)

Importance

Climate change is a complex issue that will exacerbate existing risks and present new ones. Often climate change risk management is undertaken in an ad-hoc way – resulting in inconsistent approaches within an organisation. Some direction that defines how climate change risk is identified and disclosed will greatly improve councils' adaptation and transition planning.

Governance score

	2023 Assessment
Level (score)	None
Description	No consideration of climate change (or associated key words) in risk management documents.
Document/s reviewed	▪ Risk Management Policy 2020

Interview findings

Council staff explained that due to an organisation restructure and turnover of staff the responsibility for risk has transferred from Manager, Work Health Safety & Risk to the General Manager Governance & Civic Affairs who is currently reviewing the risk management framework.

Council staff also noted that they did not allocate specific time for the staff member responsible for risk to focus on climate change, as has been done with other councils (e.g. Onkaparinga).

Actions to enhance climate change governance

To enhance its climate change governance for the Risk Management (#4) indicator, the Council should integrate climate change into its risk management framework. To achieve this, the Council will need to:

- Provide an easy-to-access version of the Risk Management Framework. At present, public disclosure is only obtainable via searching of the Audit & Risk Committee agenda/minutes. This does not promote active transparency, and
- Disclose how the Council aligns with the ISO 14091 2021 Adaptation to Climate Change Standard and establish a process that extends transition risks into all risk decision-making.

The Council's risk management documents should also describe the organisation's processes for identifying, assessing, and managing climate-related risks. Since no public risk management documents were found as part of this governance assessment, it is recommended that the Council make these documents publicly available via its website.



Asset Management (#5)

Importance

Local governments have hundreds of millions (and in some cases billions) of dollars invested in assets. Some of the assets that councils maintain have a long life-expectancy and as such may be exposed to direct and indirect climate change risks. This generates a potentially unexplored or under-quantified financial risk for local governments.

Governance score

	2023 Assessment
Level (score)	High
Description	Detailed inclusion of climate change, but is limited to two climate-related risks (e.g. flooding) AND/OR two council functions (e.g. land use planning).
Document/s reviewed	▪ Asset Management Policy 2019 ▪ Buildings Infrastructure Asset Management Plan 2020 ▪ Civil Infrastructure Asset Management Plan 2020 ▪ Recreation and Open Space Infrastructure Asset Management Plan 2020 ▪ Stormwater Infrastructure Asset Management Plan 2020

Interview findings

At the interviews, it was evident that the staff were aware of a range of climate-related risks. While staff recognised that there was a high-level understanding of climate-related physical risks it was stated that the Council probably didn't have a good insight into the whole range of circumstances under which the assets will be tested. Also, staff noted that the Council does not have the ability to do in-house analysis using Geographic Information System (GIS), and this may limit its ability to do spatial overlay analysis of risks and opportunities.

Actions to enhance climate change governance

To enhance its climate change governance for the Asset Management (#5) indicator, the City of Norwood Payneham & St Peters should provide comprehensive guidance on the effects of climate change on its assets in its Asset Management Plans. To achieve this, the Council will need to:

- Expand the asset management plans to incorporate detailed considerations of climate change, including considerations of transition risk.
- Ensure that climate-related risks that affect assets are reflected in financial planning.
- Consider the development of a climate change policy to support the framing of climate-related considerations.



Procurement (#6)

Importance

Procurement can play an important role in transitioning to a net-zero, climate-resilient future. Local governments can reduce emissions through design features, including low-energy design and incorporating low-carbon materials. Councils can also use their procurement to stimulate markets for low-carbon technologies, products, and services.

Governance score

	2023 Assessment
Level (score)	None
Description	No consideration of climate change (or associated key words) in procurement documents.
Document/s reviewed	▪ Procurement Policy 2022 ▪ Procurement Policy Guidelines 2022

Interview findings

The Council has only recently created a specific council-wide procurement role. Council staff at the workshop noted that the Council's procurement is a potential enabler for responses to climate-related issues. The Procurement Specialist also stated that the Council does not yet have explicit guidelines that support its alignment with managing climate-related issues, although it was an area the Council intended to develop in the near future. Council staff noted that the Council is currently in the process of rewriting the procurement policy and guidelines.

Actions to enhance climate change governance

To enhance its climate change governance for the Procurement (#6) indicator, the Council should recognise climate change as a core element of procurement planning. To achieve this, the Council will need to:

- Provide detailed inclusion of climate change in the Council's procurement strategy and guidelines,
- Consider including climate change in specific supplier directives (e.g. provide company emissions target or carbon data),
- Ensure that procurement processes align with the Council's strategies and/or targets, and
- Ensure that climate change is considered in the decision-weighting criteria. For example, zero-emissions products receive a higher rating.

It would be advantageous to develop a 'Procurement and Climate Change Guideline'. The guideline should be shaped by the climate response plan and any relevant policy (e.g. a climate policy or integrated into a procurement policy).

The Council could consider mandatory requirements for reporting climate change metrics by suppliers. For example, all procurement over a specific value could require a supplier statement on the specific carbon footprint and/or resilience metrics of the product/ service. The Council may also specify that emissions from procured goods and services cannot go over a stated threshold, which should become more stringent over time.



Community Wellbeing (#7)

Importance

Councils' role supports community well-being. The negative impacts on community wellbeing will likely lead to increased demand on council services and/or the ability for the community to contribute (via rates or voluntary support).

Governance score

	2023 Assessment
Level (score)	Basic
Description	General statements about climate change (e.g. in the introduction) OR includes other key words associated with managing climate change in a general context (e.g. GHG emissions).
Document/s reviewed	Regional Public Health and Wellbeing Plan for the EHA Constituent Councils 2020-2025

Interview findings

During the interview, staff stated that some community members were very interested in climate change. Libraries were seen by some members of the community as a point of respite during heatwaves, and some staff also stated that the libraries are a good conduit for sharing climate change information with the community.

Actions to enhance climate change governance

To enhance its climate change governance for the Community Wellbeing (#7) indicator, climate change should be considered in all future reviews of relevant strategies and action plans as a standard part of the review and development process. To achieve this, the Council will need to increase its consideration of climate-related issues in community health and wellbeing mechanisms, and include:

- Include key performance indicators related to climate change (e.g. metrics & targets),
- Identify roles and responsibilities for strategic climate actions, and
- Provide timing for delivery that is linked to governance (e.g. mainstreaming of climate change).



Land Use Planning (#8)

Importance

Land use planning can play a critical role in climate change adaptation. Strategic and local planning decisions can both increase and decrease the exposure of human settlements to climate change impacts. If done well effective land use planning can support climate-resilient and low-energy development.

Governance score

	2023 Assessment
Level (score)	Intermediate
Description	Brief inclusion of climate change for one or more climate-related risk (e.g. flooding) AND/OR planning theme. Also includes objectives or desired outcomes for specific climate change considerations. May have some general strategies or suggested responses*
Document/s reviewed	▪ Planning and Design Code - Version 2023.8 ▪ State Planning Policies for South Australia - Version 1.1 2019 ▪ The 30-Year Plan for Greater Adelaide 2017

*The Planning and Design Code is the State's single planning rule book and contains planning policies for the assessment of a development application under the Planning, Development and Infrastructure Act 2016. Given the fact that the Code has the elements that would achieve an 'Intermediate' score, a South Australian Council can only achieve an 'Intermediate' score for this indicator.

Interview findings

During the interview, Council staff explained that there are significant constraints on the role of local government in incorporating climate change into land use planning decisions. Council staff discussed the implementation of the State-wide Planning and Design Code, which came into effect in 2021, replacing all local Development Plans across South Australia. As the Code is the State's single planning rule book, Council staff stated that they had almost no control over how climate-related issues can be integrated into a development decision, particularly due to climate related policy (e.g. orientation, passive energy design, solar panels) not being specified by the Code for many types. At present, the Council is limited in advocating to the State Government for changes to the Planning and Design Code and working with applicants during the development assessment process to encourage suitable outcomes.

Actions to enhance climate change governance

Under the current land use planning system, the City of Norwood Payneham & St Peters is largely somewhat constrained by State policies and legislation to implement the above. In the first instance, the Council should continue to resource lobbying the State to improve the consideration of climate change in the State Planning and Design Code. To improve its score for the Land Use Planning (#8) indicator the State would be required to provide guidance for multiple climate-related physical and transition risks, preferably with a good consideration in the general provisions. It would also need to include responses to the indirect impacts of climate change and reflect the latest science (e.g. most recent Intergovernmental Panel on Climate Change (IPCC) assessment report from the date of publication).



Natural Environment (#9)

Importance

Local governments play a key role in supporting the natural environment. In return, the natural environment provides ecosystem services and can greatly support adaptation to climate-related risks and mitigation of greenhouse gas emissions.

Governance score

	2023 Assessment
Level (score)	Intermediate
Description	Prescribed responses/ guidance for one climate-related risk (e.g. invasive species) AND/OR one council function (e.g. land use planning) only.
Document/s reviewed	▪ Tree Policy 2015 ▪ Tree Strategy 2022-2027

Interview findings

It was evident that Council staff had a general understanding of how climate change may affect the natural environment. Council staff noted that trees in the local area on private land are declining due to a range of factors, including climate change. As such, the Council developed a Tree Canopy Strategy, and target with the goal of increasing green cover by 20% by 2045. Software has been procured to capture better information and regional tree canopy data has been obtained through Resilient East, although due to limitations of a holistic Geographical Information System (GIS) approach and timing of the tree inventory collection over a number of years, strategic planning for tree canopy is not being undertaken to its full potential. The Council has an outdated Tree Policy from 2006) which has not been reviewed or updated since its implementation and feedback from Council staff was it needs updating.

Actions to enhance climate change governance

To improve its score for the Natural Environment (#9) indicator it would require the Council's environment strategies and/or plans to consider climate change for all aspects of the natural environment. This would require Council to:

- Include key performance indicators related to climate change (e.g. metrics & targets),
- Identify roles and responsibilities for strategic climate actions,
- Allocate budget to identified climate strategies and actions, and
- Provide timing for delivery that is linked to governance (e.g. mainstreaming of climate change).



Emergency Management (#10)

Importance

There are significant opportunities to drive climate change adaptation decision-making through disaster management planning. Adaptation has numerous supporting benefits for emergency management including the implementation of risk planning for disaster mitigation and preparedness, response capacity and minimising exposure to reoccurring situations.

Governance score

	2023 Assessment
Level (score)	None
Description	No consideration of climate change (or associated key words) in the emergency management plan/s.
Document/s reviewed	Eastern Adelaide Zone Emergency Management Plan 2018

Interview findings

No staff at the workshop provided information about climate change considerations in emergency management and/or business continuity planning.

Actions to enhance climate change governance

To improve its score for the Emergency Management (#10) indicator it would require the Council to consider climate-related risks in all elements of disaster management. This includes the application of climate scenarios, links to international and national leading standards, or reviewing other council climate studies. However, the Council currently operates under the Eastern Adelaide Zone Emergency Management Plan which restricts its capability to plan for climate-related emergencies in its local government area. As such the City of Norwood Payneham & St Peters should consider developing a Local Emergency Management Plan.



Climate Change Policy (#11)

Importance

An internal climate change policy (or corporate standard/ statement of intent) allows local governments to place a climate change lens over all the council's activities and use the existing system to drive adaptation, risk minimisation and transition to a lower-carbon economy. It can allow for the agreed use of information sources and specific triggers for change.

Governance score

	2023 Assessment
Level (score)	No data*
Description	No publicly available (council endorsed) climate change policy was found. This includes a sustainability/ resilience/ carbon policy.
Document/s reviewed	

* 'No data' means no publicly available data was located – an internal document may still be available.

Interview findings

Council staff interviewed during this assessment confirmed that the Council does not have a climate change policy. Several staff members stated that they could see the merit in creating a climate change policy to improve decision-making, allocate responsibilities and integration into the Council's governance mechanisms.

Actions to enhance climate change governance

To enhance its climate change governance for the Climate Change Policy (#11) indicator, the City of Norwood Payneham & St Peters should develop a climate change policy to help ensure the Council's method for mitigating and adapting to climate change is consistent and robust. The climate change policy will need to:

- Consider numerous physical and transition climate-related risks,
- Reflect the latest science - the most recent [IPCC assessment report](#) from the date of publication. This may also include triggers for review (e.g. within six months of each IPCC assessment report,
- Include key performance indicators related to climate change (e.g. metrics & targets),
- Identify roles and responsibilities for strategic climate actions, and
- Provide timing for delivery that is linked to governance (e.g. mainstreaming of climate change).



Adaptation Planning (#12)

Importance

Best practice adaptation plans identify the actions required to mitigate specific risks and have mechanisms in place to respond to physical, transitional and liability risks. Adaptation planning helps to set key performance indicators and establish roles and responsibilities across the council and more broadly.

Governance score

	2023 Assessment
Level (score)	High
Description	Detailed responses for adaptation actions for both the Council and community. Does not have all the attributes listed in the 'Advanced' score level. A 'High' is the maximum level that can be reached if a regional adaptation strategy and/or action plan is found.
Document/s reviewed	Resilient East Regional Climate Change Adaptation Plan 2016

Interview findings

Council staff were aware of the need for climate change adaptation and several Council staff were actively involved in working on climate change adaptation. The Council has carried out climate-related risk assessments and Council staff discussed numerous climate-related risks. The Council is a member of Resilient East, participated in the co-development of the Resilient East Regional Adaptation Plan in 2016 and continues to resource and fund several actions arising from this Plan.

Actions to enhance climate change governance

The Resilient East Regional Climate Change Adaptation Plan provides a detailed consideration of climate change, and for this reason, it received a 'High' score for the Adaptation Planning (#12) indicator. In the plan, the Council:

- Provides detailed responses for adaptation actions for both the Council and community,
- Identifies roles and responsibilities for strategic climate adaptation actions, and
- Provides timing for delivery that is linked to governance (e.g. mainstreaming of climate change).

To enhance its climate change governance for this indicator, the Council should include consider the following actions:

- Carry out scenario analysis to explore outlier, but plausible risks that could affect the organisations strategic planning,
- Develop a Council-specific adaptation plan that includes key performance indicators related to climate change (e.g. metrics & targets), and covers responses for climate-related impacts from both acute and chronic physical risks.



Transition Planning (#13)

Importance

Transition planning is crucial as it publicly unpacks councils' responses as they adjust to a low-carbon and resilient organisation and community. A transition plan can also provide transparency for key stakeholders such as communities, businesses, and utilities.

Governance score

	2023 Assessment
Level (score)	Basic
Description	Focussed on one transition risk (e.g. legal risk) with only summary statements for transition planning provided. A basic can also be achieved if Council has declared a climate emergency.
Document/s reviewed	- Corporate Emissions Reduction Plan 2020-2030 - Economic Development Strategy 2021-2026 - Economic Development Strategy 2021: Year 1 in Review

Interview findings

Council staff stated that transition risk, other than carbon reduction, was not an area of focus at present. However, the participants noted the transitioning to net-zero emissions requires more targeted attention.

Actions to enhance climate change governance

For the Transition Planning (#13) indicator, the Council scored 'Basic' for the Climate Change Response Plan 2020-2030. To enhance its climate change governance for this indicator, the Council should consider expanding its consideration of transition risks wider than just emissions planning, to capture all elements of transition risk. In general, it would be expected to see an exploration and response to the following five elements of transition risk: legal, regulatory, reputation, market and technology. The plan will need to:

- Include a range of key performance indicators related to climate change (e.g. metrics & targets), and
- Expand on activities, roles and responsibilities for strategic climate transition actions (e.g. to explore reputation risk).



Carbon Target (#14)

Importance

Climate change mitigation actions allow for the exploration and promotion of resilient energy systems and passive solar design that may reduce human health-related issues as well as considerable energy savings. Furthermore, climate change adaptation will likely need to occur in a carbon-constrained economy.

Governance score

	2023 Assessment
Level (score)	Advanced
Description	A net-zero carbon target has been established by or before 2030. If carbon neutrality is achieved, then a carbon neutral public disclosure statement must be produced.
Document/s reviewed	Found in key governance documents (e.g. Corporate Emissions Reduction Plan 2020-2030 & CityPlan 2030)

Interview findings

Council staff noted that the Council has committed to net-zero cooperative carbon emissions by 2030 through its *CityPlan 2030*. The progressive target is based on emissions that are in the Council's operational control including electricity, gas, water, transport, waste, supply chains and refrigerants.

4 Qualitative Assessment Findings

The next section provides a summary of the results of each qualitative governance indicator as well as the actions provided for the Council to enhance its climate change governance. The results of the climate change Council staff survey are included for relevant indicators, with 76 staff members participating in the survey.



Oversight (#15)

Importance

Oversight is the process by which the organisation monitors and oversees progress against goals and targets for addressing climate-related issues. For a local government, the ultimate oversight is at the elected member level, although many of the activities will be delegated to council management and staff.

Staff survey insights

The results of the staff survey show that 47% of participants (36 staff members) believe that the Council has provided them with enough governance support (e.g. policies, strategies, guidelines) to effectively respond to climate-related issues in their field of work. The following table shows how this survey response could be used as a metric for the Council's climate change reporting.

Metric	2023
Number of staff members who believe that the Council has provided governance support to effectively respond to climate-related issues.	36 participants (out of a possible 76 participants)
% of staff members who believe that the Council has provided governance support to effectively respond to climate-related issues.	47%

Interview findings

During the interviews, Council staff explained that the Council has a good system for oversight in general and that this process is also being improved. Ultimately, the Council (via the elected members) is seen as the key mechanism for oversight. While there is no specific requirement to consider climate change in reports to the Council it would be expected that any climate-related issues would come into the report if it was material. Some Council staff stated that they would expect climate-related risks to be identified by Council staff and then filter up through to the Audit & Risk Committee. Also, it was recognised that there is a commitment for the Council to develop a 3-year Corporate Plan, which would act as a key mechanism for oversight, accountability and forward planning and budgeting. It was noted that some Council staff had been specifically seeking a climate policy, that would enable/direct Council staff to implement responses to climate-related issues. The participants also explained that the Council is interested in incorporating a metric tracking/reporting system as part of the corporate reporting system, which would assist to provide monitoring of key climate actions.

Actions to enhance climate change governance

Using the findings from the face-to-face interviews with key staff members, the Council should implement the following actions to improve its climate change governance for the Oversight (#15) indicator:

- Develop key targets that elected members and executive management can track. See Metrics (#19) [Error! Reference source not found.](#) indicator, and
- Explicitly describe (e.g. in a policy or climate strategy) how the Council will monitor and oversees progress against goals and targets for addressing climate-related issues.



Information Systems (#16)

Importance

Understanding the impacts of climate change requires access to climate change information and the appropriate information systems set up to enable effective storing, analysing, and visualising of climate-related data. It is critical that local governments establish information systems that allow for cross-departmental communication and collaboration of this data to assist councils in understanding how climate change may affect their organisation.

Staff survey insights

The results of the Council staff survey show that 11% of participants (8 staff members) are familiar with all the processes the Council has implemented for acquiring, storing, analysing and/or visualising climate-related data. Another 38% of participants (29 staff members) also stated that they are familiar with some of the climate-related data processes.

Interview findings

Council staff explained that they have been part of the Smart Cities Framework, although with recent staff changes, they currently do not have anyone specifically working in this area. Council staff also stated that they use new technology where they could. For example, the Council had smart irrigation systems, and had been exploring a range of technology options associated with electricity supply, storage, and data capture. However, Council staff explained that they did not have the ability to link the data with decision making and asset upgrades. For example, the Council did not have a sophisticated GIS platform to understand assets, servicing and utilities.

Actions to enhance climate change governance

Using the findings from the face-to-face interviews with key staff members, Informed.City™ suggests the Council implement the following actions to improve its climate change governance for the Informed Systems (#16) indicator:

- Add Implement a monitoring an evaluation dashboard. A dashboard that enables monitoring of key climate metrics and evaluation against targets will greatly support oversight. This could draw on information from the strategic risk register, the climate change governance results, and financial quantification of climate-related risk and expenditure. The relevant KPIs / indicators should be tracked in as close to real-time as possible and be tailored for each key council function.



Climate Risk Assessments (#17)

Importance

Climate change risk assessments are useful for identifying and quantifying the potential effects of climate change. They provide local governments with the critical information they need to understand the impacts that climate change may present. Risk assessments also help to identify and prioritise issues that require further investigation and/or adaptation actions.

Staff survey insights

The results of the staff survey show that 26% of participants (20 staff members) consider both physical and transition risks related to climate change in their decision making. Also, 18% of participants stated that they consider physical risks (14 staff members) and 7% of participants noted considering transition risks (5 staff members). The following table shows how this survey response could be used as a metric for the Council's climate change reporting.

Metric	2023
Number of the Council staff members who consider both physical and transition risks in the decision making about climate-related risks.	20 participants
% of the Council staff members who use consider physical and transition risks in the decision making about climate-related risks.	26%

Interview findings

Council staff interviewed stated that a few climate-related risks have been explored in some activities that the Council does (e.g. climate assumptions embedded in flood modelling undertaken by external consultants). According to the Council website, a risk assessment has been undertaken of the impacts of climate change across the Council area. The key impact areas that were identified were:

- long term management of public open space,
- increased management of pest plants and animals,
- increased infrastructure management costs,
- streetscape management, and

- business continuity planning.

However, it was noted that the Council is a very lean organisation and climate change is not at the forefront of its decision-making.

Actions to enhance climate change governance

Using the findings from the face-to-face interviews with key Council staff, the Council should implement the following actions to improve its climate change governance for the Climate Risk Assessment (#17) indicator:

- Explore the consolidated risks and consider quantifying (in monetary terms and units) those that have the highest ranking. The quantification of risks will support the creation of an evaluation dashboard and support those in financial management and decision making to support investment that addresses climate risks and reduces longer term costs. Other variables may include the number of properties that the asset supports for service delivery (e.g. potable water), and the rateable income collected from those areas at risk (should the asset fail or reduce functionality). From the assessment, information can be utilised for key metrics, targets, financial planning, and risk monitoring, and
- Consider developing integrated climate change scenarios to explore outlier risks and what plausible futures may affect the organisation's long-term strategy (Haigh 2019).



Climate Legal Risk (#18)

Importance

Climate change is emerging more and more as a climate legal risk problem that governments, organisations and the community are attempting to understand, avoid and manage. The nature of climate legal risk for local governments is a minefield that can manifest itself in many ways. There is the potential that one lawsuit could erode a council's financial resilience.

Staff survey insights

The results of the Council staff survey show that 16% of participants (12 staff members) have discussed climate-related legal risks in their key task or projects.

Interview findings

No Council staff provided any examples of climate-related legal issues relevant to the Council projects or service delivery.

Actions to enhance climate change governance

Using the findings from the face-to-face interviews with key Council staff members, the Council should implement the following actions to improve its climate change governance for the Climate Legal Risk (#18) indicator:

- Identify priority areas for climate legal risk advice, especially about the relative role of the Council versus residents and the State Government, and
- Ensure that legal risks associated with climate change are included in the risk register, with a clearly documented mitigation plan.



Metrics (#19)

Importance

Climate change metrics are critical to help organisations to understand and manage climate-related risks, opportunities, and impacts. They enable the tracking of progress against goals such as reaching net-zero emissions by a specified date, or targets associated with a reduction of exposures to defined physical risks.

Staff survey insights

The results of the Council staff survey show that opportunities are the most common climate-related metric used to support staff decision making (14 participants). This is followed by physical risks (8 participants) and transition risks (7 participants). Other metrics identified were related to greenhouse gas emissions (2 participants) and internal carbon prices (2 participants).

Interview findings

Council staff stated that climate change issues are not specifically tracked and monitored in the risk management work. There is no formal process/system that ensures the Council collects and reports data about climate-related risks or opportunities. This is reflected in the Council staff survey with only 26% of respondents stating that they consider both physical and transition risks related to climate change in its decision making. Some Council staff noted if they had more data, they could be more strategic in its planning. Primarily, the lack of a comprehensive spatial data system (GIS) and staff resourcing was seen as the reason why there was a lack of synergy between data and decision-making.

Actions to enhance climate change governance

Using the findings from the face-to-face interviews with key Council staff members, the Council should implement the following actions to improve its climate change governance for the Metrics (#19) indicator:

- Identify key metrics to track both internally (for governance) and publicly (for community oversight and awareness). The recommendations from the [Climate Risk Assessment \(#16\)](#) indicator would support this process, and
- Consider the establishment of a mechanism that enables an evidence-based analysis of procurement against climate-related metrics. For example, if the above recommendation was enacted the procurement specialist could collate and report on the Council's procured emissions and other climate-related metrics.



Staff/ Resource Allocation (#20)

Importance

Councils monitoring their resource and staffing commitment to climate change is critical to supporting ongoing climate change adaptation and mitigation. If a council only relies on external consultants for climate research and responses, then it is doing very little to support the improved internal adaptive capacity of its organisation. The overarching goal should be to mainstream consideration of climate change across all council activities.

Staff survey insights

The results of the Council staff survey show that 36% of participants (27 staff members) believe that the current level of training in climate change is adequate to perform its key tasks. The following table shows how this survey response could be used as a metric for Council's climate change reporting.

Metric	2023
Number of Council staff members who believe they have adequate training in climate change.	27 participants
% of Council staff members who believe they have adequate training in climate change.	36%

Interview findings

At the workshops, the Council staff explained that they allocate some resources (staff) explicitly to climate-related issues. However, it was evident in all interviews that the Council runs an extremely lean staffing arrangement, which according to some limits the ability to expand organisational capacity and mainstreaming of climate change.

Actions to enhance climate change governance

From the findings of the face-to-face interviews with key Council staff members, it is likely that additional resourcing would be required to improve the level of sophistication in responding to

climate-related risks. In particular, the actions to improve its climate change governance for the Climate Staff/ Resource Allocation (#20) indicator are:

- Review opportunities to embed capacity building into existing staff training, such as new employee inductions,
- Develop an organisational chart that shows where climate change responsibilities are integrated into the organisation. This is often done by financial organisations that are reporting under the TCFD framework. See page 39 of the [ASB Climate Report](#),
- Develop a capacity-building program to continue to raise staff awareness about climate change impacts and how they can be managed within different council functions. This should be an ongoing program similar to how workplace health and safety training is conducted across the organisation, and
- Focus initially of resourcing to capture key climate-related considerations and metrics for risk management and financial planning. This is likely to cascade capacity requirements through council as each work area responds to these two themes.



Community/ Stakeholder Engagement (#21)

Importance

Connecting to the community is a core component for developing a safer, more resilient community. It is the local community who will bear the brunt of climate change impacts as they directly or indirectly contribute towards adaptation and transition efforts (e.g. through increased insurance costs, taxes, and voluntary community actions).

Staff survey insights

The results of the staff survey show that 24% of participants (18 staff members) believe that they are appropriately informed about their community's expectations for the Council's response to climate change.

Interview findings

The Council has worked on a number of community engagement projects through Resilient East and in terms of stakeholder engagement, carried out an advocacy role in the roll out of the new Planning and Design Code. Numerous Council staff noted that the new planning system has limited the Council's ability to respond effectively to climate related issues.

Actions to enhance climate change governance

Using the findings from the face-to-face interviews with key Council staff members, the Council should implement the following actions to improve its climate change governance for the Community/ Stakeholder Engagement (#21) indicator:

- Continue to lobby the State Government to either greatly improve climate related considerations in the Planning and Design Code, or to ensure the city is given the power to respond as required,
- Ensure that the community understand the nature of climate change risk, and in particular, how it may affect the insurance and banking sectors, and
- Carry out engagement with the financial sector to better understand how they may respond to climate-related risks and opportunities.



Institutional/ Intergovernmental Relationships (#22)

Importance

Climate change is a transboundary issue. Adaptation action (or inaction) by one stakeholder can both improve and erode the resilience of another. Economies of scale and collectively sharing knowledge can improve climate change governance. The actions by a range of organisations have the potential to affect councils' resilience.

Staff survey insights

The results of the Council staff survey show that 12 staff members (16% of participants) are actively collaborating with another local government/s on climate-related issues specific to its key tasks.

Interview findings

The City of Norwood Payneham & St Peters has established very strong intergovernmental relationships. They are active members of Resilient East and have collaborated on numerous projects. The Council also maintains strong links and engagement with other regional resilience groups and local councils in the South Australian region.

Actions to enhance climate change governance

Using the findings from the face-to-face interviews with key staff members, the Council should implement the following actions to improve its climate change governance for the Institutional/ Intergovernmental Relationships (#22) indicator:

- Seek to clarify the role of the Council as compared with State Government in managing climate risk.

5 Summary

Governance results for each indicator

The City of Norwood Payneham & St Peters has a solid foundation of climate change governance (see Table 2), and this is helping the organisation to respond to the issue.

Given the significant system risk presented by climate change, it is imperative that the City of Norwood Payneham & St Peters continues to maintain this positive momentum to continue to integrate the consideration of climate-related issues in all decision-making and strategic planning. Mechanisms to foster integration must be in place to frame the response, and resources and capability must be commensurate with the challenge.

The Council's climate-related governance strengths identified in this analysis include:

- The City of Norwood Payneham & St Peters has a solid recognition of the issue. Climate change is considered throughout many of the Council's governance documents and mechanisms.
- The Council shows leadership with a target of net-zero corporate emissions by 2030.
- There is a strong inclusion of climate change in its Strategic Management Plan and a willingness by key staff to improve strategic management and oversight of climate-related issues.

Table 2: Results of the climate change governance assessment

Indicator	2023 Assessment
Strategic Planning (#1)	High
Financial Management (#2)	None
Public Risk Disclosure (#3)	Intermediate
Risk Management (#4)	None
Asset Management (#5)	High
Procurement (#6)	None
Community Wellbeing (#7)	Basic
Land Use Planning (#8)	Intermediate
Natural Environment (#9)	Intermediate
Emergency Management (#10)	None
Climate Change Policy (#11)	No data
Adaptation Planning (#12)	High
Transition Planning (#13)	Basic
Carbon Target (#14)	Advanced

Legend:

No data	None	Basic	Intermediate	High	Advanced
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Council's governance status

There are 14 quantitative indicators scored for the Informed.City™ climate change governance assessment. Councils should be seeking to achieve as many 'Advanced' and 'High' scores as possible. When grouping the scores together the following aggregate of quantitative indicators may help organisations to see where they are tracking for climate change governance overall (see Table 3). These are general statements and based on a review of hundreds of local governments in Australia and New Zealand. For the 2023 assessment, the City of Norwood Payneham & St Peters received one 'Advanced' score and three 'High' scores which gives them a 'Seeker' status.

Table 3: Council's governance status for the 2023 assessment

Status	Measure	Description
Leader	13-14 'High' and/or 'Advanced' indicators	The Council has public and active monitoring and evaluation of climate-related risks and opportunities, and these shape the whole of organisation direction. Climate change is integrated into the organisation, with improvements likely to arise over time as a result from strategic planning shifts, a reduction in exposure to climate risk and full transparent disclosure of responses.
Integrator	9-12 'High' and/or 'Advanced' indicators	The Council is on the cusp of full integration of climate change into its organisation. Climate change is likely to shape numerous decisions in council, but not completely shape strategic direction.
Responder	5-8 'High' and/or 'Advanced' indicators	The Council has recognised climate change as an issue and is actively responding. Full integration is likely to be limited by a full understanding of the extent of the financial risk, resourcing, management and/or elected member support.
Seeker	1- 4 'High' and/or 'Advanced' indicators	The Council is likely to have one or more climate champions who are actively leading change but are yet to be received by all areas of executive management.
Starter	No 'High' and/or 'Advanced' indicators	The Council may have some consideration of climate change, but this is most likely to be driven by regulatory requirements or from staff (not executive management) leadership.

Improvements and recommendations

Notwithstanding the above, improvements in climate change governance are required to ensure that the level of sophistication of the response is aligned with the transformational challenge. The key gaps identified in this governance assessment include:

- Climate change is not adequately captured in financial management mechanisms.
- The Council does not have a specific climate change policy.

- The Council has not yet tested how climate change may affect its strategic planning, via the use of integrated scenario narratives.
- The Council does not yet have considerations of climate change in procurement.

There is no doubt that the City of Norwood Payneham & St Peters is well-placed to improve its level of sophistication regarding overseeing and managing climate-related issues. Several specific recommendations are provided in this report, with priority recommendations identified to be:

- Develop a council-level climate change policy to provide a robust and consistent response to climate-related issues. A climate change policy will greatly enhance the City of Norwood Payneham & St Peters' current response to managing the effects of climate change. It will act as a catalyst for improved climate-related oversight and governance. This should be supported with a climate change implementation plan.
- Allocate additional resources to support the upskilling and information needs of those in risk and financial management to ensure that they can respond to the rapidly emerging changes in the regulatory and market environment.
- Quantify the potential exposure to climate-related risks. The scope of climate risk assessments will need to incorporate both physical and transition risks and should, where possible, look to analyse risks using both qualitative and quantitative (monetary terms) approaches. This will assist in the improved consideration of climate change in financial governance mechanisms. The quantification of some risk metrics will also help the Council to monitor and evaluate progress and help drive a targeted response to climate risks to the Council's assets.
- Building on the above, the City of Norwood Payneham & St Peters should consider developing a dashboard that tracks key climate-related metrics. The dashboard could act as both an internal and public reporting mechanism that helps inform key staff and the public about implementation progress and key performance. Internal reporting improves committee oversight of climate-related risks, using structured guidelines and reporting templates.

6 References

Edwards I, Burton D and Baker-Jones M (2017) 'Governance and Climate Change Risk', *Governance Directions*,
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https://www.legislation.sa.gov.au/__legislation/lz/c/a/local%20government%20act%201999/current/1999.62.auth.pdf, accessed 22 August 2023.

Haigh N (2019) *Scenario Planning for Climate Change: A Guide for Strategists*, 1st edition, Routledge.

5.2 REPORT OF THE 2025-2026 FIRST BUDGET UPDATE

REPORT AUTHOR: Chief Financial Officer
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4548
FILE REFERENCE:
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to present the 2025-2026 First Budget Update report to the Audit & Risk Committee (the Committee) which was considered at the Council Meeting held on Tuesday 7 October 2025.

DISCUSSION

This report is provided to assist the Committee to meet the requirements of Section 126 (f) of the *Local Government Act 1999* (the Act), which provides that one of the functions of the Committee is:

'reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.'

The purpose of the Budget Review is to provide the Council with a summary of the forecast Budget position for the year ended 30 June 2026, following the First Budget Review. The forecast is based on the year-to-date 30 June 2025 results.

Pursuant to Section 123 (13) of the Act, the Council must, as required by Regulation 9 of the *Local Government (Financial Management) Regulations 2011*, reconsider its annual business plan or its budget during the course of a financial year and, if necessary or appropriate, make any revisions.

A copy of the 2025-2026 First Budget Update as presented to the Council is contained in **Attachment A**.

RECOMMENDATION

That the report be received and noted.

Attachment A

Report of the 2025-2026 First Budget Update

13.8 2025-2026 FIRST BUDGET UPDATE

REPORT AUTHOR: Chief Financial Officer
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4548
FILE REFERENCE:
ATTACHMENTS: A - C

PURPOSE OF REPORT

The purpose of this report is to provide the Council with a summary of the forecast Budget position for the year ended 30 June 2026, following the First Budget Update.

BACKGROUND

Pursuant to Section 123 (13) of the *Local Government Act 1999*, the Council must, as required by the Regulations, reconsider its Annual Business Plan or its Budget during the course of a financial year and if necessary or appropriate, make any revisions.

The Budget Reporting Framework set out in Regulation 9 of the *Local Government (Financial Management) Regulations 2011* ("the Regulations") comprises two (2) types of reports, namely;

1. Budget Update; and
2. Mid-year Budget Review.

1. Budget Update

A Budget Update Report sets out a revised forecast of the Council's Operating and Capital investment activities compared with the estimates for those activities which are set out in the 2025-2026 Adopted Budget. The Budget Update Report is required to be presented in a manner which is consistent with the note in the Model Financial Statements entitled *Uniform Presentation of Finances*.

The Budget Update Report must be considered by the Council at least twice per year between 30 September and 31 May (both dates inclusive) in the relevant financial year, with at least one (1) Budget Update Report being considered by the Council prior to consideration of the Mid-Year Budget Review Report.

The Regulations require that a Budget Update Report must include a revised forecast of the Council's Operating and Capital investment activities compared with estimates set out in the Adopted Budget.

2. Mid-Year Review

A Mid-Year Budget Review must be considered by the Council between 30 November and 15 March (both dates inclusive), in the relevant financial year. The Mid-Year Budget Review Report sets out a revised forecast of each item shown in its Budgeted Financial Statements compared with estimates set out in the Adopted Budget presented in a manner consistent with the Model Financial Statements. This report must also include revised forecasts for the relevant financial year of the council's operating surplus ratio, net financial liabilities ratio and asset sustainability ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled *Financial Indicators*.

The Mid-year Budget Review is a comprehensive review of the Council's Budget and includes the four principal financial statements, as required by the Model Financial Statement, detailing:

- the year-to-date result;
- any variances sought to the Adopted Budget; and
- a revised full year forecast of each item in the budgeted financial statements compared with estimates set out in the Adopted budget.

The Mid-year Budget Review Report should also include information detailing the revised forecasts of financial indicators compared with targets established in the Adopted Budget and a summary report of operating and capital activities consistent with the note in the Model Financial Statements entitled *Uniform Presentation of Finances*.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

The First Budget Update for the 2025-2026 Financial Year, provides an opportunity to amend the 2025-2026 Adopted Budget, to reflect any changes in projections based on;

- audited results to 30 June 2025 (if available); and
- new decisions by the Council, subsequent to the adoption of the Budget on 7 July 2025.

Details of material movements in the forecast from the Adopted Budget are contained in the Discussion section of this Report.

EXTERNAL ECONOMIC IMPLICATIONS

This report provides information on the planned financial performance of the Council for the year ended 30 June 2026 and has no direct external economic impacts.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

There are no resource implications arising from this issue.

RISK MANAGEMENT

There are no risk management issues arising from this issue. All documents have been prepared in accordance with the statutory requirements.

CONSULTATION

- **Elected Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Responsible Officers and General Managers.
- **Other Agencies**
Not Applicable.

DISCUSSION

Budget Update

In determining the Adopted Operating Surplus, the Council considers the financial resources which are required to provide the ongoing Council services (Recurrent Operating Budget), which encompass the basic responsibilities, the Council is required to provide under the *Local Government Act 1999* and other relevant legislation plus ongoing services and programs as a result of community interest and expectation.

The extensive range of ongoing services provided by the Council include inspectorial services (animal management/parking management), street cleaning and rubbish collection, maintenance of basic infrastructure including roads, footpaths, parks, public open space, street lighting and storm-water drainage, development planning and control, library and learning services, community support programs, environmental programs, community events, community recreational facilities and home assistance service.

As Elected Members may recall, the 2025–2026 Adopted Operating Budget reflects an Operating Surplus of \$754,356. Following the First Budget Update, the Operating Surplus is projected to be an Operating Surplus of \$424,693, representing a decrease of \$329,663.

Considering that the majority of Recurrent and Operating Projects expenditure for 2025-2026 are in their early stages of delivery, no cost variances have been recommended to be made to the 2025–2026 Adopted Project Budget during the First Budget Review with the exception of Carry Forwards from 2024-2025 for Operating Projects. A further reassessment will be conducted during the Mid-Year Review.

A. Recurrent Operating Budget changes to the Adopted Budget – none required.

The 2025-2026 Recurrent Operating Budget Surplus of \$ 2,073,656 to remain unchanged. No additional funds request proposed.

B. Operating Projects Budget changes to the Adopted Budget - \$329,663

The Adopted Budget includes an estimate of Operating Projects expenditure for the year under review in addition to previously approved and Carried Forward Projects from the prior financial years.

Following the First Budget Update, the total expenditure for the 2025-2026 Adopted Operating Projects Budget, originally set at \$1,319,300 will be increased by \$329,663 to accommodate the Carry Forwards from the 2024-2025 financial year. As a result, the revised total estimated expenditure for Operating Projects is now \$1,648,963.

Details of the Operating Projects that proposed to be carried forward to the 2025-2026 Financial Year are contained in **Attachment A**.

Change to the adopted Operational Projects budget is provided in Table 2 below.

TABLE 2: MOVEMENT IN OPERATING PROJECTS BUDGET FROM THE ADOPTED BUDGET

Service Initiative	Increase/ (Decrease) \$
Work in progress (Carry forwards from 2024- 2025)	329,663

C. Capital Projects - changes to the Adopted Budget - \$32,592,499

The Council approved a Capital Expenditure Budget of \$25,966,971 for the 2025-2026 Financial year, encompassing funding for new capital projects (\$11.98 million) and upgrades to existing assets (\$ 13.99 million). Subsequent to the First Budget Update, the forecasted capital expenditure is \$58,559,470, representing an increase of \$32,592,499 due to Carry Forward Works in Progress from 2024-2025. A summary is provided in Table 3 below.

Details of the Capital Projects which have been carried forward from the 2024-2025 Financial Year, are contained in **Attachment B**.

TABLE 3: MOVEMENT IN CAPITAL PROJECTS EXPENDITURE FROM THE ADOPTED BUDGET

Capital Project	Increase/ (Decrease) \$
Work in progress (Carry forwards from 2024-2025)	32,592,499

The increase is a result of timing of previously approved expenditure, hence no additional borrowings will be required to fund the increase in capital expenditure. The unused funds, from last year borrowings, will be utilised to fund the Carry Forwards. The borrowing requirements will be re-assessed when a review of projects is undertaken as part of the Mid-Year Budget Review.

Regulation 9 (1) (a) of the Regulations states the Council must consider

“at least twice, between 30 September and 31 May (both dates inclusive) in the relevant financial year..... a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances”.

The revised budgeted Uniform Presentation of Finances resulting from the First Budget Update is included in **Attachment C**.

OPTIONS

Not Applicable.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

1. That the First Budget Update Report be received and noted.
2. That project progress reports contained in **Attachments A** and **B** be received and noted.
3. That pursuant to Regulation 9 (1) (a) of the *Local Government (Financial Management) Regulations 2011*, the Budgeted Uniform Presentation of Finances as contained within **Attachment C**, be adopted.

Cr Callisto moved:

- 1. That the First Budget Update Report be received and noted.*
- 2. That project progress reports contained in Attachments A and B be received and noted.*
- 3. That pursuant to Regulation 9 (1) (a) of the Local Government (Financial Management) Regulations 2011, the Budgeted Uniform Presentation of Finances as contained within Attachment C, be adopted.*

Seconded by Cr Knoblauch and carried unanimously.

Attachment A

2025-2026 First Budget Update





City of
Norwood
Payneham
& St Peters

FINANCIAL YEAR 2025-2026 BUDGET REVIEW OPERATING PROJECTS PROGRESS

Project Name	2025-2026 Budget	First Budget Review Carry Forward Budget	FIRST BUDGET REVIEW REQUEST	MID YEAR BUDGET REQUEST	THIRD BUDGET REVIEW REQUEST	2025-2026 TOTAL	Current YTD Spending as at 31 August 2025	Has Project Commenced? (Y/N)
TOUR DOWN UNDER	55,000	-				55,000	-	No
EASTSIDE BUSINESS AWARDS	50,000	-				50,000	-	No
RAISING THE BAR ADELAIDE	38,000	-				38,000	19,713	Yes
AFL GATHER ROUND	200,000	-				200,000	16,725	Yes
FOOD SECRETS OF GLYNDE	-	30,489				30,489	-	No
PUBLIC HEALTH PLAN	13,000	-				13,000	-	No
ART & CULTURE PLAN	25,000	20,000				45,000	-	Yes
LIBRARY SERVICE CATALOGUE AND PROGRAM REVIEW (MOTION)	50,000	-				50,000	-	No
CULTURALLY DIVERSE EARLY LITERACY PROJECT	3,300	-				3,300	-	No
FIRSTVAL FESTIVAL	4,000	-				4,000	4,654	Yes
DOG & CAT MANAGEMENT PLAN EDUCATION CAMPAIGN		7,248				7,248	-	Yes
AUTHORITY UPGRADE	516,000	-				516,000	-	No
IT STRATEGY		107,415				107,415	2,500	Yes
MARRYATVILLE PRECINCT MASTER PLAN		19,205				19,205	19,205	Yes
VERGE UPGRADE	20,000	20,000				40,000	-	No
URBAN TREE CANOPY REGIONAL MAPPING CONTRIBUTION	10,000	-				10,000	-	No
URBAN GREENING PROGRAM	10,000	-				10,000	1,886	Yes
DEVELOPMENT OF TREE INVENTORY	20,000	-				20,000	-	No
ST PETERS BILLABONG		50,615				50,615	-	Yes
GLYNDE HEAVY VEHICLE TRAFFIC STUDY		25,000				25,000	6,000	Yes
HERITAGE PROTECTION OPPORTUNITIES		49,691				49,691	12,600	Yes
TRAFFIC MANAGEMENT -NINTH AVENUE CHRISTMAS LIGHTS DISPLAY	50,000	-				50,000	-	No
PRECINCTS	40,000	-				40,000	-	No
40KPH SPEED LIMIT IMPEMETATION IN KENSINGTONAND FELIXSTOW	45,000	-				45,000	-	No
PAYNEHAM SOUTH, FIRLE, TRINITY GARDENS, GLYNDE AND ST MORRIS	40,000	-				40,000	-	No
WILLIAM STREET BIKEWAY - STREET LIGHTING UPGRADE	115,000	-				115,000	-	No
STREET LIGHTING RENEWAL & UPGRADE	15,000	-				15,000	1,928	Yes
	1,319,300	329,663	-	-	-	1,648,963	85,211	

Attachment B

2025-2026 First Budget Update





FINANCIAL YEAR 2025-2026 BUDGET REVIEW CAPITAL PROJECTS PROGRESS

Project Name	2025-2026 Budget	First Budget Review Carry Forward Budget	FIRST BUDGET REVIEW REQUEST	MID YEAR BUDGET REQUEST	THIRD BUDGET REVIEW REQUEST	2025-2026 TOTAL	Current YTD Spending as at 31 August 2025	HAS PROJECT COMMENCED (Y/N)
RENEWAL PROGRAMM - ROAD RESEALING	3,511,262	1,217,560				4,728,822	500,366	Yes
RENEWAL PROGRAMM - KERB	1,495,505	444,571				1,940,076	315,511	Yes
RENEWAL PROGRAMM - FOOTPATH	1,214,561	644,446				1,859,007	87,334	Yes
RENEWAL PROGRAMM - DRAINAGE (incl Trinity Valley)	2,100,000	10,787,002				12,887,002	2,099,948	Yes
RENEWAL PROGRAMM - BUILDING	2,590,000	1,420,834				4,010,834	172,257	Yes
RENEWAL PROGRAMM - REC & OPEN SPACE	1,016,000	997,113				2,013,113	4,960	Yes
RENEWAL PROGRAMM - CIVIL CAPITAL UPGRADE	350,000	119,700				469,700	-	Yes
RENEWAL PROGRAMM - OTHER	609,688	-				609,688	65,965	Yes
QUADRENNIAL ART PROJECT	279,000					279,000	-	Yes
STANDBY POWER FOR ST PETERS LIBRARY	-	78,550				78,550	-	No
GEORGE STREET UPGRADE	-	2,869,671				2,869,671	57,504	Yes
PAYNEHAM MEMORIAL SWIMMING CENTRE UPGRADE	11,071,956	11,563,318				22,635,274	2,358,085	Yes
TRAFFIC MANAGEMENT PAYNEHAM SOUTH, FIRLE & TRINITY GARDENS	-	70,000				70,000	-	No
RICHMOND ST, HACKNEY & EIGHTH AVE, ST PETERS	-	50,000				50,000	-	No
40KM SPEED LIMIT HACKNEY TO MARDEN	-	5,000				5,000	-	Yes
LANGMAN GROVE SPEED CUSHIONS	-	143,840				143,840	123,717	Yes
IMPLEMENTATION OF THE PARADE MASTER PLAN	-	970,226				970,226	9,030	Yes
PRIVATE LANEWAY - ROSEMENT LANE	-	97,874				97,874	287,636	Yes
ADEY RESERVE PLAYGROUND SHADE SAIL STRUCTURE	60,000					60,000	-	No
ST. PETER CHILD CARE AND PRESCHOOL SHADE SAIL STRUCTURE	60,000					60,000	12,661	Yes
KENT TOWN PUBLIC REALM UPGRADE	400,000					400,000	-	No
BUILDING ACCESSABILITY IMPROVEMENTS	100,000					100,000	-	No
BLACK SPOT GRANT	-	1,112,793				1,112,793	38,924	Yes
	24,857,972	32,592,499	-	-	-	57,450,471	6,133,898	
CAPITALISATION OF PROJECT MANAGEMENT ON-COST	1,108,999					1,108,999	184,834	
	25,966,971	32,592,499	-	-	-	58,559,470	6,318,732	

Attachment C

2025-2026 First Budget Update

City of Norwood Payneham & St Peters



City of
Norwood
Payneham
& St Peters

UNIFORM PRESENTATION OF FINANCES - GENERAL FUND

	Adopted Budget	Carry Forwards	New Recurring budget requests	New Operational projects requests	New Capital projects requests	1st budget revision
	2025/26 \$	2025/26 \$	2025/26 \$	2025/26 \$	2025/26 \$	2025/26 \$
Income						
Rates	51,135,218					51,135,218
Statutory Charges	2,239,311					2,239,311
User Charges	4,370,061					4,370,061
Grants, Subsidies and Contributions - operating	2,653,958					2,653,958
Grants, Subsidies and Contributions - capital	1,050,669					1,050,669
Investment Income	55,000					55,000
Other Income	521,735					521,735
Net gain - equity accounted Council businesses	-					-
Total Income	62,025,952	-	-	-	-	62,025,952
Expenses						
Employee Costs	20,340,053					20,340,053
Materials, Contracts & Other Expenses	23,593,705	329,663	-	-	-	23,923,368
Depreciation, Amortisation & Impairment	13,696,916					13,696,916
Finance Costs	3,378,256					3,378,256
Net loss - Equity Accounted Council Businesses	262,666	-	-	-	-	262,666
Total Expenses	61,271,596	329,663	-	-	-	61,601,259
Operating Surplus / (Deficit)	754,356	(329,663)	-	-	-	424,693
Timing adjustment for grant revenue	(1,050,669)	-	-	-	-	(1,050,669)
Adjusted Operating Surplus / (Deficit)	(296,313)	(329,663)	-	-	-	(625,976)
Net Outlays on Existing Assets						
Capital Expenditure on Renewal and Replacement of Existing Assets	(12,887,016)	(15,631,226)				(28,518,242)
add back Grants, subsidies and contributions – Capital New/Upgraded	1,050,669	-	-	-	-	1,050,669
add back Depreciation, Amortisation and Impairment	13,696,916	-				13,696,916
add back Proceeds from Sale of Replaced Assets	36,792	-				36,792
Total Net Outlays on Existing Assets	1,897,361	(15,631,226)	-	-	-	(13,733,865)
Net Outlays on New and Upgraded Assets						
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(13,079,955)	(16,961,272)				(30,041,227)
add back Amounts Received Specifically for New and Upgraded Assets	3,066,686					3,066,686
add back Grants, subsidies and contributions – Capital New/Upgraded	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments & non-current assets held for sale)						-
Total Net Outlays on New and Upgraded Assets	(10,013,269)	(16,961,272)	-	-	-	(26,974,542)
Annual Net Impact to Financing Activities -surplus / (deficit)	(8,412,221)	(32,922,162)	-	-	-	(41,334,383)

5.3 UPDATE ON PREVIOUS EXTERNAL AUDIT RECOMMENDATIONS

REPORT AUTHOR:	Chief Financial Officer
GENERAL MANAGER:	Chief Executive Officer
CONTACT NUMBER:	8366 4548
FILE REFERENCE:	
ATTACHMENTS:	Nil

PURPOSE OF REPORT

The purpose of this report is to present the Audit & Risk Committee with an update on the actions that have been taken in respect to recommendations of the previous audits raised by the Council's External Auditor, Galpins.

BACKGROUND

Section 125 of the *Local Government Act 1999* (the Act), requires that the Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner, to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets and to secure (as far as possible) the accuracy and reliability of Council records.

Pursuant to Section 129 of the Act, in addition to providing an opinion on a Council's Financial Statements, the Council's Auditor must provide an audit opinion regarding the Council's Internal Controls.

Section 126(4)(c) requires that the Audit & Risk Committee (the Committee) has a legislated function to monitor the responsiveness of the Council to recommendations for improvement based on previous audits.

It should be noted that the Audit Opinion is restricted to Financial Controls as set out in Section 129 of the Act and relate to the Internal Controls that have been exercised by the Council during the 2024-2025 financial year in respect to the receipt, expenditure, investment of money, the acquisition and disposal of property and incurring of liabilities.

This report provides an update on the 2023-2024 Audit Completion report recommendations of the audit that required improvement.

RELEVANT STRATEGIC DIRECTIONS AND POLICIES

Nil

FINANCIAL AND BUDGET IMPLICATIONS

Nil

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

There are no risk management issues arising from this report which has been prepared in accordance with the statutory requirements.

CONSULTATION

- **Elected Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Not Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

As advised previously, the External Auditors have issued an unqualified Audit Report on the Annual Financial Statements for the financial year ended 30 June 2024.

Pursuant to Section 129 (4) of the Act, the Auditors are required to provide to the Council, in writing, details of any recommendations for improvement arising from the External Audit.

The Council's responsiveness to recommendations arising from previous audits and risk assessments, including those raised by the Council's External Auditor, is actively monitored and reported to the Audit & Risk Committee.

Progress on the implementation of each of the recommendations is regularly reviewed to ensure that identified risks are effectively mitigated and that improvement opportunities are actioned within reasonable or agreed timeframes. Where risks cannot be fully eliminated, these are carefully assessed and if no further treatment is feasible, are formally accepted in line with Council's Risk Management Framework. The current status of each recommendation from the 2023-2024 Financial Year statutory audit, including those that have been completed, in progress, or pending, is summarised in Table 1 Below.

TABLE 1: SUMMARY OF RECOMMENDATIONS AND RESPONSES

Funding	Risk	Recommendation	Management Comment	Status
Opportunity for improvements in the process of indexing fair values of buildings	Low	Council continues with the process of indexing land and building values in between the five-yearly full revaluation cycle. In doing so, Council considers alternative indexes that better reflect changes in the cost of replacing assets with their modern equivalent (i.e. construction costs) when indexing buildings classified at level 3 fair value. Examples of these indexes include the Local Government Price Index (Capital) and the Australia Bureau of Statistics Times Series Data (Construction Industries).	Local Government Price Index (Capital) selected for the annual indexation between valuations commencing 2024-2025.	Closed
Employees with excessive annual leave balances	Low	Implement strategies to systematically reduce excessive leave balances, and prevent employees from accumulating excessive balances.	Reminders have been sent to the managers throughout the year and a more formal process will be actioned.	In Progress
Balance of library book assets does not agree with the asset register	Low	Ensure that the balance of library books in the trial balance is reconciled to the corresponding asset register.	Correction entry has been processed	Closed

OPTIONS

Not Applicable. This report is presented for information only.

CONCLUSION

Nil.

COMMENTS

Nil.

RECOMMENDATION

That the report be received and noted.

5.4 REGIONAL SUBSIDIARIES – AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

REPORT AUTHOR: Chief Financial Officer
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE:
ATTACHMENTS: A - D

PURPOSE OF REPORT

The purpose of this report is to present the 2024-2025 Audited Financial Statements for the Regional Subsidiaries of which the Council is a Member.

BACKGROUND

Clause 28 of Schedule 2 of the *Local Government Act 1999* (the Act), prescribes that a Regional Subsidiary must provide a report to each Constituent Council for the preceding financial year which incorporates the Subsidiaries Audited Financial Statements. This report must be incorporated into the Annual Report of each constituent Council.

The Audited Financial Statements for each of the Regional Subsidiaries of which the Council is a Constituent Member, have been prepared in accordance with the *Local Government (Financial Management) Regulations 2013*.

Section 126(4)(f) of the Act requires that the Committee review the adequacy of the Council's accounting, internal control, reporting and other financial management systems and practices, on a regular basis. Presenting the Regional Subsidiary Audited Financial Statements to the Committee assists the Committee to undertake this function.

The Council will receive the Regional Subsidiary Audited Financial Statements at the Council Meeting scheduled to be held on 3 November 2025.

The following Audited Financial Statements are attached to this report as follows:

- Eastern Health Authority Inc. as contained in **Attachment A**;
- Eastern Waste Management Authority Inc as contained in **Attachment B**;
- ERA Water as contained in **Attachment C**; and
- Highbury Landfill Authority Inc. as contained in **Attachment D**.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

There are no financial and budget implications resulting from the preparation of this report.

The financial performance of the Regional Subsidiaries of which this Council is a Member, one accounted for in the Council's Annual Financial Statements which are submitted concurrently.

The Council has included in its reported Operating Surplus, based on the respective ownership shares as detailed in Table 1, a Net Income associated with its Regional Subsidiaries of \$12,874 (2023-2024: \$295,047 Net Loss).

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

- **Committee Members**

Cr Piggott is a Board Member of East Waste Management Authority, ERA Water and the Highbury Landfill Authority Inc.

Cr Granozio is a Board Members of the Eastern Health Authority Board of Management.

Cr Moorhouse is a Board Member of the Eastern Health Authority Board of Management.

- **Community**

Not Applicable.

- **Staff**

Not Applicable.

- **Other Agencies**

Not Applicable.

DISCUSSION

Table 1 below sets out the Net Surplus (Deficit) of the respective Regional Subsidiaries for the year ended 30 June 2025, together with the Council's share of the Operating Result which has been accounted for in the Council's 2024-2025 Financial Statements.

TABLE 1: REGIONAL SUBSIDIARY NET SURPLUS/ (DEFICIT)

Regional Subsidiary	Net Surplus / (Deficit)	Councils Share of Net Operating Surplus / (Deficit)	
		Percentage	\$
Eastern Health Authority	191,892	28.12%	53,956
Eastern Waste Management Authority	274,000	12.50%	34,250
ERA Water	(585,102)	33.33%	(195,034)
Highbury Landfill Authority	296,607	40.36%	119,702

Important points to highlight resulting from the 2024-2025 Financial year are:

- Eastern Health Authority

The Eastern Health Authority Inc. reported an Operating Surplus of \$199,496. The Authority reported lower User Charges during the year primarily related to lower worksite immunisation and food auditing fees due to fewer worksites, fewer participation in immunisation and a decrease in billable audit hours. This decrease in income was offset by an increase in investment income due to higher cash deposits held and sundry income due to an insurance claim.

During the year, the Authority reported lower Employee Costs as a result of periodic staff vacancies. The Authority also wrote-off Bad and Doubtful Debts of \$47,361 relating to unclaimed fines and inspection fees from prior years. The Authority's Right of Use Asset and Lease Liability calculation was updated in the financial year, to reflect the new building lease entered in January 2025. The life of the lease was extended to reflect the new lease agreement which resulted in the lease liability and Right of Use asset increasing and the corresponding annual Depreciation and Interest recognition (Finance costs) being affected by the new lease conditions.
- Eastern Waste Management Authority

The Operating Income Statement shows a year end Net Surplus of \$274,000, which is primarily attributed to higher income User Charges. The higher User Charges are related to higher waste processing and collection income (by \$2.605 million) and higher Other income relating to Bin supply and replacement (by \$511k) partially offset by increase in Bin Service Costs, Waste Processing Costs and Maintenance Costs.

During the year East Waste's Fleet Maintenance Costs increased by \$124,000 as a result of a number of significant breakdowns coupled with bringing the fleet replacement program back in line. This was offset by decreased spending on fuel expenditure by \$200,000 due to a favourable and stable diesel cost per litre during the year.

The cash balance at the end of the financial year 2024-2025 shows a net increase of \$88,000, noting higher than anticipated Debtors as at 30 June 2025 as a result of invoice timing and payments by members. The Authority reported that the end of the year 2024-2025 is relatively stable and remains at a level that the Administration is comfortable with.
- ERA Water

During 2024-2025 irrigation season, South Australia experienced another very dry year, with rainfall of 299mm against a long-term average of 537mm, leading to the second highest volume of water sales (281.4ML) by ERA Water. The highest volume of water sales being 316.7ML in 2023-2024, which was also a particularly dry year.

ERA Water reported an Operating Deficit of \$585,102 for the financial year 2024-2025 (Operating Deficit 2023-2024 \$611,161). ERA Water reported higher User Charges and Other Income due to higher water sales including annual supply charges from Constituent Councils as a result of dry conditions and income from insurance claim for repairs undertaken during the year.

ERA Water also reported a reduction in its Employee Costs offset by an increase in Professional Services during the year due to the changeover from direct employment to contractual based support services. During the year, ERA Water reported higher as average interest rates were higher compared to prior year albeit with a small reduction in total borrowings.

- Highbury Landfill Authority Inc. The Highbury Landfill Authority Inc. reported an Operating Surplus of \$296,607. The surplus was primarily due release of Provision (\$474,187) to the Profit & Loss Statement as a result of remeasurement adjustments. The Authority has an ongoing obligation to manage the post-closure phase for the landfill in accordance with the South Australian Environment Protection Authority (SA EPA) Guidelines. The minimum post-closure period is 25 years that commenced on 1 July 2009. A provision for the Highbury Landfill has been accrued. A net present value (NPV) calculation has been made by estimating cashflows to manage the Highbury site as set out in the SA EPA Guidelines. The cash outflows have been escalated at an inflation forecast of 2.1% per annum (2024:3.8%) and the discount rate used is equivalent to the 10 year Commonwealth Bond indicative rates as at 30 June 2025. This NPV calculation has been incorporated into the provision and represents the Authority's best estimate of its future liability to manage the Highbury Landfill post-closure phase.

OPTIONS

Not Applicable. This report is presented for information purposes only.

CONCLUSION

The financial performance of the Regional Subsidiaries of which this Council is a Constituent Member, is accounted for in the Council's Annual Financial Statements which are submitted concurrently.

The Council has included in its reported Operating Surplus, based on the respective ownership shares as detailed in Table 1, a net income associated with its Regional Subsidiaries of \$12,874 (2023-2024: \$295,047 net loss).

COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

Attachment A

Regional Subsidiaries Audited Financial Statements for the Year Ended 30 June 2025

Eastern Health Authority Inc



101 Payneham Road,
St Peters SA 5069

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ABN 52 535 526 438

Our Ref: D25/12612

28 August 2025

Mr Mario Barone
Chief Executive Officer
City of Norwood Payneham & St Peters
175 The Parade
Norwood SA 5067

Dear Mario

RE: Eastern Health Authority Audited Financial Statements for year ending 30 June 2025

Please find enclosed a copy of Eastern Health Authority (EHA) General Purpose Financial Reports for the year ended 30 June 2025. The reports have been audited by EHA's Auditor, Dean Newbery.

The statements were considered by EHA's Audit Committee at its meeting on 13 August 2025 and referred to the Board of Management for adoption.

The statements were subsequently adopted by the Board of Management at its meeting on 27 August 2025.

If you need any more information or would like to discuss this further, please contact me on telephone 8132 3611.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Livori', written in a cursive style.

Michael Livori
Chief Executive Officer

Eastern Health Authority
General Purpose Financial Reports
for the year ended 30 June 2025

Eastern Health Authority
General Purpose Financial Reports
for the year ended 30 June 2025

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EASTERN HEALTH AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by Eastern Health Authority (EHA) to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of EHA's financial position at 30 June 2025 and the results of its operations and cash flows for the financial year.
- internal controls implemented by EHA provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect EHA's accounting and other records.

Michael Livori
CHIEF EXECUTIVE OFFICER

Cr Peter Cornish
CHAIRPERSON
EHA BOARD OF MANAGEMENT

Date: 27/8/2025

Eastern Health Authority
Statement of Comprehensive Income
for the year ended 30 June 2025

		2025	2024
	Notes	\$	\$
INCOME			
Council contributions	2	2,094,100	1,970,200
Statutory charges	2	164,917	152,387
User charges	2	338,543	414,731
Grants, subsidies and contributions - Operating	2	248,910	249,436
Investment income	2	52,777	37,380
Other income	2	20,971	913
Total Income		2,920,218	2,825,047
EXPENSES			
Employee costs	3	1,823,552	1,847,846
Materials, contracts & other expenses	3	649,271	636,970
Depreciation, amortisation & impairment	3	183,012	175,901
Finance costs	3	64,887	36,923
Total Expenses		2,720,722	2,697,640
OPERATING SURPLUS / (DEFICIT)		199,496	127,407
Asset disposal & fair value adjustments	4	(7,604)	(5,287)
NET SURPLUS / (DEFICIT)		191,892	122,120
transferred to Equity Statement		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		191,892	122,120

This Statement is to be read in conjunction with the attached Notes.

Eastern Health Authority
Statement of Financial Position
as at 30 June 2025

		2025	2024
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,113,745	954,882
Trade & other receivables	5	146,035	187,908
Total Current Assets		1,259,780	1,142,790
Non-current Assets			
Property, plant & equipment	6	1,244,915	999,746
Total Non-current Assets		1,244,915	999,746
Total Assets		2,504,695	2,142,536
LIABILITIES			
Current Liabilities			
Trade & other payables	7	80,132	198,870
Borrowings	7	126,237	139,565
Provisions	7	285,472	289,788
Total Current Liabilities		491,841	628,223
Non-current Liabilities			
Borrowings	7	1,093,202	782,210
Provisions	7	28,687	33,030
Total Non-current Liabilities		1,121,889	815,240
Total Liabilities		1,613,730	1,443,463
NET ASSETS		890,965	699,073
EQUITY			
Accumulated surplus		890,965	699,073
TOTAL EQUITY		890,965	699,073

This Statement is to be read in conjunction with the attached Notes.

Eastern Health Authority
Statement of Changes in Equity
for the year ended 30 June 2025

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
	Notes	\$	\$	\$	\$
2025					
Balance at end of previous reporting period		699,073	-	-	699,073
Net Surplus / (Deficit) for Year		191,892	-	-	191,892
Balance at end of period	9	890,965	-	-	890,965

2024					
Balance at end of previous reporting period		576,953	-	-	576,953
Net Surplus / (Deficit) for Year		122,120	-	-	122,120
Balance at end of period	9	699,073	-	-	699,073

This Statement is to be read in conjunction with the attached Notes

Eastern Health Authority
Statement of Cash Flows
for the year ended 30 June 2025

		2025	2024
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Council Contributions		2,282,569	1,970,200
Fees & other charges		164,917	152,387
User charges		384,115	498,191
Investment receipts		52,357	35,775
Grants utilised for operating purposes		248,910	249,436
Other revenues		521	913
<i>Payments:</i>			
Employee costs		(1,923,959)	(1,821,964)
Materials, contracts & other expenses		(844,973)	(590,639)
Finance payments		(67,473)	(36,923)
Net Cash provided by (or used in) Operating Activities		296,984	457,376
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(24,609)	-
Expenditure on new/upgraded assets		-	(14,141)
Net Cash provided by (or used in) Investing Activities		(24,609)	(14,141)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayment of principal portion of lease liabilities		(113,512)	(133,122)
Net Cash provided by (or used in) Financing Activities		(113,512)	(133,122)
Net Increase (Decrease) in cash held		158,863	310,113
Cash & cash equivalents at beginning of period	8	954,882	644,769
Cash & cash equivalents at end of period	8	1,113,745	954,882

This Statement is to be read in conjunction with the attached Notes

Eastern Health Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1 - Material Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying EHA's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

EHA is incorporated under the SA Local Government Act 1999 and has its principal place of business at 101 Payneham Road, St Peters SA 5069. These consolidated financial statements include EHA's direct operations and all entities through which EHA controls resources to carry on its functions. In the process of reporting on EHA as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

3.1 Revenue

EHA recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which EHA expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when EHA enters into transactions where the consideration to acquire an asset is materially less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable EHA to acquire or construct a recognisable non-financial asset that is to be controlled by EHA. In this case, EHA recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 1 - Material Accounting Policies

4 Cash, Cash Equivalents and Other Financial Instruments

4.1 Cash, Cash Equivalent Assets

Cash assets include all amounts readily convertible to cash on hand at EHA's option with an immaterial risk of changes in value with a maturity of three months or less from the date of acquisition.

4.2 Other Financial Instruments

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments also form part of Note 9.

5 Infrastructure, Property, Plant & Equipment

5.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by EHA includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by EHA for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

5.3 Depreciation of Non-Current Assets

Plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of EHA, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

5.4 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if EHA were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025
Note 1 - Material Accounting Policies

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

6.2 Payments Received in Advance & Deposits

Amounts (other than grants) received from external parties in advance of service delivery, and security deposits held against possible damage to EHA assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

7 Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of "Payables". Interest free loans are initially recognised at fair value with any difference between fair value and proceeds recognised in the profit and loss. The loan is subsequently measured at amortised cost with interest being recognised using the effective interest rate method.

8 Provisions

8.1 Employee Benefits

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on costs) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on-costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as EHA experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. EHA does not make payment for untaken sick leave.

Superannuation:

EHA makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and EHA's involvement with the schemes are reported in Note 12.

9 Leases

EHA assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

EHA as a lessee

EHA recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 1 - Material Accounting Policies

EHA recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 6.5 - Impairment of non-financial assets above.

ii) Lease liabilities

At the commencement date of the lease, EHA recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, EHA uses its incremental borrowing rate or the interest rate implicit in the lease.

10 Goods & Services Tax

In accordance with interpretation of Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 2 - INCOME

	Notes	2025 \$	2024 \$
COUNCIL CONTRIBUTIONS			
City of Burnside		588,959	549,526
Campbelltown City Council		530,383	485,862
City of Norwood, Payneham & St Peters		641,814	623,600
City of Prospect		248,997	222,106
Town of Walkerville		83,947	89,106
		<u>2,094,100</u>	<u>1,970,200</u>
STATUTORY CHARGES			
Inspection Fees: Food		131,505	122,913
Inspection Fees: Legionella		8,256	7,892
SRF Licences		1,636	1,587
Fines & Expiation Fees		23,520	19,995
		<u>164,917</u>	<u>152,387</u>
USER CHARGES			
Immunisation: Clinic Vaccines		100,566	92,513
Immunisation: Service Provision		77,422	121,000
Immunisation: Worksite Vaccines		74,355	78,336
Immunisation: Clinic Service Fee		3,560	2,775
Food Auditing		82,640	120,107
		<u>338,543</u>	<u>414,731</u>
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		52,777	37,380
		<u>52,777</u>	<u>37,380</u>
OTHER INCOME			
Motor Vehicle Reimbursements		-	364
Sundry		20,971	549
		<u>20,971</u>	<u>913</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
<i>Other grants, subsidies and contributions - Operating</i>			
Immunisation: School Programme		226,452	228,138
Immunisation: AIR		22,458	21,298
Total Grants all sources		<u>248,910</u>	<u>249,436</u>
Sources of grants			
<i>Other</i>		248,910	249,436
		<u>248,910</u>	<u>249,436</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 3 - EXPENSE

	Notes	2025 \$	2024 \$
EMPLOYEE COSTS			
Salaries and wages		1,589,097	1,620,120
Employee leave expense		24,887	23,783
Superannuation - defined contribution plan contributions	12	160,152	158,379
Superannuation - defined benefit plan contributions	12	21,086	19,884
Workers' compensation insurance		18,806	23,646
Other Agency Staff and Medical Officer		9,524	2,034
Total Operating Employee Costs		1,823,552	1,847,846
 Total Number of Employees		 14	 18
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's remuneration			
- Auditing the financial reports		8,000	9,500
Bad and doubtful debts		47,361	6,939
Goverance expenses		7,755	10,574
Lease Expenses - short term leases	11	9,018	15,736
Subtotal - Prescribed Expenses		72,134	42,749
<u>Other Materials, Contracts & Expenses</u>			
Accounting		7,193	4,658
Contractors		61,688	31,352
Energy		11,880	18,327
Fringe benefis tax		26,175	14,480
Human resources		16,602	27,159
Income protection		21,679	29,536
Insurance		50,994	56,586
IT licensing and support		146,242	145,357
Legal expenses		15,075	6,061
Motor vehicle expenses		22,607	19,564
Office rent		-	-
Parts, accessories & consumables		114,521	136,213
Printing and stationary		16,048	20,071
Staff training		18,127	26,528
Sundry		25,097	36,984
Telephone		16,742	15,947
Work health & safety consultancy		6,467	5,398
Subtotal - Other Materials, Contracts & Expenses		577,137	594,221
		649,271	636,970

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 3 - EXPENSE con't

		2025	2024
	Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		23,642	23,642
Office Equipment, Furniture & Fittings		10,862	11,337
Right of Use Assets	11	148,508	140,922
		<u>183,012</u>	<u>175,901</u>
FINANCE COSTS			
ATO interest		6,266	-
Interest on Leases		58,621	36,923
		<u>64,887</u>	<u>36,923</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2025	2024
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	<u>7,604</u>	<u>5,287</u>
Gain (Loss) on disposal	<u>(7,604)</u>	<u>(5,287)</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	 <u>(7,604)</u>	 <u>(5,287)</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 5 - CURRENT ASSETS

		2025	2024
CASH & EQUIVALENT ASSETS	Notes	\$	\$
Cash on Hand and at Bank		99,936	193,430
Deposits at Call		1,013,809	761,452
		<u>1,113,745</u>	<u>954,882</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		3,754	3,334
Debtors - general		131,081	176,653
GST Recoupment		-	7,921
Prepayments		11,200	-
		<u>146,035</u>	<u>187,908</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 6 - PROPERTY, PLANT & EQUIPMENT (PP&E)

		2024				2025			
		\$				\$			
		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Buildings & Other Structures	-	472,846	(310,290)	162,556	-	472,846	(333,932)	138,914	
Office Equipment, Furniture & Fittings	-	282,183	(257,360)	24,823	-	277,889	(246,923)	30,966	
Right of Use Assets	-	1,424,000	(611,633)	812,367	-	1,826,373	(751,338)	1,075,035	
Total IPP&E	-	2,179,029	(1,179,283)	999,746	-	2,577,108	(1,332,193)	1,244,915	
Comparatives		2,116,133	(1,011,340)	1,104,793	-	2,179,029	(1,179,283)	999,746	

This Note continues on the following pages.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 6 - PROPERTY, PLANT & EQUIPMENT

	2024	Carrying Amounts Movement During the Year								2025
	\$	\$								\$
	Carrying Amount	Additions		Disposals	Dep'n	Impair't	Transfers		Adjustment	Carrying Amount
New / Upgrade	Renewals	In	Out							
Buildings & Other Structures	162,556	-	-	-	(23,642)	-	-	-	-	138,914
Office Equipment, Furniture & Fittings	24,823	-	24,609	(7,604)	(10,862)	-	-	-	-	30,966
Right of Use Assets	812,367	-	-	-	(148,508)	-	-	-	411,176	1,075,035
Total IPP&E	999,746	-	24,609	(7,604)	(183,012)	-	-	-	411,176	1,244,915
Comparatives	1,104,793	76,141		(5,287)	(175,901)					999,746

This note continues on the following pages.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 7 - LIABILITIES

		2025		2024	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		79,966	-	104,536	-
Accrued expenses - employee entitlements		-	-	91,748	-
Accrued expenses - other		-	-	2,586	-
GST Payable		166	-	-	-
		<u>80,132</u>	<u>-</u>	<u>198,870</u>	<u>-</u>
BORROWINGS					
Leases Liabilities	11	126,237	1,093,202	139,565	782,210
		<u>126,237</u>	<u>1,093,202</u>	<u>139,565</u>	<u>782,210</u>
PROVISIONS					
LSL Employee entitlements (including oncosts)		114,246	28,687	140,256	33,030
AL Employee entitlements (including oncosts)		171,226	-	149,532	-
		<u>285,472</u>	<u>28,687</u>	<u>289,788</u>	<u>33,030</u>

Amounts included in provisions that are not expected to be settled within 12 months of reporting date.

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Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 8 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2025 \$	2024 \$
Total cash & equivalent assets	5	<u>1,113,745</u>	<u>954,882</u>
Balances per Cash Flow Statement		<u>1,113,745</u>	<u>954,882</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus (Deficit)		191,892	122,120
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		183,012	175,901
Net increase (decrease) in unpaid employee benefits		(100,407)	25,882
Net (Gain) Loss on Disposals		<u>7,604</u>	<u>5,287</u>
		282,101	329,190
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		42,039	81,855
Net increase (decrease) in trade & other payables		<u>(27,156)</u>	<u>46,331</u>
Net Cash provided by (or used in) operations		<u>296,984</u>	<u>457,376</u>

(c) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate Credit Cards	5,000	5,000
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Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 9 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

**Bank, Deposits at Call, Short
Term Deposits**

Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned

Terms & conditions: Deposits are returning fixed interest rates between 4.15% (2024: 4.55%)

Carrying amount: approximates fair value due to the short term to maturity.

**Receivables - Fees & other
charges**

Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method

Terms & conditions: Unsecured, and do not bear interest. Although EHA is not materially exposed to any individual debtor, credit risk exposure is concentrated within EHA's boundaries.

Carrying amount: approximates fair value (after deduction of any allowance).

**Receivables - other levels of
government**

Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying amount: approximates fair value.

Liabilities - Creditors and Accruals

Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to EHA.

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

Liabilities - Finance Leases

Accounting Policy: accounted for in accordance with AASB 16 as stated in Note 11

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 9 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2025	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	1,113,745	-	-	1,113,745	1,113,745
Receivables	134,835	-	-	134,835	134,835
Total	1,248,580	-	-	1,248,580	1,248,580
<u>Financial Liabilities</u>					
Payables	80,132	-	-	80,132	80,132
Lease Liabilities	168,918	592,650	692,149	1,453,717	1,219,439
Total	249,050	592,650	692,149	1,533,849	1,299,571

2024	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	954,882	-	-	954,882	954,882
Receivables	187,908	-	-	187,908	187,908
Total	1,142,790	-	-	1,142,790	1,142,790
<u>Financial Liabilities</u>					
Payables	104,536	-	-	104,536	104,536
Lease Liabilities	171,827	564,204	336,037	1,072,068	921,775
Total	276,363	564,204	336,037	1,176,604	1,026,311

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 9 - FINANCIAL INSTRUMENTS (con't)

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of EHA.

Risk Exposures:

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of EHA is the carrying amount, net of any impairment. All EHA investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within EHA's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of EHA's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that EHA will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. EHA also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. EHA has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 10 - UNIFORM PRESENTATION OF FINANCES

The following is a detailed summary of both operating and capital investment activities of EHA prepared on a modified Uniform Presentation Framework basis, adjusted for timing differences associated with prepaid Federal assistance Grants required to be recognised as revenue on receipt in accordance with Australian Accounting Standards.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

	2025 \$	2024 \$
Income		
<i>Council contributions</i>	2,094,100	1,970,200
<i>Statutory charges</i>	164,917	152,387
<i>User charges</i>	338,543	414,731
<i>Grants, subsidies and contributions` - Operating</i>	248,910	249,436
<i>Investment income</i>	52,777	37,380
<i>Other income</i>	20,971	913
	<u>2,920,218</u>	<u>2,825,047</u>
Expenses		
<i>Employee costs</i>	(1,823,552)	(1,847,846)
<i>Materials, contracts and other expenses</i>	(649,271)	(636,970)
<i>Depreciation, amortisation and impairment</i>	(183,012)	(175,901)
<i>Finance costs</i>	(64,887)	(36,923)
	<u>(2,720,722)</u>	<u>(2,697,640)</u>
Operating Surplus / (Deficit)	199,496	127,407
Net Outlays on Existing Assets		
Add back Depreciation, Amortisation and Impairment	183,012	175,901
	158,403	175,901
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	-	(14,141)
Finance Lease Payments for Right of Use Assets	175,381	170,043
	<u>175,381</u>	<u>155,902</u>
Adjusted Annual Net Impact to Financing Activities surplus/ (deficit)	<u>533,280</u>	<u>459,210</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 11 - LEASES

EHA as a Lessee

Right of Use Assets

Set out below are the carrying amounts (written down value) of right of use assets recognised within Property, Plant & Equipment and the movements during the period:

Right of Use Assets (<i>Carrying Value</i>)	Building & Other Structures	Plant, Machinery & Equipment	Office Equipment	Total
At 1 July 2024	720,000	92,367	-	812,367
Additions	369,717	41,459	-	411,176
Depreciation Charge	(100,086)	(48,422)	-	(148,508)
At 30 June 2025	989,631	85,404	-	1,075,035

Set out below are the carrying amounts of lease liabilities (including under interest bearing loans and borrowings) and the movements during the period:

	2025
Opening Balance 1 July 2024	921,775
Additions	411,176
Payments	(113,512)
Closing Balance 30 June 2025	1,219,439
Current	126,237
Non Current	1,093,202

The maturity analysis of lease liabilities is included in Note 9.

The following are amounts recognised on profit or loss:

Depreciation expense right of use assets	148,508
Interest expense on lease liabilities	58,621
Expenses relating to short term leases	9,018
Total amount recognised in profit and loss	216,147

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 12 – SUPERANNUATION

EHA makes employer superannuation contributions in respect of its employees to Hostplus (formerly Local Government Superannuation Scheme and Statewide Super). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (11.5% in 2024-25; 11% in 2023-24). No further liability accrues to EHA as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. EHA makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2023-24) of "superannuation" salary.

In addition, EHA makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), EHA does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2023. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to EHA's contribution rates at some future time.

Contributions to Other Superannuation Schemes

EHA also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to EHA.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 13 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingencies. Assets or liabilities not recognised in the financial statements for the year ended 30 June 2025.

Note 14 - EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There are no events subsequent to 30 June 2025 that need to be disclosed in the financial statements.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 15 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of EHA include the Chairperson, Board Members, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, the Key Management personnel were paid the following total compensation:

	2025	2024
	\$	\$
Salaries, allowances & other short term benefits	223,826	195,848
TOTAL	223,826	195,848

Amounts received from Related Parties during the financial year.

	2025	2024
	\$	\$
City of Burnside	588,959	549,526
Cambelltown City Council	530,383	485,862
City of Norwood, Payneham & St Peters	641,814	623,600
City of Prospect	248,997	222,106
Town of Walkerville	83,947	89,106
TOTAL	2,094,100	1,970,200

Amounts paid to Related Parties during the financial year.

	2025	2024
	\$	\$
City of Norwood, Payneham & St Peters	119,138	112,121
TOTAL	119,138	112,121

DESCRIPTION OF SERVICES

Assist the Constituent Councils to meet their legislative responsibilities in accordance with the SA Public Health Act 2011, the Food Act 2001 (SA), the Supported Residential Facilities Act 1992 (SA), the Expiation of Offences Act 1996 (SA), (or any successor legislation to these Acts) and any other legislation regulating similar matters that the Constituent Councils determine is appropriate within the purposes of EHA; Take action to preserve, protect and promote public and environmental health within the area of the Constituent Councils.



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2025**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2025, Dean Newbery, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

A handwritten signature in black ink, appearing to read 'Michael Livori', written over a horizontal dotted line.

Michael Livori
CHIEF EXECUTIVE OFFICER

A handwritten signature in black ink, appearing to read 'MD Harding', written over a horizontal dotted line.

Madeleine Harding
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 13/08/2025



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2025, the Auditor, Dean Newbery, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

A handwritten signature in black ink, appearing to read 'Julia Grant', is positioned above a horizontal dotted line.

.....
Julia Grant
**CHIEF EXECUTIVE OFFICER
CITY OF BURNSIDE**

Date: 9 July 2025



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

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This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

.....
Paul Di Iulio
**CHIEF EXECUTIVE OFFICER
CAMPBELLTOWN CITY COUNCIL**

Date: 2.7.2025



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

CERTIFICATION OF AUDITOR INDEPENDENCE

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This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



.....
Mario Barone
CHIEF EXECUTIVE OFFICER
CITY OF NORWOOD, PAYNEHAM & ST PETERS

Date: 04. 08. 2025.



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

CERTIFICATION OF AUDITOR INDEPENDENCE

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This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

A handwritten signature in black ink, appearing to read 'Chris White', is positioned above a horizontal dotted line.

Chris White
**CHIEF EXECUTIVE OFFICER
CITY OF PROSPECT**

Date: 10 July 2025



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2025, the Auditor, Dean Newbery, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

A handwritten signature in black ink, appearing to be 'CA' followed by a large loop and a horizontal stroke.

.....
Dr Andrew Johnson
CHIEF EXECUTIVE OFFICER
CORPORATION OF THE TOWN OF WALKERVILLE

Date: 4 July 2025

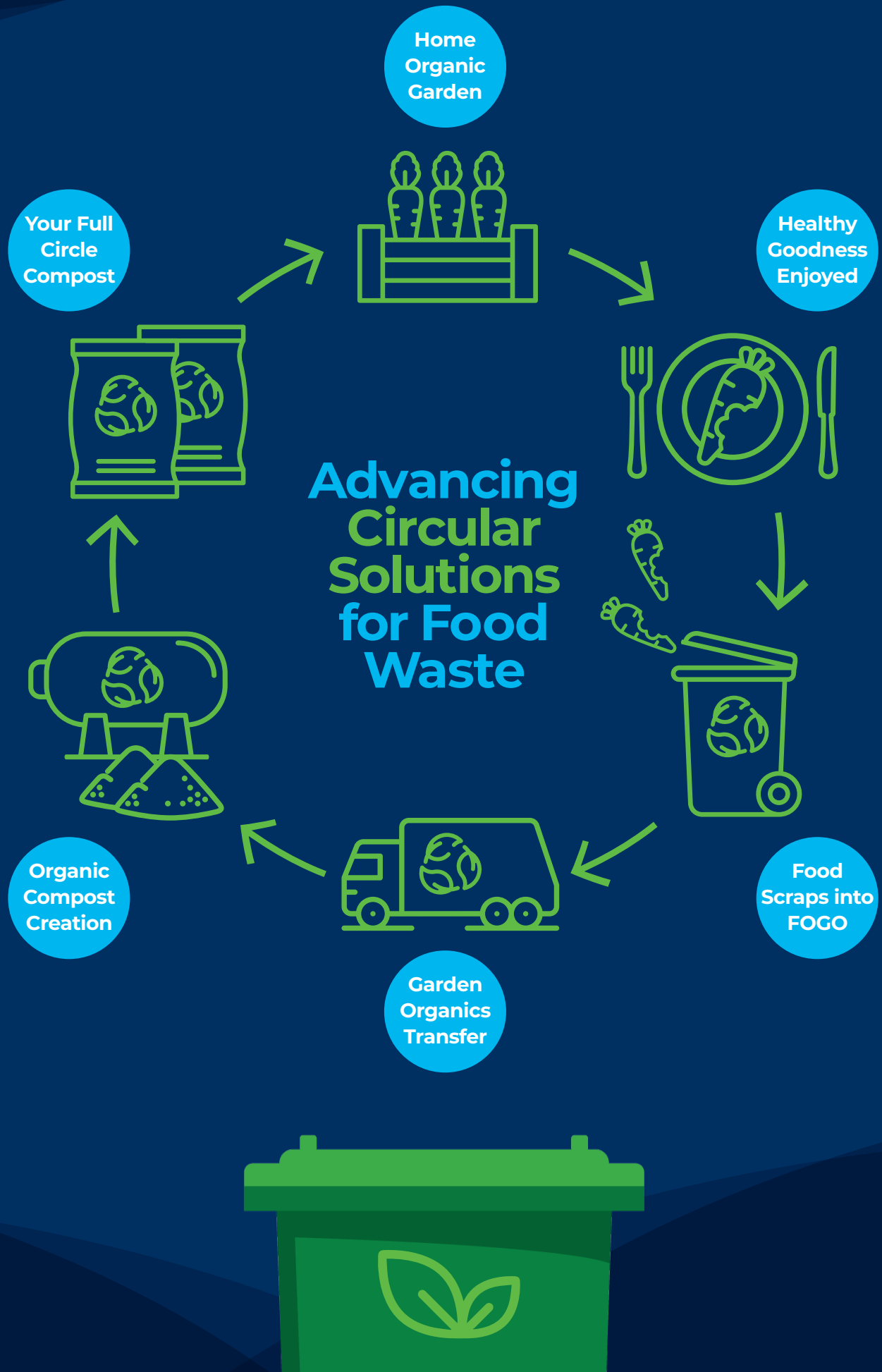
Attachment B

Regional Subsidiaries Audited Financial Statements for the Year Ended 30 June 2025

Eastern Waste Management Authority Inc

EastWaste

Annual Report 2024-2025



East Waste has continued to strengthen its overall operational capacity.



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Introduction

ABOUT EAST WASTE

Eastern Waste Management Authority (East Waste) is a regional subsidiary formed under Section 43 of the Local Government Act 1999. We proudly provide waste collection services to the following Member councils:

- Adelaide Hills Council
- City of Burnside
- Campbelltown City Council
- City of Mitcham
- Norwood Payneham & St Peters Council
- City of Prospect
- City of Unley
- The Town of Walkerville

East Waste is dedicated to delivering innovative and sustainable waste management solutions, tailored to meet the needs of our Member Councils and their communities.

Our Purpose

East Waste exists to serve its Member Councils and their communities by providing safe, reliable, and sustainable waste and resource management services. Established under the East Waste Charter, our role is to deliver value through efficiency, innovation, and environmental responsibility.

In accordance with the Charter, East Waste is responsible for:

- **Collection services** – predominantly operating or procuring waste, recycling, and organics collection on behalf of our Member Councils and other approved councils.
- **Comprehensive waste management** – providing services both within and (where permitted) beyond our Member Councils' areas, including recycling of organic and inorganic materials, responsible waste disposal, and education programs to support lasting community behaviour change.
- **Resource recovery and environmental stewardship** – managing kerbside collections, materials recovery, and associated services in a way that is environmentally responsible, effective, efficient, economical, and competitive.

Through these functions, East Waste supports its Member Councils to achieve their sustainability goals while contributing to a cleaner, healthier future for the region.

Our Vision

To be the leading waste logistics company in Australia through the delivery of innovative collections and resource management services to our Member Councils and their communities.

Our Mission

Delivering leading edge solutions and services for a cleaner and sustainable future.

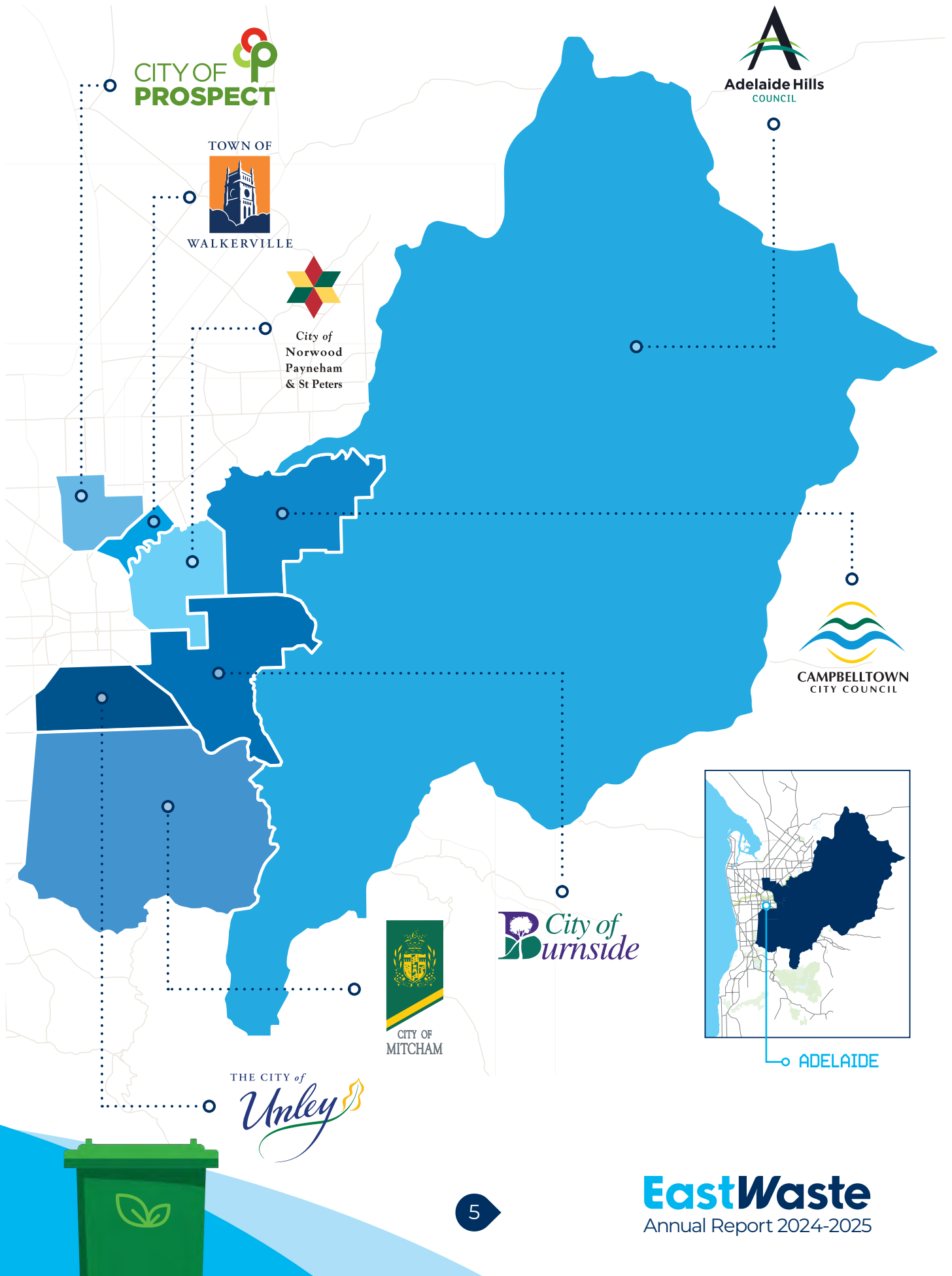
Our Values

East Waste is committed to innovation, environmental responsibility, and collaboration. We continuously seek improvements in our services and technologies to enhance sustainability and maximise resource recovery. Through continuous improvement and a focus on transparency and integrity, we strive to deliver exceptional value to our communities and ensure responsible waste management practices.



East Waste

SERVICE AREA



Chairperson's REPORT

I am pleased to present my sixth Annual Report as Chairperson of East Waste, covering the 2024/2025 financial year. This year has been one of change, reflection and continued progress on core projects. The Board has focused on long-term strategy, innovation, and strengthening collaboration with our Member Councils.

The waste management sector is undergoing rapid change, with new environmental targets, technology advancements, and evolving community expectations reshaping the way services are delivered. East Waste has embraced these challenges, working with our Member Councils to ensure we remain at the forefront of sustainable and efficient waste management.

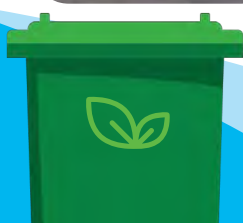
A highlight of the year has been the ongoing support of Food Organics and Garden Organics (FOGO) trials and rollouts across a number of our Member Councils. These programs are not only reducing landfill but also fostering lasting behavioural change within our communities. The lessons learned will be critical in shaping broader rollouts and helping councils meet ambitious diversion targets in the years ahead.

Strategic planning has been a major focus for the Board. The development of the Fleet Asset

Management Plan provides a clear roadmap for future fleet investment, ensuring services are delivered safely, reliably, and sustainably. The review of the Strategic Risk Register and the adoption of carbon reporting demonstrate our commitment to forward-looking decision-making and positioning East Waste as a leader in environmental responsibility.

The Board also strengthened East Waste's governance framework through the adoption of newly developed policies, including a Diversity & Inclusion Policy, Leave Policy, and Credit Card Policy. These reflect our ongoing commitment to transparency, accountability, and building a values-based organisation.

This year also marked a period of leadership renewal. We farewelled Cr Claire Clutterham, Mayor Heather Ross Holmes and Claude Malak, and welcomed Cr Grant Piggott,



Chairperson's REPORT

Cr Pia George and Aaron Wood to the Board. We also acknowledge the contribution of Sandra De Blasio, who completed her service on the Audit & Risk Management Committee.

Importantly, we navigated a transition in organisational leadership, with General Manager Mr Rob Gregory departing in November 2024. I thank Rob for his significant contribution to our journey and wish him the best in his next career in the waste management sector.

I want to acknowledge Mr David Maywald for his commitment as Acting General Manager. David managed the organisation and the transition with the minimum of fuss and engaged meaningfully with the Member Councils to map a way forward as part of the transition of our leadership.

In July 2025, the Board were delighted to appoint Mr Leonard Leyland as our new General Manager. Leo brings extensive experience in logistics and a clear focus on building strong partnerships

with our Member Councils, ensuring their voices remain central to East Waste's future direction.

As we look forward, the Board is committed to driving innovation, collaboration, and strategic growth. Our role is to ensure that East Waste continues to adapt, invest wisely, and support our Member Councils in delivering sustainable waste solutions that meet the needs of today while preparing for the challenges of tomorrow.

On behalf of the Board, I extend my thanks to



Fraser Bell
Independent Chairperson

our Member Councils, staff, and management team. Together, we are building a progressive, resilient, and innovative organisation that is delivering long-term value for the communities we serve.



East Waste and AHC
hosted a Touch-a-Truck
event in March 2025,
delighting kids.



General Manager's REPORT

I am honoured to present my first report as General Manager of East Waste, following my recent appointment. Having previously held senior leadership roles within logistics and service based organisations, I am confident I can build on the strong foundations at East Waste and lead the organisation into its next phase of growth and innovation.

I would like to acknowledge the contribution of my predecessor, Rob Gregory, and extend my thanks to the Leadership Team for their stewardship during the recruitment process, especially the effort of David Maywald who continued in his extant role whilst taking on the additional responsibilities of acting GM. Their efforts ensured East Waste remained focused and effective during a period of transition.

In preparing this Annual Report, I have reviewed the key achievements of 2024/25. It is clear that East Waste has continued to strengthen its operational capacity, support our member councils in achieving their waste diversion goals, and set the groundwork for future sustainability.

A notable highlight of the year has been our continued support of member councils with their Food Organics and Garden Organics (FOGO) trials and rollouts. These initiatives are proving

critical in reducing waste to landfill, driving community engagement, and achieving the State's diversion targets. The learnings from these programs are invaluable and will inform broader rollouts in the years ahead.

Operationally, East Waste achieved 100% completion of the WHS Action Rebate Plan, reflecting our commitment to safety and continuous improvement. We also adopted the 2025/26 Annual Plan and Budget, ensuring alignment with our member councils' priorities and maintaining a strong focus on delivering efficient and cost-effective services.

The development and adoption of our first Fleet Asset Management Plan was another important milestone. This plan provides a clear framework for investment and renewal decisions, ensuring that our fleet continues to deliver reliable, safe, and sustainable services well into the future.



General Manager's REPORT



This year also marked the commencement of carbon reporting, an important step in understanding and reducing our environmental impact. Alongside this, we have initiated a Financial Model and Strategy Review to strengthen long-term planning and ensure resources are directed where they deliver the greatest value.

The very positive findings of the external finance audit reaffirmed the strength of our financial management and internal systems. These results are a credit to the professionalism and dedication of our staff, who continue to deliver high-quality services to our communities every day.

Looking ahead, my focus will be on building strong, collaborative relationships with our member councils. Ensuring councils are at the centre of East Waste's decision-making and are provided with clear, timely, and relevant information. By working in partnership, we can deliver services that meet local needs whilst also

positioning East Waste as a leader in sustainable waste management.

I extend my thanks to the Board, the Audit & Risk Management Committee, our dedicated staff, and, most importantly, our member councils for their trust and support. I look forward to working closely with all of you as we continue to deliver value, innovation, and sustainability for the communities we serve.



Leonard Leyland
General Manager



East Waste spreading recycling know-how at the Burnside Carols.



Strategic

DIRECTION

Strategic Management Framework

East Waste's Strategic Plan 2020-2030 (the Plan) outlines East Waste's vision and sets the goals and priorities that guide and will continue to guide our decision making over the remainder of the plan.

East Waste is undergoing a transformational shift from a reactive waste collection service provider to a broader role as a resource manager and active community behaviour change agent. This transformation presents significant opportunities to reshape how our community perceives and manages waste, ensuring maximum value and reuse potential from the resources we collect. With our unique connection to Councils and direct service delivery, East Waste is well positioned to help drive this change.

The Plan provides a clear direction for our various strategic initiatives and is implemented through actions that directly benefit our Member Councils and the communities we serve. While the Plan does not encompass every aspect of our

operations, it focuses on the following strategic drivers that will shape our future:

- Reducing and Recycling Food Waste
- Changing Recyclables Market
- Federal and State Strategies and Policies
- Solid Waste Levy.

East Waste's suite of Strategic Management Plans provide further detail on how we will achieve our vision. The key Strategic plans include:

- Strategic Management Plan
- Fleet Asset Management Plan
- Long Term Financial Plan.



Strategic DIRECTION



Strategic Plan Implementation and Outlook

Over the past year, East Waste strengthened its role as a leader in waste management by delivering on key aspects of our Strategic Plan, Long Term Financial Plan, and Fleet Asset Management Plan.

Together, these plans guide our transition from simply collecting waste to becoming a proactive resource manager and driver of community behaviour change.

This year, we:

- Delivered reliable kerbside services across our Member Councils.
- Helped achieve some of South Australia's highest landfill diversion rates.
- Expanded community education programs, including Which Bin? and Why Waste It?.
- Continued to manage and maintain a modern fleet to industry best practice.

Looking ahead, our focus for 2025/2026 is on building a cleaner and more sustainable future by:

- Expanding service options and partnerships with councils.
- Increasing recycling and food waste recovery,

while reducing contamination in household bins.

- Providing tailored waste services for multi-unit dwellings and businesses.
- Delivering leading behaviour change programs in schools and communities.
- Preparing for a future transition to low-emission fleet technologies.
- Through these efforts, East Waste will continue to deliver value for our Member Councils and the communities we serve, while supporting the development of a strong local circular economy.

These Strategic Management Plans are supported by a hierarchy of East Waste's strategies and policies which will be delivered through action plans, management plans, internal work plans and the Annual Business Plan and Budget.



Governance

& LEADERSHIP

Our Board

As defined by the East Waste Charter, the Board comprises eight (8) Directors – one (1) Director appointed by each of the Member Councils (Executive or Elected Member), and one (1) independent person appointed by the Board, with endorsement from all Constituent Councils, who serves as Chairperson.

In accordance with the Charter, each Member Council may also appoint a Deputy Director. The Board plays a vital role in shaping East Waste's strategic direction, ensuring strong governance, and guiding the organisation toward future success. Their collective expertise and leadership have been instrumental in overseeing the

delivery of our Strategic Management Plans, supporting innovation in service delivery, and ensuring that East Waste continues to provide value to Member Councils and their communities.

The Board's collaborative approach has also positioned East Waste as a trusted regional partner in advancing sustainability and resource recovery. The Board appoints a General Manager who is responsible for implementing decisions made by the Board and managing the day-to-day operations of the Authority. In keeping with East Waste's commitment to sound financial management and transparency, the Chairperson of the Board receives a modest stipend of \$26,000, with no other allowances paid to Members of the East Waste Board.

East Waste Board

As at 30 June 2024

Fraser Bell
Independent
Chairperson



Mayor Melissa Jones
Deputy Chair
The Corporation of the
Town of Walkerville



Cr. Grant Piggott
City of Norwood
Payneham & St Peters



Sam Dlena
City of Prospect



Cr. Pia Goerge
City of Mitcham



Cr. Lucy Huxter
Adelaide Hills Council



Cr. Ted Jennings
City of Burnside



Mr Paul Di Iulio
Campbelltown City
Council



Claude Malak
City of Unley



Governance & LEADERSHIP

Our Management

East Waste Administration is responsible for the coordination, implementation, and management of Board decisions, services, and activities in line with the East Waste Strategic Plan.

During the year, there were several changes in the leadership of the organisation. Mr Rob Gregory served as General Manager until November 2024, followed by Mr David Maywald, who provided stability and leadership as Acting General Manager until July 2025. In July 2025, Mr Leonard Leyland was formally appointed to the role of General Manager, ensuring continuity and a renewed focus on delivering East Waste's strategic priorities.

The General Manager is supported by three Managers, who together form the Executive Team. Each Manager leads a portfolio aligned with East Waste's key areas of business:

- **Manager Business Services**

- Information Services
- Governance
- Customer Service

- Work Health & Safety
- Risk
- Procurement / Contract Management
- Data/Reporting

- **Manager Operational Services**

- Fleet Asset Management
- Workshop Management
- Service delivery Oversight
- Operational Improvement
- Depot Maintenance

- **Manager HR & Financial Services**

- Payroll
- Accounts Payable
- Accounts Receivable
- Human Resources
- Workforce Development
- Employee Relations
- Budgeting & Forecasting

In 2045/25 the Executive Leadership Team received the following remuneration:

Executive Leadership Team	Female	Male	Salary Range
General Manager		1	\$193,000
Manager	1	2	\$136,000 - \$156,500

Salary packages available to the Executive Leadership Team included:

- Use of a motor vehicle or payment of a motor vehicle allowance
- Reimbursement for mobile telephones.

There were no additional allowances, benefits or bonuses paid to members of the Executive Team.



Governance

& LEADERSHIP

Governance Framework

East Waste's governance framework is a structured system of rules, practices, processes, and relationships that guide how East Waste is directed, managed, and helps to ensure accountable. It provides the foundation for achieving organisational goals, ensuring compliance with legislation, managing risks, and aligning the interests of our Constituent Councils.

Board Meetings Held in Confidence

East Waste is committed to open, accountable, honest and reasonable decision making, Members of the public are welcome to attend meetings of the East Waste Board and Board Committees. On occasion, the Board and its Committees may be closed to the public under

section 90(2) of the *Local Government Act 1999* in order to consider matters of a confidential nature. They may also make an order under section 91(7) to retain information in confidence.

The table below details the Items considered by the East Waste Board in confidence.

Date of Meeting	Subject	Order Expiry Date	LG Act Reference	Items retained in confidence	Items released from confidence
14 August 2024	East Waste Business Operations Centre Lease	Until the lease is executed.	90(3)(d)	Report, Attachment, Minutes	All
26 September 2024	RFT 2024/05: Municipal Solid Waste Processing / Disposal Tender Evaluation Report	Until further order.	90(3)(d)	Report, Attachment, Minutes	All
26 September 2024	Draft Fleet Asset Management Plan & Strategy	Until further order.	90(3)(d)	Appendix 1 within Attachment A	All
26 September 2024	Resignation of General Manager East Waste	Until further order.	90(3)(a)	Minutes	All
17 October 2024	East Waste Aggregated Contract Risk & Opportunity	Until further order.	90(3)(h)	Report, Attachment, Minutes	All
29 October 2024	Municipal Solid Waste Contract	Until further order.	90(3)(h)	Report	All
21 November 2024	RFT 2025/07: Cab Chassis & Compactors	Until further order.	90(3)(b)	Report, Attachment, Minutes	Nil.
21 November 2024	Appointment of Independent Consultant	Until further order.	90(3)(b)	Report, Attachment, Minutes	All
26 June 2025	RFT 2025/04: Bulk Fuel	Until further order.	90(3)(d)	Report, Minutes, Attachment A, B, C	Nil.



Governance & LEADERSHIP

In June 2025 the East Waste Board remade the orders on three (3) items and released 24 items from confidence.

A copy of East Waste's Confidential Item Register is available to view on our website.

Local Government Act Reference Explanation

90(3)(a) Personal Affairs	90(3)(j) Information provided on a confidential basis by a Minister of the Crown
90(3)(b) Commercial Advantage	
90(3)(c) Trade Secret	
90(3)(d) Commercial Information (not a trade secret)	90(3)(k) Tenders
90(3)(e) Security/Safety	90(3)(m) Proposed Amendment to a Development Plan
90(3)(g) Breach any Law	
90(3)(h) Legal Advice	90(3)(n) Freedom of Information Act 1991
90(3)(i) Litigation	90(3)(o) Award Winner

Delegated Authority

The East Waste Board (Board) exercises a range of statutory powers and functions. In November 2024 the Board delegated the authority to make decisions on specified matters to the General Manager or anyone acting in that position.

East Waste's Register of Delegations reflects the delegated authority from the Board to the General Manager (and subsequently any further sub-delegations). The Register of Delegations is available to view on East Waste's website.

Access to Documents Held by East Waste

Most information and documentation held by East Waste is available for public inspection and is readily available without recourse to the *Freedom of Information Act 1991*.

Copies of the following policies are available on the East Waste website:

- Behaviour Standards Policy
- Budget Framework Policy
- Code of Practice – Procedures at Meetings
- Complaint Handling Policy
- Credit Card Policy
- Diversity and Inclusion Policy
- Leave Policy

- Member Council Rebate and Distribution Policy
- National Competition Policy
- Policy Development Policy
- Procurement Policy
- Prudential Management Policy
- Risk Management Policy
- Sale and Disposal of Assets Policy
- Sexual Harassment Policy
- Treasury Management Policy

Pursuant to section 132 and Schedule 5 of the *Local Government Act 1999* the following categories of documents are available on the East Waste website. Upon request a printed copy can be provided:

- Eastern Waste Management Authority Charter
- Strategic management plans
- Registers and Returns
- Codes
- Meeting papers
- Policy and administrative documents

Freedom of Information

Request for information that is not generally readily available to the public will be considered



Governance & LEADERSHIP



under the *Freedom of Information Act 1991*. Freedom of Information forms and a list of fees and charges applicable to requests are available from east@eastwaste.com.

East Waste did not receive any Freedom of Information Applications in the 2024/25 period.

In accordance with section 9 of the *Freedom of Information Act 1991*, East Waste must make available for public inspection an annual 'Information Statement' that provides an overview of its structure, functions and documents. This information is detailed in other sections of this Annual Report and can be viewed on East Waste's website.

Request to Review an Internal Decision

A person may request a review of a decision of the East Waste Board or an East Waste employee in accordance with section 270 of the *Local Government Act 1999* and East Waste's Complaint Handling Policy.

East Waste did not receive any requests to review an internal decision in the 2024/25 period.

Public Interest Disclosures

The Public Interest Disclosure Act 2018 protects people who disclose information about serious wrong doing within the South Australian public sector, including council subsidiaries. East Waste does not tolerate improper conduct by its employees, officers or Elected Members, or the use of reprisals against those who disclose such conduct. Due to the nature of the *Public Interest*

Disclosure Act 2018, there are no statistics on disclosures received.

Corporate Credit Cards

As part of our commitment to transparency and accountability, East Waste provides a statement outlining corporate credit card expenditure each reporting year.

A small number of Leadership staff are provided with corporate credit cards to enable the efficient procurement of goods and services directly related to business operations. This ensures timely payments, particularly for online or immediate transactions, while reducing administrative costs.

Strict controls are in place to ensure financial responsibility, including a Credit Card Policy which was recently endorsed by the Board in 2024/2025. All staff issued with a credit card must provide valid tax invoices and proof of purchase for every transaction. All information is subject to regular internal review and is available for audit and scrutiny. Credit cards are also required to be returned immediately upon cessation of employment.

In 2024/25, five corporate credit cards were active. Purchases were made primarily for operational needs and business continuity, with total expenditure for the year amounting to \$50,310. This reflects East Waste's ongoing commitment to prudent financial management and the responsible use of public funds.



Governance

& LEADERSHIP

Governance

East Waste is governed by a Board in accordance with the *Local Government Act 1999*, the *Eastern Waste Management Authority Charter (Charter)*, and other relevant policies. The Board provides strategic leadership, oversight, and direction, ensuring that East Waste delivers high-quality, sustainable services for the benefit of our Member Councils and communities.

In accordance with the East Waste Charter, each Constituent Council appoints a Deputy Director for a term determined by that Council. Deputy Directors may act in place of their Council's Director when required, exercising the same powers and responsibilities as a Director. Their participation ensures continuity of governance and supports the Board in making informed decisions on behalf of all Member Councils.

During the 2024/25 financial year, the Board actively considered reports and recommendations from Administration and the Audit & Risk Management Committee, set budgets, and made decisions on strategies and policies to guide the organisation's ongoing operations.

These decisions provide the framework for sound governance, operational excellence, and long-term planning at East Waste.

The Board held five Ordinary meetings on in the Mayor's Parlour, City of Norwood, Payneham, and St Peters. All meetings were open to the public, conducted in accordance with the *Local Government Act 1999* and the Charter, except where items were classified as confidential under the Act.

In May 2024, the Board adopted a Code of Practice – Procedures at Meetings, providing clear guidance on meeting conduct.

The Code is available on the East Waste website.



Governance & LEADERSHIP

Constituent Council Representation at Board Meeting 2024/25

Representing	Ordinary Meetings	Special Meetings	Total Attendance
Independent Chairperson	5	5	100%
Adelaide Hills Council	5	5	100%
City of Burnside	5	4	90%
Campbelltown City Council	5	5	100%
City of Norwood, Payneham and St Peters	5	4	90%
City of Mitcham	5	3	80%
City of Prospect	5	3	80%
City of Unley	4	4	80%
Corporation of the Town of Walkerville	4	5	90%

In addition to the Ordinary meetings, the Board convened five Special meetings during the year to address time-sensitive matters and strategic opportunities.

The table on the following page summarises Board Director attendance across all ten meetings, reflecting the active engagement and commitment of Directors in guiding East Waste's governance and future direction.

Their participation ensures continuity of governance and supports the Board in making informed decisions on behalf of all Member Councils.

During the 2024/25 financial year, the following Deputy Directors attended the meetings listed below, actively contributing to strategic discussions, oversight, and decision-making that guide East Waste's operations and future direction:

For the period 1 July 2024 to 30 June 2025, the Board had two Committees being:

- Audit and Risk Management Committee
- General Manager Performance Development Review Committee.

A summary of the functions, membership and meeting arrangements for each of the Committees follows.

All Committees are required to operate within their own Terms of Reference and may be required to make recommendations to the Board. The recommendations will only take effect when adopted by the Board. Copies of the Terms of Reference, Agendas and Minutes for each Committee may be found on East Waste's website.



East Waste focus is shifting from waste collection to resource management.



Governance & LEADERSHIP

Committees

Audit & Risk Management Committee Annual Report 2024/25

East Waste's Audit & Risk Management Committee is established in accordance with Clause 31 of the Eastern Waste Management Authority Charter (as gazetted on 28 June 2022) and Schedule 2, Clause 30 of the *Local Government Act 1999* (the Act).

The Committee is established to provide independent assurance and advice to East Waste on accounting, financial management, internal controls, risk management, internal and external audits.

The Committee has undertaken its principal functions as outlined in Clause 30(4), Schedule 2 of the *Local Government Act 1999* which includes:

- Reviewing the annual financial statements to ensure that they provide a timely and fair view of the state of affairs of the subsidiary.
- Liaising with external auditors.
- Reviewing the adequacy of the accounting, internal auditing, reporting and other financial management systems and practices of the subsidiary on a regular basis.

Message from the Chairperson

The Committee's body of work is progressing in maturity, and it remains committed to ensuring that its contributions effectively support the strategic objectives of East Waste.

On behalf, of the Committee I would like to thank members and management for their valuable contributions to the work of the Committee over this period.

In particular, I would like to acknowledge the commitment and dedication of Ms Sandra Di Blasio, who after serving (almost) three (3) terms on the Audit and Risk Management Committee tendered her resignation in March 2025.

Member Councils are invited to provide feedback

on the performance of the Committee for the continuing development of the Committee's operations.



Emma Hinchey
Chair

East Waste Audit & Risk Management Committee

Membership, Meetings and Performance

The Committee's Terms of Reference specify that Membership of the Committee shall be as follows:

- Three (3) Independent Members determined by the Board to have experience relevant to the functions of the Committee.
- One (1) Member of the Board determined by the Board to have experience relevant to the functions of the Committee.
- The appointment of the Independent

Chairperson of the Board to the Committee shall be a standing appointment.

Membership of the Committee for the 2024/25 year was as follows:

- **Independent Presiding Member:** Mrs Emma Hinchey.
- **Independent Members:** Ms Linda Green, Ms Sandra Di Blasio (resignation March 25)
- **Independent Board Chairperson:** Mr Fraser Bell
- **Board Appointed Member:** Mr Paul Di Iulio



Governance

& LEADERSHIP

Attendance at Meetings

Committee Member	17 September 2024	13 November 2024	19 February 2025	23 April 2025	18 June 2025	Percentage of meetings attended
Emma Hinchey	✓	✓	✓	✓	✓	100%
Sandra Di Blasio	✓	✓	Apology	Resigned in March '25		66%
Linda Green	✓	✓	✓	✓	Apology	80%
Fraser Bell	✓	✓	✓	✓	✓	100%
Paul Di Iulio	✓	✓	✓	✓	✓	100%

Sitting Fees

The Independent Chairperson received a sitting fee of \$660 (ex GST where applicable) for each meeting attended. Independent Members received a sitting fee of \$550 (ex GST where applicable) for each meeting attended.

The sitting fees will be indexed in November 2025.

Sitting fees are not paid to Board Members on the Committee.

Committee Activities for 2024/25

During the 2024/25 financial year the Committee met on five (5) occasions and considered a total of 45 items covering topics such as, but not limited to:

- Financial Statements and Budget Reviews
- Treasury Management Performance Report
- Review of the Long Term Financial Plan FY2025-2034
- 2023/24 Annual Report
- 2025/26 Annual Plan and Budget
- External Audit Plan
- Proposed Internal Audit Process
- Strategic Risk Register Review

- Draft Fleet Asset Management Plan and Strategy
- Prudential Review – Municipal Solid Waste Contract Project
- Prudential Review – Supply of Collection Vehicles
- Request for Tender – Cab Chassis Compactors
- Request for Quote – Provision of Internal Audit Services
- Communication System Upgrade – Customer Service Metrics
- Review of Delegated Powers
- Board and Committee Performance Evaluations
- Reviews of existing and proposed policies.

Looking ahead, the Audit and Risk Management Committee will continue to strengthen oversight of East Waste's financial reporting, internal controls, and risk management practices to ensure transparency, compliance, and long-term resilience.



Governance

& LEADERSHIP



General Manager Performance Development Review Committee

The East Waste Board is responsible for the appointment of the General Manager. The General Manager Performance Committee facilitates the enhancement of performance planning and review processes for the General Manager and is responsible for management of the employment contract and setting the remuneration of the General Manager.

The Committee operates according to its Terms of Reference and consists of three (3) member, one of whom is the Chairperson of the Board.

Membership of the Committee for 2024/25 was as follows:

- **Chairperson:** Mr Fraser Bell
- **Board Members:** Mayor Dr Heather Holmes
Ross and Councillor Claire Clutterham.

Attendance at Meetings

In accordance with the Committee's Terms of Reference it held one meeting on 17 June 2024. All members of the Committee were in attendance.

One matter was determined by Circular Resolution in February 2024.

No Sitting Fees are paid to this Committee.

Risk Management/Internal Controls

East Waste is committed to managing risks effectively to safeguard its staff, assets, operations, and the communities it serves.

Risk management has become a more significant focus in recent years and is now embedded throughout the organisation, from strategic planning to day-to-day operational activities, ensuring that decisions are informed, responsible, and aligned with the Authority's objectives. East Waste's risk Management framework is guided by the *Local Government Act 1999*, the East Waste Charter, and contemporary risk management standards.

Risk Management Framework

The Board provides oversight of East Waste's risk management framework, supported by the Audit & Risk Management Committee and the Executive Team.

Risks are identified, assessed, and monitored through a structured process that includes the use of risk registers, regular reviews, and reporting mechanisms.



Governance & LEADERSHIP

Key Risks and Mitigation Strategies

East Waste manages a broad range of risks, including operational, financial, compliance, environmental, and reputational risks. Examples of mitigation strategies include:

- **Operational Risks:** Fleet maintenance programs, driver management, and workshop procedures ensure safe and reliable service delivery.
- **Financial and Compliance Risks:** Internal controls, budgeting, auditing, and corporate credit card policies safeguard financial integrity and legislative compliance.
- **Waste Diversion Programs:** FOGO rollouts, and carbon reporting support sustainable practices and compliance with environmental standards.
- **Workforce Risks:** Training, WHS programs, and clear policies maintain a safe and skilled workforce capable of meeting operational demands.

Internal Controls

East Waste maintains a robust system of internal controls designed to safeguard assets, ensure accurate financial reporting, and maintain compliance with policies and legislation.

Key controls include:

- **Financial Controls:** Budget management, monthly reporting, internal audits, and expenditure approvals.
- **Operational Controls:** Fleet and depot management, service scheduling, and risk-based maintenance programs.
- **Information and Technology Controls:** Data security, system backups, and monitoring protocols.

Governance and Oversight

The Board, supported by the Audit & Risk Management Committee, regularly reviews East Waste's strategic risks. Key risks and

mitigation outcomes are reported annually, ensuring oversight, accountability, and transparency in decision making.

Continuous Improvement

East Waste is committed to continuously enhancing its risk management and internal control framework. Initiatives include ongoing staff training, process improvement, and the adoption of emerging technologies such as Artificial Intelligence (AI) to improve predictive maintenance, route planning, and operational efficiency.

These initiatives strengthen the organisation's ability to anticipate and respond to risks, supporting long-term sustainability and service excellence.

Through a proactive approach to risk management and robust internal controls, East Waste ensures that it can continue delivering safe, sustainable, and high-quality services while providing value to Member Councils and the communities they serve.



Performance & OPERATIONS

Year in Review

Highlights and Achievements

The 2024/25 financial year has been one of growth, innovation, and operational excellence for East Waste. Key highlights and achievements include:

Strategic and Operational Success

Strengthened operational capacity across our fleet and workforce, ensuring safe, reliable, and cost-effective services.

Completed 100% of the WHS Action Rebate Plan, demonstrating our commitment to workplace safety and continuous improvement.

Anticipated end of year operating surplus, reflecting our dedication to providing efficient, cost-effective services to our Member Councils and communities

Adopted the 2025/26 Annual Plan and Budget, aligning financial and operational priorities with Member Council expectations.

Waste Diversion and Sustainability

Continued support for Food Organics and Garden Organics (FOGO) trials and rollouts, reducing landfill, engaging communities, and contributing to South Australia's waste diversion targets.

Achieved a member council average of 56% of material diverted from landfill, reflecting a strong focus on resource recovery and environmental stewardship.

Initiated carbon reporting and developed a Fleet Asset Management Plan, providing a roadmap for low-emission fleet investment and sustainable operations.

Financial and Governance Excellence

Positive findings from the external finance audit reaffirmed the strength of our financial management, governance framework, and internal controls.



Performance & OPERATIONS

Adoption of new policies, including Diversity & Inclusion, Leave, and Credit Card Policies, enhancing transparency, accountability, and a values-based organisational culture.

Community Engagement and Service Delivery

Delivered 10.3 million bin collections and 28,154 hard waste collections, supporting Member Councils in meeting community expectations.

Collected and recycled 12,968 mattresses, 7,143 repaired bins, and approved 9,902 additional bin permits.

Handled 98,945 customer enquiries via telephone and online/email channels, ensuring responsive and high-quality customer service.

Leadership and People

Transitioned leadership seamlessly, with Leonard Leyland appointed as General Manager in July 2025.

The Board and Executive Team provided strong governance, strategic oversight, and leadership throughout periods of change.

Challenges and Opportunities

The 2024/25 year presented both challenges and opportunities as East Waste continues to navigate a rapidly evolving waste management landscape. Changing environmental targets, emerging technologies, and increasing community expectations require the organisation to remain adaptable and forward-looking.

Operational pressures, including maintaining a modern fleet and achieving ambitious diversion targets, demand careful planning and innovative solutions. A significant challenge during the year was the transition in leadership, with the departure of the General Manager and the appointment of a new leader.

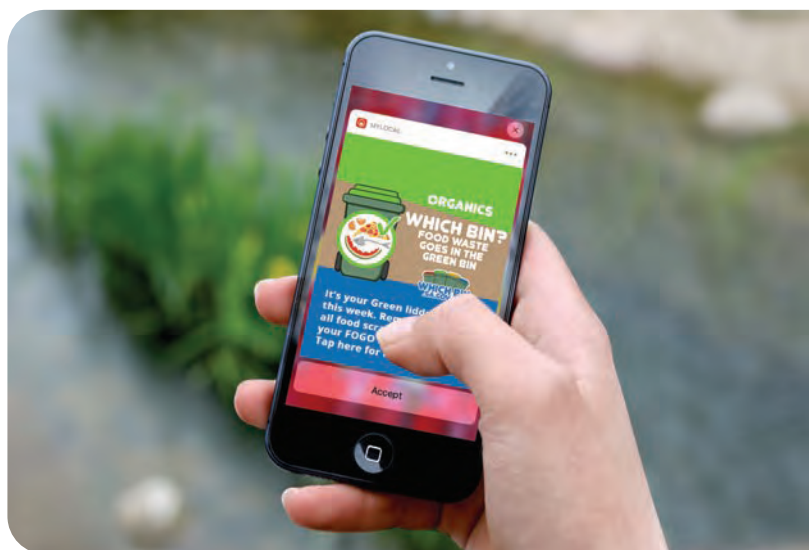
Managing this change while maintaining organisational focus and service continuity required strong governance and collaboration across the Board and Executive Team.

At the same time, these challenges create opportunities for East Waste to strengthen its leadership in sustainable waste management. Expanding Food Organics and Garden Organics (FOGO) programs, tailored services for multi-unit dwellings, and business precinct models provide avenues to increase recycling and community engagement.

The Fleet Asset Management Plan and initiatives to adopt low-emission vehicles position the organisation to improve both sustainability and operational efficiency.

Looking forward, emerging technologies such as Artificial Intelligence (AI) offer exciting possibilities. AI-driven analytics can support smarter route planning, optimise collection schedules, and enhance predictive maintenance for the fleet, improving service reliability while reducing costs and environmental impact. Behaviour change programs, ongoing engagement with Member Councils, and strategic partnerships will continue to be central to achieving East Waste's long-term vision.

By proactively managing these challenges and embracing innovation, East Waste is well-positioned to deliver efficient, sustainable, and high-quality services for the communities it serves.



Performance

& OPERATIONS

Key Statistics



122,221 TONNES COLLECTED FROM KERBSIDE BINS*



10,322,122 ANNUAL BIN COLLECTIONS



28,154 HARD WASTE COLLECTIONS COMPLETED



2,835 HARD WASTE TONNES CONVERTED TO ALTERNATE FUEL



56% OF MATERIAL DIVERTED FROM LANDFILL



57 COLLECTION VEHICLES



7,143 BIN REPAIRS UNDERTAKEN BY THE MOBILE TEAM



10,396 NEW/REPLACEMENT BINS SUPPLIED



98,945 ENQUIRIES RECEIVED & RESOLVED Phone 48,745 Online 50,200



12,968 MATTRESSES COLLECTED AND RECYCLED



9,902 ADDITIONAL BIN PERMITS APPROVED

*Kerbside Bin Tonnes include Litter but don't include Mitcham Landfill.



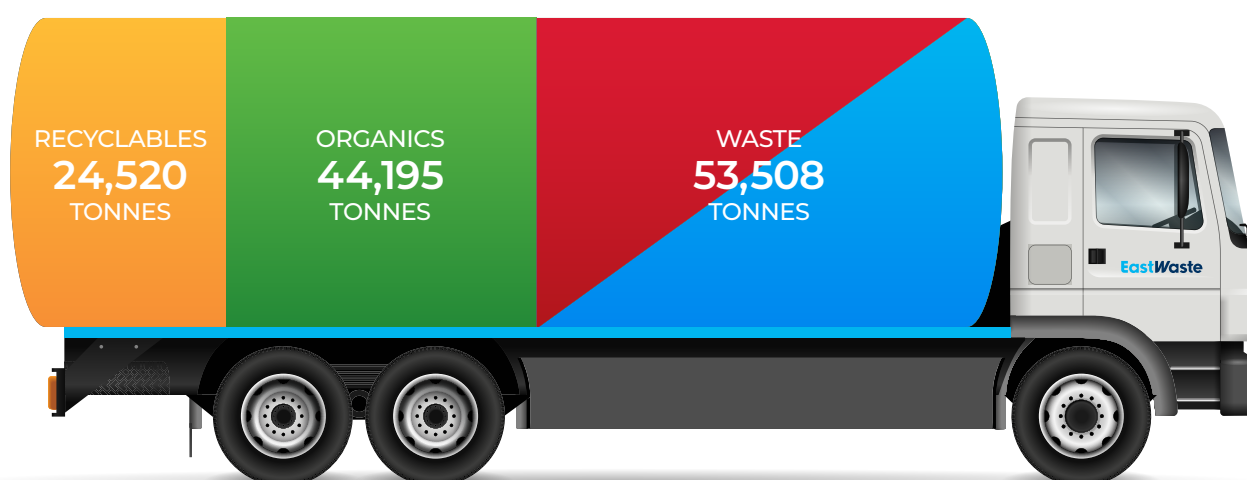
Performance

& OPERATIONS

Kerbside Tonnage Collected

Member Council	Recyclables	Organics	Waste	Hard Waste	Mattresses Recycled
Adelaide Hills Council	3,352	4,926	7,436	90	427
City of Burnside	3,635	6,925	6,774	403	1,924
Campbelltown City Council	3,897	7,010	9,806	540	2,853
City of Mitcham *	5,169	10,558	11,258	775	3,301
City of Norwood Payneham & St Peters	3,077	4,892	6,959	404	1,764
City of Prospect	1,581	3,223	3,535	280	984
City of Unley	3,173	5,575	6,417	286	1,568
Town of Walkerville	636	1,086	1,323	57	147

*City of Mitcham undertakes the collection of Landfill for its residents



Performance

& OPERATIONS

Strategic and Business Plan Performance

The 2024/2025 financial year was a period of strategic consolidation and operational achievement for East Waste, as we continued to deliver efficient, safe, and sustainable waste management services for our Member Councils.

Building on the momentum of weekly FOGO (Food Organics, Garden Organics) trials and rollouts, the year saw these programs expand across multiple councils, achieving notable reductions in landfill and fostering positive behaviour change within communities. The evolving regulatory landscape continued to present challenges.

A review of East Waste's financial model and strategy commenced during 2024/25 to ensure alignment with operational priorities and long-term sustainability objectives. This review reinforced East Waste's position as a financially responsible, innovative, and progressive waste management authority, enabling the organisation to respond effectively to emerging industry trends and operational demands.

During the year, East Waste also commenced a carbon reporting project, establishing a framework to measure, monitor, and report greenhouse gas emissions associated with our operations. This initiative represents an important

step in understanding our environmental footprint, identifying reduction opportunities, and supporting the organisation's long-term sustainability goals.

Procurement activities during the year included procuring a landfill contract, with a focus on leveraging collective purchasing power to secure cost-effective and future-focused agreements. Lessons learned from prior market engagements informed robust contract structures and enhanced service efficiency.

With a continued emphasis on innovation, collaboration, and sustainability, East Waste delivered its objectives for 2024/25 while laying the groundwork for future operational improvements.

The organisation strengthened its strategic direction, enhanced community engagement, and maintained high standards of service delivery, ensuring long-term value for Member Councils and the communities they serve.

Procurement, Legal Costs, Risk Management

East Waste is committed to a fair, transparent and accountable process when acquiring goods and services consistent with section 49 of the *Local Government Act 1999*.

Each year goods and services are procured to support the delivery of the Annual Business Plan and Budget. The East Waste Board has adopted a Procurement Policy to govern all procurement activities, excluding the purchase and disposal of land and other assets owned by the Authority.

The authority to approve an exemption from using the required method of procurement is delegated to the General Manager in accordance with expenditure delegations as listed in East Waste's Register of Delegations. Exemptions to

this Policy shall be reported to the Board through the Information Report.

Legal costs

Under section 131 of the *Local Government Act 1999*, legal costs incurred during the past financial year are to be included in the Annual Report.

At the time of preparing this report, the East Waste had incurred \$28,271 in legal costs.



Performance

& OPERATIONS

Work Health and Safety

At East Waste safety is part of our culture. East Waste is committed to providing a healthy and safe work environment that minimises the risk of injury or illness arising from work activities. East Waste recorded one lost time injury (LTI) in 2024/25 which is consistent with previous years.

Annual Lost Time Injuries

(lost time injuries represent one complete shift or more of lost time)

2022/23	2023/24	2024/25
2	0	1

Injury Management

East Waste received four workers compensation claims during 2024/25.

This is consistent with previous years and accounts for approximately 5% of the workforce.



Environment & SOCIAL RESPONSIBILITY

Waste Diversion and Recycling

East Waste continues to support its Member Councils in achieving some of the highest waste diversion rates in South Australia, with overall diversion exceeding 60% in some of our Member Councils.

East Waste continues to support its Member Councils in achieving some of the highest waste diversion rates in South Australia, with overall diversion exceeding 60% in some of our Member Councils.

These positive results are driven not only by the implementation of Food Organics and Garden Organics (FOGO) trials with some councils achieving diversion rates above 70% in their trial areas but also by East Waste's comprehensive education and behaviour change initiatives.

The FOGO programs have been pivotal in reducing landfill volumes, promoting sustainable

household practices, and encouraging residents to actively separate their waste.

Complementing these programs, East Waste's ongoing engagement campaigns, workshops, and targeted community initiatives have helped embed recycling habits and increase awareness of responsible waste management.

By combining innovative collection programs, operational excellence, and community education, East Waste is successfully advancing the circular economy, diverting valuable resources from landfill, and contributing to a more sustainable environment for current and future generations.

Community Engagement and Education

East Waste places community education and engagement at the heart of its operations, recognising that informed and engaged residents are key to achieving sustainable waste outcomes.

In 2024/25, the organisation strengthened partnerships with KESAB Environmental Solutions combined with OzHarvest, delivering interactive school education programs that teach students the importance of recycling, food waste reduction, and responsible environmental practices.

Beyond schools, East Waste actively participates in community events, local festivals, and market stalls, providing hands on demonstrations and resources to engage residents directly. Communication initiatives such as newsletters, social media campaigns, and radio shows further amplify messages about recycling, organics separation, and sustainable waste behaviours.

These combined efforts have fostered a culture of environmental responsibility, strengthened community trust, and ensured that the

behaviour changes promoted through education are practical, consistent, and impactful, contributing to the high diversion rates achieved by Member Councils.



Environment & SOCIAL RESPONSIBILITY

Sustainability Initiatives

East Waste is committed to minimising environmental impact and supporting the circular economy.

In 2024/25, key initiatives included:

- **Carbon Reporting:** Commenced measuring and monitoring greenhouse gas emissions to guide future reduction strategies.
- **Fleet Sustainability:** Continued best-practice fleet management with a focus on transitioning to low-emission vehicles.
- **Resource Recovery:** Expanded FOGO programs and supported recycling and organics initiatives to divert materials from landfill.

- **Community Engagement:** Encouraged sustainable behaviours through education and outreach programs.

These efforts demonstrate East Waste's commitment to innovation, environmental stewardship, and long-term sustainability, delivering value for Member Councils and the communities they serve.



People & CULTURE

Staff Profile and Development

At East Waste, our team is the heart of our success, and we are proud to celebrate the diverse range of talents, experiences, and contributions that each staff member brings to our organisation.

With a dedicated and dynamic workforce, we are committed to providing high-quality waste management services and solutions to our community.

A Snapshot of Our Team

- **Total Staff:** 74
- **Departments:** Operations, Administration, Waste Education, Workshop, Customer Service and Risk and WHS.
- **Average Tenure:** 7 years
- **Gender Representation:** 14% female & 86 % male

East Waste's staff come from a range of backgrounds and expertise, united in our mission to deliver effective and sustainable waste services.

Our team includes individuals with experience in operations, customer service, technical roles, and leadership, ensuring that we are always innovating and adapting to meet the changing needs of our stakeholders.

Key Highlights of Our Workforce

- **Experience and Expertise:** Many of our staff have been with East Waste for several years, bringing with them deep industry knowledge and a strong commitment to excellence in waste management.
- **Professional Development:** East Waste is committed to fostering continuous growth for our team. We provide ongoing training, leadership programs, and opportunities for skill development to ensure our staff remain at the forefront of the waste management industry. We currently have multiple staff undertaking further education to enhanced their development.
- **Safety and Wellbeing:** With a focus on

workplace health and safety (WHS), our staff are trained to maintain high standards in safety practices, ensuring that we continue to operate safely, efficiently, and sustainably.

- **Innovation and Efficiency:** Our staff members are constantly exploring new ideas, technologies, and approaches to improve the quality and efficiency of our services. This spirit of innovation drives us to deliver better solutions and reduce our environmental footprint.
- **Community Engagement:** Whether it's through waste education programs or community outreach initiatives, our staff members play an integral role in supporting and educating the communities we serve. Their commitment to sustainability extends beyond their day-to-day work.

A Word from Our Leadership

We are incredibly proud of the team we have built here at East Waste. Each member of our staff plays a crucial role in our mission, and it's through their hard work, dedication, and collaboration that we continue to provide exceptional service to our communities. As we move forward, we remain focused on creating a supportive, safe, and innovative workplace that enables our staff to thrive.

At East Waste, our team is our greatest asset. Together, we are shaping the future of waste management, ensuring that we continue to meet the evolving needs of our communities while upholding our commitment to sustainability, innovation, and service excellence.



People & CULTURE

Our Values

East Waste is in the process of adopting and embedding organisational values that will guide the day-to-day activities and behaviours of all staff.

These values underpin our culture and define the way we work and interact both as individuals and as a collective organisation.

Our values are expressed through ICARE

Integrity

We act honestly, ethically, and with transparency in all that we do. We do the right thing, even when no one is watching.

Consistency

We deliver services reliably and fairly, building trust with our colleagues, Member Councils, and the community. We follow through on commitments and maintain high standards every day.

Accountability

We take ownership of our actions, decisions, and outcomes. We accept responsibility, learn from our experiences, and strive for continual improvement.

Respect

We value diversity, treat others with fairness and empathy, and foster an inclusive and supportive workplace. We listen, acknowledge different perspectives, and work together constructively.

Effective Communication

We share information clearly, openly, and in a timely manner. We listen actively, provide feedback respectfully, and ensure our messages are understood.



EastWaste

FINANCIAL
STATEMENTS
2024-2025

**Advancing
Circular
Solutions
for Food
Waste**



Financial Statements

2024-2025

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Financial Statements

2024-2025

CERTIFICATION OF FINANCIAL STATEMENTS

EASTERN WASTE MANAGEMENT AUTHORITY INC

Annual Financial Statements
for the financial year ended 30 June 2025

Certification of Financial Statements

We have been authorised by Eastern Waste Management Authority Inc. to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards*.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2025 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.



Leonard Leyland
Executive Officer



Fraser Bell
Chairperson

Date: 29 September 2025



Financial Statements

2024-2025

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
INCOME			
User charges	2	25,178	22,559
Investment income	2	133	66
Other	2	2,085	1,574
Total Income		27,396	24,199
EXPENSES			
Employee costs	3	8,894	8,492
Materials, contracts & other expenses	3	15,081	13,123
Finance costs	3	612	442
Depreciation & amortisation	3	2,590	2,512
Total Expenses		27,177	24,569
OPERATING SURPLUS		219	(370)
Asset disposal & fair value adjustments	4	55	81
NET SURPLUS		274	(289)
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		274	(289)

This Statement is to be read in conjunction with the attached Notes.



Financial Statements

2024-2025

STATEMENT OF FINANCIAL POSITION for the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,722	1,634
Trade & other receivables	5	1,824	1,082
Inventory		38	63
Total Current Assets		3,584	2,779
Non-current Assets			
Property, Plant & Equipment	6	13,221	11,038
Total Non-current Assets		13,221	11,038
Total Assets		16,805	13,817
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	1,555	1,299
Provisions	7	1,015	1,011
Borrowings	7	2,127	2,029
Total Current Liabilities		4,697	4,269
Non-current Liabilities			
Borrowings	7	10,875	8,546
Provisions	7	65	108
Total Non-current Liabilities		10,940	8,654
Total Liabilities		15,637	12,923
Net Assets		1,168	894
EQUITY			
Accumulated Surplus		1,168	894
Total Equity		1,168	894

This Statement is to be read in conjunction with the attached Notes.



East Waste trucks now feature new messaging to promote better recycling.



Financial Statements

2024-2025

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2025

	Accumulated Surplus \$'000	Total Equity \$'000
Balance at start of period - 1 July 2023	1,183	1,183
Net Surplus for Year	(289)	(289)
Other Comprehensive Income		
Contributed Equity	-	-
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2024	<u>894</u>	<u>894</u>
 Balance at start of period - 1 July 2024	 894	 894
Net Surplus for Year	274	274
Other Comprehensive Income		
Contributed Equity	-	-
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2025	<u>1,168</u>	<u>1,168</u>

This Statement is to be read in conjunction with the attached Notes.



Financial Statements

2024-2025

STATEMENT OF CASH FLOWS for the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts		26,521	23,801
Investment receipts		133	62
Employee costs		(8,933)	(8,380)
Materials, contracts & other expenses		(14,710)	(13,141)
Finance payments		(632)	(481)
Net cash provided by operating activities	8	2,379	1,861
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of replaced assets	4	77	81
Expenditure on renewal/replacement of assets	6	(2,236)	(4,040)
Expenditure on new/upgraded assets	6	(32)	-
Net cash used in investing activities		(2,191)	(3,959)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		2,178	2,155
Repayments of Borrowings		(2,078)	(2,091)
Repayment of lease liabilities		(200)	(285)
Net cash provided by (used in) financing activities		(100)	(221)
Net Increase (Decrease) in cash held		88	(2,319)
Cash & cash equivalents at beginning of period	5	1,634	3,953
Cash & cash equivalents at end of period	5	1,722	1,634

This Statement is to be read in conjunction with the attached Notes.



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 1 - MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Mitcham, City of Norwood, Payneham & St Peters, City of Prospect, The City of Unley and the Corporation of the Town of Walkerville.

The eight Member Councils have an equity share and the Board comprises a Director from each Council and an Independent Chair appointed by the absolute majority of the Member Councils.

1.2 Historical Cost Convention

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards which requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

Eastern Waste Management Authority Inc. operates as a regional subsidiary and is incorporated under the *SA Local Government Act 1999*. Its principal place of business is at 1 Temple Court Ottoway.

3 Income Recognition

The Authority recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficient specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 1 - MATERIAL ACCOUNTING POLICIES (Cont.)

into a transaction where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset that has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the Authority satisfies its obligations under the transfer.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables are generally unsecured and do not bear interest. All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 9.

5 Property, Plant & Equipment

5.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

5.3 Depreciation of Non-Current Assets

Property, plant and equipment assets are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Asset Class	Estimated Useful Lives	Capitalisation Threshold
Plant, Machinery & Equipment	3-10 Years	>\$1,000
Buildings & Other Structures	5-20 Years	>\$1,000
Right-of-use-assets	Over period of expected lease	n/a

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 1 - MATERIAL ACCOUNTING POLICIES (Cont.)

5.4 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Authority were deprived thereof, the value in use is the depreciated replacement cost.

In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

The Authority recognises a liability for employee benefits relating to rostered day off (RDO) entitlements in Note 7 given entitlements are paid-out on termination of employment. Experience indicates that RDO entitlements are generally taken given there is a cap applied to the level of RDO entitlements allowed to be accrued.

No accrual is made for sick leave as the Authority's experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for untaken sick leave.

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Hostplus (formerly Statewide Super and prior to that the Local Government Superannuation Scheme). The Scheme has two types of membership, each of which is funded differently.



Widespread adoption of the kitchen caddy has been integral to organics recycling.



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 1 - MATERIAL ACCOUNTING POLICIES (Cont.)

Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with Superannuation Guarantee Legislation (11.5% for 2024/25 and 11% for 2023/24). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions as determined by the Fund's Trustee based on advice for the appointed Actuary. The rate is currently 6.3% (6.3% in 2023/24) of 'superannuation' salary.

In addition, the Authority makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2023. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

The Authority also makes contributions to other superannuation schemes selected by employees under the 'choice of fund' legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the new assets of the scheme, and no further liability attaches to the Authority.

8 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 1 - MATERIAL ACCOUNTING POLICIES (Cont.)

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of 'Payables'.

9 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

10 Critical Accounting Estimates and Judgements

The Board evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Authority.

11 New Accounting Standards

The Authority did not apply any new accounting standards during the financial year. There are no new accounting standards, interpretations or amendments which are expected to have a material impact on the accounting policies of the Authority for future periods.



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 2 - INCOME

	Notes	2025 \$'000	2024 \$'000
USER CHARGES			
Waste Collection Income		17,586	16,713
Waste Processing Income		7,301	5,569
Administration		291	277
		25,178	22,559
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		133	66
		133	66
OTHER INCOME			
Bin Supply		983	657
Replacement Bins		970	786
Sundry		132	131
		2,085	1,574

NOTE 3 - EXPENSES

EMPLOYEE COSTS			
Salaries and Wages		7,384	6,488
Employee leave expense		13	106
Superannuation		729	616
Wages Casual Agency		520	1,061
Workers' Compensation Insurance		209	142
Other		39	79
Total Employee Costs		8,894	8,492
<i>Number of FTE Employees as at reporting date</i>		<i>77</i>	<i>71</i>



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 3 - EXPENSES (Cont.)

	Notes	2025 \$'000	2024 \$'000
MATERIALS, CONTRACTS & OTHER EXPENSES			
Auditor's Remuneration		13	13
Additional Bin Service Costs		983	657
Board Expenses		40	22
Waste Processing Costs		7,303	5,569
Electricity		16	17
Fuel, Gas & Oil		1,794	1,994
Legal Expenses		28	9
Licences & Telecommunications Costs		266	235
Maintenance		3,321	3,197
Parts, Accessories & Consumables		3	4
Printing, Stationery & Postage		58	46
Professional Services		534	677
Registration & Insurance - Trucks		528	472
Sundry		194	211
		15,081	13,123
FINANCE COSTS			
Interest on Loans		497	433
Interest on Leases		115	9
		612	442
DEPRECIATION & AMORTISATION			
Buildings & Other Structures	6	81	82
Plant, Machinery & Equipment	6	2,234	2,171
Right-of-use assets	6	275	259
		2,590	2,512



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 4 - ASSET DISPOSALS

	2025 \$'000	2024 \$'000
Notes		
Proceeds from disposal	77	81
Less: Carrying amount of assets sold	(22)	-
Gain (Loss) on disposal	55	81

NOTE 5 - CURRENT ASSETS

CASH & CASH EQUIVALENTS

Cash on Hand and at Bank	937	618
Deposits at Call	785	1,016
	1,722	1,634

TRADE & OTHER RECEIVABLES

Debtors - general	1,824	1,030
Accrued Income	-	7
Prepayments	-	45
	1,824	1,082



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 6 - PROPERTY, PLANT & EQUIPMENT

	Notes	2025 \$'000	2024 \$'000
Buildings & Other Structures - At Cost		640	617
Accumulated Depreciation		(376)	(294)
		264	323
Plant, Machinery & Equipment - At Cost		23,322	22,388
Accumulated Depreciation		(12,682)	(11,738)
		10,640	10,650
Right-of-use-assets		2,528	1,346
Accumulated Depreciation		(211)	(1,281)
		2,317	65
Total Property, Plant & Equipment		13,221	11,038

	2024 \$'000							2025 \$'000
	Carrying Value	Additions		Disposal - Cost	Disposal - Accumulated Depreciation	Depreciation	Adjustment	Carrying Value
		New/ Upgrade	Renewal					
Buildings & Other Structures	323	22	-	-	-	(81)	-	264
Plant, Machinery & Equipment	10,650	10	2,236	(1,313)	1,291	(2,234)	-	10,650
Right-of-use-asset	65	-	2,527	(1,346)	1,346	(275)	-	2,317
	11,038	32	4,763	(2,659)	2,637	(2,590)	-	13,221
2023 (\$'000)	9,510	-	4,040	(1,400)	1,400	(2,512)	-	11,038



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 7 - LIABILITIES

	2025 \$'000		2024 \$'000	
	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES				
Goods & Services	1,337	-	1,048	-
Payments received in advance	80	-	80	-
Accrued expenses - other	138	-	101	-
	1,555	-	1,299	-
BORROWINGS				
Loans	1,962	8,636	1,953	8,546
Lease Liabilities	165	2,239	76	-
	2,127	10,875	2,029	8,546
PROVISIONS				
Annual Leave	522	-	496	-
Rostered-Day-Off (RDO)	16	-	84	-
Long Service Leave	477	65	431	108
	1,015	65	1,011	108



East Waste and Councils continue to support residents with organics recycling.



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 8 - CASH FLOW RECONCILIATION

	2025 \$'000	2024 \$'000
Total cash & equivalent assets	1,722	1,634
Balances per Cash Flow Statement	<u>1,722</u>	<u>1,634</u>
(a) Reconciliation of Change in Net Assets to Cash Flows from Operating Activities		
Net Surplus (Deficit)	274	(289)
Non-cash items in Statement of Comprehensive Income		
Depreciation	2,590	2,512
Net increase (decrease) in employee benefits	46	104
Net increase (decrease) accrued expenses	(13)	(26)
(Gain) / Loss on Disposal	(55)	(81)
Lease liability adjustment	-	(4)
	<u>2,842</u>	<u>2,216</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables & inventory	(717)	(352)
Net increase (decrease) in trade & other payables	339	(15)
Net increase (decrease) in other provisions	(85)	12
Net Cash provided by (or used in) operations	<u>2,379</u>	<u>1,861</u>
(b) Financing Arrangements		
Corporate Credit Cards	15	15



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 9 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. Terms & conditions: Deposits on Call do not have a maturity period and have an average interest rates of 4.1% (2024: 4.3%). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Waste Collection Fees & Associated Charges	Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method. Carrying amount: Approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority. Terms & conditions: Liabilities are normally settled on 30 day terms. Carrying amount: Approximates fair value.
Liabilities - Creditors and Accruals Interest bearing borrowings	Accounting Policy: Initially recognised at fair value and subsequently at amortised cost. Interest is charged as an expense using the effective interest rate. Terms & conditions: secured over future revenues and Member Councils, borrowings are repayable on fixed interest terms. Rates between 1.7% - 5.88% (2024: 1.7% - 5.88%).
Liabilities - Leases	Accounting Policy: Accounted for in accordance with AASB 16 as stated in Note 11.

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and Bank SA. There is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a range of bank overdraft and short-term draw down facilities that it can access.



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 9 - FINANCIAL INSTRUMENTS (Cont.)

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

Liquidity Analysis

2025	≤ 1 year	Maturity > 1 year ≤ 5 years	> 5 years	Non- Interest Bearing	Total
<i>Financial Assets</i>	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & Equivalents	1,722	-	-	-	1,722
Receivables	-	-	-	1,824	1,824
Total	1,722	-	-	1,824	3,546
<i>Financial Liabilities</i>					
Payables	-	-	-	1,337	1,337
Borrowings	2,438	7,944	1,911	-	12,293
Total	2,438	7,944	1,911	1,337	13,630

2024	≤ 1 year	Maturity > 1 year ≤ 5 years	> 5 years	Non- Interest Bearing	Total
<i>Financial Assets</i>	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & Equivalents	1,634	-	-	-	1,634
Receivables	-	-	-	1,030	1,030
Total	1,634	-	-	1,030	2,664
<i>Financial Liabilities</i>					
Payables	-	-	-	1,048	1,048
Borrowings	2,089	6,766	1,644	-	10,499
Total	2,089	6,766	1,644	1,048	11,547



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 10 - CAPITAL EXPENDITURE COMMITMENTS

The Authority has capital expenditure commitments totalling an estimated \$2.178 million as at reporting date.

NOTE 11 - LEASES

Authority as a lessee

Right-of-use-assets

The Authority leases its administrative and depot facilities at Ottoway.

	Buildings & Other Structures \$'000	Total \$'000
At 1 July 2024	65	65
Additions of right-of-use-assets	2,527	2,527
Depreciation Charge	(275)	(275)
Adjustments to right-of-use-assets	-	-
At 30 June 2024	2,317	2,317

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	\$'000
At 1 July 2024	76
Additions	2,527
Accretion of interest	115
Payments	(314)
Adjustments to lease liability	-
At 30 June 2025	2,404
Current	165
Non-Current	2,239

NOTE 12 - POST BALANCE DATE EVENTS

There were no events after reporting date that occurred that require to be reported.



Financial Statements

2024-2025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 13 - RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Chair of the Board, Chief Executive and other prescribed officers as defined under Section 112 of the *Local Government Act 1999*. In all, 5 persons were paid the following total compensation:

	2025 \$'000	2024 \$'000
Salaries, allowances & other short term benefits	689	649
TOTAL	689	649

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
Adelaide Hills Council	4,008	148	Provision of kerbside waste collection and hard waste collection services
City of Burnside	3,888	206	Provision of kerbside waste collection and hard waste collection services
City of Mitcham	3,778	265	Provision of kerbside waste collection and hard waste collection services
City of Norwood, Payneham & St Peters	4,189	447	Provision of kerbside waste collection and hard waste collection services
City of Prospect	2,048	208	Provision of kerbside waste collection and hard waste collection services
City of Unley	4,427	431	Provision of kerbside waste collection and hard waste collection services
Corporation of the City of Campbelltown	3,294	87	Provision of kerbside waste collection and hard waste collection services
Corporation of the Town of Walkerville	617	21	Provision of kerbside waste collection and hard waste collection services

The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.



Financial Statements

2024-2025

CERTIFICATION OF AUDITOR INDEPENDENCE

Galpins

Accountants, Auditors
& Business Consultants



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EASTERN WASTE MANAGEMENT AUTHORITY INC

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2025

Statement by Auditor

I confirm that, for the audit of the financial statements of the Eastern Waste Management Authority Inc for the year ended 30 June 2025, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

Date: 29 September 2025



Financial Statements

2024-2025

INDEPENDENT AUDITOR'S REPORT

Galpins

Accountants, Auditors
& Business Consultants



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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of the Eastern Waste Management Authority Inc

Opinion

We have audited the accompanying financial report of Eastern Waste Management Authority Inc (the Authority), which comprises the statements of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2025, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility for the Financial Report

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as the Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

Financial Statements

2024-2025

INDEPENDENT AUDITOR'S REPORT

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

Date: 29 September 2025



Looking AHEAD

Priorities for the Next Financial Year

In 2025/26, East Waste will focus on assisting Member Councils with expanding FOGO programs and recycling initiatives to drive higher diversion rates and strengthen sustainable behaviours within households and businesses.

In 2025/26, East Waste will focus on assisting Member Councils with expanding FOGO programs and recycling initiatives to drive higher diversion rates and strengthen sustainable behaviours within households and businesses.

East Waste will continue to deliver its schools based and community engagement programs in partnership with KESAB, and local community organisations, reinforcing responsible waste practices.

Key operational improvements will include the implementation of new Complaint Management Software to enhance responsiveness and customer service, the completion of a comprehensive Financial and Strategy Review to ensure alignment with operational priorities

and long-term sustainability objectives, and initiatives to further improve the organisation's WHS culture.

East Waste will continue to refine its Financial Model and Strategy Review during the year, ensuring greater transparency with Member Councils and providing a clear framework for equitable cost allocation and service provision. This initiative will support informed decision-making and strengthen confidence among councils that resources are being managed efficiently and fairly.

Together with ongoing financial and operational initiatives, these priorities will support efficient, reliable, and sustainable service delivery for Member Councils.

Emerging Risks and Opportunities

Building on the organisation's established risk management framework, East Waste continues to monitor emerging operational, regulatory, and workforce risks.

Key considerations include the potential impacts of leadership transitions, evolving regulatory requirements, and operational challenges. At the same time, technological advancements such as AI-driven route optimisation, predictive maintenance, and data analytics offer opportunities to improve efficiency, reduce costs, and enhance service delivery.

Ongoing engagement with Member Councils and the community also provides opportunities to strengthen recycling outcomes, diversion rates, and circular economy initiatives. By proactively monitoring these risks and opportunities, East Waste positions itself to adapt, innovate, and respond effectively to a changing waste management landscape.



East Waste's focus includes the diversion of organic waste from landfill.



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Advancing
Circular
Solutions
for Food
Waste



Attachment C

Regional Subsidiaries Audited Financial Statements for the Year Ended 30 June 2025

ERA Water



ERA Water Regional Subsidiary

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2025

*The Corporation of the Town of Walkerville
The City of Norwood Payneham and St Peters
The City of Burnside*

ERA Water Regional Subsidiary**General Purpose Financial Statements**
for the year ended 30 June 2025

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ERA Water Regional Subsidiary

General Purpose Financial Statements for the year ended 30 June 2025

Certification of Financial Statements

We have been authorised by ERA Water Regional Subsidiary to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of ERA Water Regional Subsidiary's financial position at 30 June 2025 and the results of its operations and cash flows for the financial year,
- internal controls implemented by ERA Water Regional Subsidiary provide a reasonable assurance that ERA Water Regional Subsidiary's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect ERA Water Regional Subsidiary's accounting and other records.



Jeff Tate
Independent Chairperson

Date:

18/9/2025

ERA Water Regional Subsidiary

Statement of Comprehensive Income
for the year ended 30 June 2025

\$	Notes	2025	2024
Income			
User Charges	2a	1,149,666	1,129,854
Investment Income	2b	14	183
Other Income	2c	59,966	23,849
Total Income		1,209,646	1,153,886
Expenses			
Employee Costs	3a	20,724	115,617
Materials, Contracts & Other Expenses	3b	676,199	640,187
Depreciation, Amortisation & Impairment	3c	417,475	415,533
Finance Costs	3d	680,349	593,710
Total Expenses		1,794,747	1,765,047
Operating Surplus / (Deficit)		(585,102)	(611,161)
Asset Disposal & Fair Value Adjustments	4	-	(12,623)
Amounts Received Specifically for New or Upgraded Assets		-	-
Net Surplus / (Deficit)		(585,102)	(623,784)
Other Comprehensive Income			
Changes in Revaluation Surplus - I,PP&E	8a	-	2,498,332
Total Other Comprehensive Income		-	2,498,332
Total Comprehensive Income		(585,102)	1,874,548

ERA Water Regional Subsidiary

Statement of Financial Position
for the year ended 30 June 2025

\$	Notes	2025	2024
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	26,869	88,752
Trade & Other Receivables	5b	21,488	41,528
Prepayments		23,392	8,624
Subtotal		71,749	138,904
Total Current Assets		71,749	138,904
Non-Current Assets			
Other Non-Current Assets	6	21,393,684	21,809,602
Total Non-Current Assets		21,393,684	21,809,602
TOTAL ASSETS		21,465,433	21,948,506
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7a	255,364	214,976
Provisions	7c	-	12,668
Subtotal		255,364	227,644
Total Current Liabilities		255,364	227,644
Non-Current Liabilities			
Borrowings	7b	13,069,431	13,195,122
Total Non-Current Liabilities		13,069,431	13,195,122
TOTAL LIABILITIES		13,324,795	13,422,766
Net Assets		8,140,638	8,525,740
EQUITY			
Accumulated Surplus		3,042,306	3,627,408
Asset Revaluation Reserves	8a	2,498,332	2,498,332
Capital Contributed - Constituent Councils		2,600,000	2,400,000
Total Council Equity		8,140,638	8,525,740

ERA Water Regional Subsidiary

Statement of Changes in Equity
for the year ended 30 June 2025

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Capital Contributed	Other Reserves	Total Equity
2025						
Balance at the end of previous reporting period		3,627,408	2,498,332	2,400,000	-	8,525,740
Restated Opening Balance		3,627,408	2,498,332	2,400,000	-	8,525,740
Contributed / (Reduction) in Equity		-	-	200,000	-	200,000
a. Net Surplus / (Deficit) for Year		(585,102)	-	-	-	(585,102)
b. Other Comprehensive Income	8a	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income		(585,102)	-	-	-	(585,102)
Balance at the end of period		3,042,306	2,498,332	2,600,000	-	8,140,638

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Capital Contributed	Other Reserves	Total Equity
2024						
Balance at the end of previous reporting period		4,251,192	-	600,000	-	1,141,342
Restated Opening Balance		4,251,192	-	600,000	-	1,141,342
Contributed / (Reduction) in Equity		-	-	1,800,000	-	1,800,000
a. Net Surplus / (Deficit) for Year		(623,784)	-	-	-	(623,784)
b. Other Comprehensive Income	8a	-	2,498,332	-	-	2,498,332
Other Comprehensive Income		-	2,498,332	-	-	2,498,332
Total Comprehensive Income		(658,658)	2,498,332	-	-	1,874,548
Balance at the end of period		3,627,408	2,498,332	2,400,000	-	8,525,740

ERA Water Regional Subsidiary

Statement of Cash Flows
for the year ended 30 June 2025

\$	Notes	2025	2024
Cash Flows from Operating Activities			
<u>Receipts</u>			
User Charges		1,169,234	1,170,852
Investment Receipts		31,026	24,032
Other Receipts		28,954	-
<u>Payments</u>			
Payments to Employees		(33,392)	(105,450)
Payments for Materials, Contracts & Other Expenses		(650,108)	(637,365)
Finance Payments		(680,349)	(593,710)
Net Cash provided by (or used in) Operating Activities	9	(134,635)	(141,641)
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets			
<u>Payments</u>			
Expenditure on New/Upgraded Assets		(1,557)	(52,931)
Net Cash provided by (or used in) Investing Activities		(1,557)	(52,931)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		-	-
Contributions from Constituent Councils		200,000	1,800,000
<u>Payments</u>			
Repayments of Borrowings		(125,691)	(1,520,960)
Net Cash provided by (or used in) Financing Activities		74,309	279,040
Net Increase (Decrease) in Cash Held		(61,883)	84,468
plus: Cash & Cash Equivalents at beginning of period	9	88,752	4,284
Cash & Cash Equivalents at end of period	9	26,869	88,752
Total Cash, Cash Equivalents & Investments	9	26,869	88,752

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

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ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 1. Summary of Significant Accounting Policies

ERA Water is a Local Government Authority Section 43 Regional Subsidiary under the control of the Corporation of the Town of Walkerville, the City of Norwood, Payneham & St Peters and the City of Burnside. The principal accounting policies adopted by ERA Water Regional Subsidiary (ERA Water) in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1.2 Going Concern Basis

The Authority has an operating loss for FY2025 and the 10-year Long Term Financial Plan indicates that its operations are financially unsustainable without the support of its Constituent Councils.

The board of management notes that the Authority has borrowings that it will continue to manage. The Authority has a statutory guarantee from its Constituent Councils to meet all of its financial obligations and accordingly has prepared their financials on a going concern basis.

1.3 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.4 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying ERA Water's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.5 Economic Dependency

Per Section 5.2 of the Authority's Charter, there may be a requirement for additional financial contributions to be made by Constituent Councils if there is insufficient working capital available to meet ERA Water's financial obligations into the future. The Authority may be reliant on this additional financial support being provided to enable it to continue to operate on a going concern basis.

1.6 Rounding

All amounts in the financial statements have been rounded to the nearest Dollar.

2 The Local Government Reporting Entity

ERA Water is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 175 The Parade, Norwood SA 5067.

3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when ERA Water obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at ERA Water's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 10.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

Note 1. Summary of Significant Accounting Policies (continued)

5 Infrastructure, Property, Plant & Equipment

5.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by ERA Water includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

5.3 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of ERA Water, best reflects the consumption of the service potential embodied in those assets.

5.4 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

5.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided below.

The Board sought an independent valuation to be applied as at 1st July 2023, of ERA Water. The Board recognises that the ERA has unique infrastructure. The Board sought the advice of Tonkin Consulting Pty Ltd, who provided a replacement cost valuation based on the actual construction contract costs, including some 'owner's costs' which would be incurred in the event of a replacement being necessary. In accordance with Accounting Standard (AASB)13 Fair Value Measurement, the valuation was undertaken as at 1 July 2023 and recorded as a level 3 restricted asset valuation. The next Valuation is scheduled to be undertaken in 2028/2029. Fair value level 3 valuations of buildings, infrastructure and other assets – There is no known market for these assets and they are valued at depreciated current replacement cost.

The method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar entities, or on industry construction guides where these are more appropriate. The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the straight line depreciation method adopted by the Authority. The method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

5.5 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset again borrowing costs in Note 2.

5.6 Connection Costs

In previous reporting periods, expenditure relating to direct connections to a number of reserves was expensed on the basis that the infrastructure for the most part sits on customer land. Despite connection infrastructure sitting on customer land, ERA Water has certain responsibilities in relation to the future upkeep, maintenance and renewal of connection infrastructure. Accordingly, there is an

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

Note 1. Summary of Significant Accounting Policies (continued)

argument that costs which were expensed in previous reporting periods should have been capitalised.

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

6.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to ERA Water assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

7 Borrowings

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of "Payables".

In line with AASB 101, the disclosure of all CAD facility loan balances in the current financial year and comparative figures were reclassified from current liabilities to non-current liabilities as there is no expectation these facilities will be repaid in the next 12 months.

8 Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Significant uncertainty exists in the estimation of the future restoration and/or closure costs and accordingly, no provisions for such costs have been made at this time.

9 Construction Contracts

Construction works undertaken by ERA Water for third parties are generally on an agency basis where the third party reimburses ERA Water for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

11 New accounting standards and UIG interpretations

In the current year, ERA Water reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period and have found none requiring adoption. ERA Water has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

12 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

13 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 2. Income

\$	Notes	2025	2024
(a). User Charges			
Water Sales including annual supply charges		1,149,666	1,129,854
Total User Charges		1,149,666	1,129,854
(b). Investment Income			
Interest Income		14	183
Total Investment Income		14	183
(c). Other Income			
Insurance Claim		28,615	-
Special Distribution (Including LGFA)		31,351	23,849
Total Other Income		59,966	23,849

Note 3. Expenses

(a). Employee Costs

Salaries and Wages	18,448	95,000
Movement in Leave Provision	-	10,167
Superannuation	2,276	10,450
Total Operating Employee Costs	20,724	115,617

(b). Materials, Contracts and Other Expenses

Auditor's Remuneration		
- Auditing the Financial Reports	21,752	-
Electricity	148,267	177,990
Insurance	57,316	55,800
Maintenance and Repairs	247,895	266,089
Professional Services	135,500	63,354
Other	65,469	76,954
Total Materials, Contracts and Other Expenses	676,199	640,187

(c). Depreciation, Amortisation and Impairment

Depreciation	417,475	415,533
Total Depreciation, Amortisation and Impairment	417,475	415,533

(d). Finance Costs

Interest Expense	680,349	593,710
Total Finance Costs	680,349	593,710

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2025	2024
Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		-	-
Less: Carrying Amount of Assets Sold		-	(12,623)
Gain (Loss) on Disposal		-	(12,623)
Net Gain (Loss) on Disposal or Revaluation of Assets		-	(12,623)

Note 5. Current Assets

(a). Cash & Cash Equivalents

Cash at Bank	26,806	88,716
Local Government Finance Authority	63	36
Total Cash & Cash Equivalents	26,869	88,752

(b). Trade & Other Receivables

Trade debtors	9,568	31,688
GST Receivable	11,920	9,840
Subtotal	21,488	41,528
Total Trade & Other Receivables	21,488	41,528

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 6. Non-Current Assets

	as at 30/6/2024				Asset Movements during the Reporting Period					as at 30/6/2025			
					Asset Additions			WDV of Asset Disposals	Revaluation Increments to Equity (ARR) (note 9)				
	Fair Value	Cost	Acc. Dep'n	Written Down Value	New / Upgrade	Renewals	Depreciation			Fair Value	Cost	Acc. Dep'n	Written Down Value
System Infrastructure Assets	24,241,010	52,931	2,484,339	21,809,602	-	-	417,105	-	-	24,241,010	52,931	2,901,444	21,392,497
IT - Computer Hardware	-	-	-	-	1,557	-	370	-	-	-	1,557	370	1,187
Total Infrastructure, Property, Plant & Equipment	24,241,010	52,931	2,484,339	21,809,602	1,557	-	417,475	-	-	24,241,010	54,488	2,901,814	21,393,684
Comparatives	-	21,810,688	2,124,194	19,686,494	33,380	19,551	415,533	(12,623)	2,458,332	24,241,010	52,931	2,484,339	21,808,602

5.1 Valuation of infrastructure, property, plant and equipment

During FY2024, ERA Water undertook its first review of the fair value of its asset base and accordingly assets were revalued.

Date of Valuation: 1-Jul-23
Valuer: Tonkin

Depreciated Replacement Cost - comprised by gross replacement cost (based on estimated unit costs for which a substitute asset with similar service potential, physical characteristics, dimensions, depth and environmental parameters could be constructed) and accumulated depreciation (estimated total and remaining useful lives informed by the condition assessment of the asset, and the planned asset management strategy applicable to the asset).

Basis of valuation:

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 7. Liabilities

\$	Notes	2025 Current	2025 Non Current	2024 Current	2024 Non Current
(a). Trade and Other Payables					
Trade and Other Payables		61,358	-	66,100	-
Accrued Expenses - Finance Costs		168,447	-	145,906	-
Accrued Expenses - Other		25,559	-	-	-
Accrued Expenses - Employment liabilities		-	-	2,970	-
Total Trade and Other Payables		255,364	-	214,976	-

(b). Borrowings

Loans	-	13,069,431	-	13,195,122
Total Borrowings	-	13,069,431	-	13,195,122

Unrestricted access was available at balance date to the following lines of credit:

	2025	2024
LGFA Cash Advance Debenture Facility	13,069,431	13,195,122
Undrawn balance	2,230,569	2,104,878

ERA's Maturity Date on current CAD facilities held is as follows:

Deal	Settlement	End Date
ERA Water CA 2 Cash Advance	1,000,000	15/03/2033
ERA 3 CAD	2,300,000	17/06/2034
ERA CAD	12,000,000	15/12/2031

Note: ERA Water has agreed to a recapitalisation proposal which has resulted in an equity injection of \$2,600,000 from Constituent Councils to ensure that ERA Water has sufficient capital to meet its future liabilities, at least for a further 12 months.

(c). Provisions

Employee Entitlements	-	-	12,668	-
Total Provisions	-	-	12,668	-

Note 8. Reserves

\$ '000	1/7/2024	Increments (Decrements)	Transfers	Impairments	30/06/2025
(a). Asset Revaluation Reserve					
Infrastructure	2,498,332	-	-	-	2,498,332
Total Asset Revaluation Reserve	2,498,332	-	-	-	2,498,332
Comparatives	-	-	-	-	-

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 9. Reconciliation to Statement of Cash Flows

\$	2025	2024
(a). Reconciliation of Cash		
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Total Cash & Equivalent Assets	26,869	88,752
Balances per Statement of Cash Flows	26,869	88,752
(b). Reconciliation of Change in Net Assets to Cash from Investing Activities		
Net Surplus/(Deficit)	(585,102)	(623,784)
Non-Cash Items in Income Statements		
Fair Value Adjustments	-	12,623
Depreciation, Amortisation & Impairment	417,475	415,533
Net increase (decrease) in unpaid employee benefits	(12,668)	10,168
	(180,295)	(185,461)
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	20,040	40,997
Net (Increase)/Decrease in Other Current Assets	(14,768)	(6,962)
Net Increase/(Decrease) in Trade & Other Payables	40,388	9,785
Net Cash provided by (or used in) operations	(134,635)	(141,641)

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 10. Financial Instruments

Recognised Financial instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Rates:

All deposits are at call earning rates of between 4.15% and 4.65% as at 30 June 2025 (4.30% and 4.55% as at 30 June 2024).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost.

Terms & Conditions:

Unsecured, and do not bear interest. At the balance date, ERA Water is not materially exposed to any individual debtor.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities - Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to ERA Water.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms and conditions

Interest is charged at a range of both fixed and variable rates ranging from 2.9% to 6.15% as at 30 June 2025 (2.90% to 6.15% as at 30 June 2024)

Carrying Amount:

Approximates fair value.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 10. Financial Instruments

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2025					
Financial Assets					
Cash & Equivalents	26,869	-	-	26,869	26,869
Receivables	21,488	-	-	21,488	21,488
Total Financial Assets	48,357	-	-	48,357	48,357
Financial Liabilities					
Trade and other payables	255,364	-	-	255,364	255,364
Non-Current Borrowings	-	-	13,069,431	13,069,431	13,069,431
Total Financial Liabilities	255,364	-	13,069,431	13,324,794	13,324,794
2024					
Financial Assets					
Cash & Equivalents	88,752	-	-	88,752	88,752
Receivables	41,528	-	-	41,528	41,528
Total Financial Assets	130,280	-	-	130,280	130,280
Financial Liabilities					
Payables	214,976	-	-	214,976	214,976
Non-Current Borrowings	-	-	13,195,122	13,195,122	13,195,122
Total Financial Liabilities	214,976	-	13,195,122	13,410,098	15,472,124

The following interest rates were applicable
to Council's Borrowings at balance date:

	30 June 2025		30 June 2024	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	5.16%	13,069,431	4.41%	13,195,122
		<u>13,069,431</u>		<u>13,195,122</u>

Financial Liabilities

Financial liabilities do not include employee benefits such as wages payable, superannuation payable, or income tax withheld.

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the ERA Water.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of ERA Water is the carrying amount, net of any allowance for doubtful debts. All ERA Water investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of ERA Water's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that ERA Water will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. ERA Water also has available a borrowing facility that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. At the balance date, ERA Water has a combination of variable and fixed rate facilities of varying maturities.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 11. Uniform Presentation of Finances

\$	2025	2024
The following is a high level summary of both operating and capital investment activities of ERA Water prepared on a simplified Uniform Presentation Framework basis. All Councils and Subsidiaries in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
Income		
User Charges	1,149,666	1,129,854
Investment Income	31,026	24,032
Other Income	28,954	-
	<u>1,209,645</u>	<u>1,153,886</u>
Expenses		
Employee Costs	20,724	115,617
Materials, Contracts & Other Expenses	676,198	640,187
Depreciation, Amortisation & Impairment	417,475	415,533
Finance Costs	680,349	593,710
	<u>1,794,747</u>	<u>1,765,047</u>
Operating Surplus / (Deficit)	(585,102)	(611,161)
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	-	(19,551)
Add back Depreciation, Amortisation and Impairment	417,475	415,533
Proceeds from Sale of Replaced Assets	-	-
Subtotal	417,475	395,982
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(1,557)	(33,380)
Amounts Received Specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets	-	-
Subtotal	(1,557)	(33,380)
Net Lending / (Borrowing) for Financial Year	(169,184)	(248,560)

Note 12. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

POTENTIAL INSURANCE LOSSES

ERA Water insures against known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance. ERA Water is not aware of any such insurance claims at the reporting date. Other potential claims not reported to ERA Water may have existed at reporting date.

PIPE REMEDIATION OR DAMAGE

ERA Water owns a network of pressurised underground pipes which could result in damage to public or private infrastructure in the event of failure. Further more, there may be long term remediation liabilities attached to some of ERA Water's pipeline assets. The cost of these potential liabilities cannot be reliably estimated and have not been included in these financial statements.

Note 13. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2025, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

ERA Water has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the authorised for issue date is

ERA Water is unaware of any material or significant "non adjusting events" that should be disclosed.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 14. Expenditure Commitments

Capital Commitments

No known capital commitments exist at the balance date.

Other Expenditure Commitments

ERA Water has contracts in place with 3rd party contractors for business as usual operations and maintenance services.

Note 15. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

At the Balance Date, the Key Management Personnel of the Authority include members of the ERA Water Board including:

- Jeff Tate (Chairperson, with delegated responsibilities from the Board for functions that would otherwise be undertaken by a General Manager from September 2024)
- Grant Piggott (Councillor - City of Norwood, Payneham and St Peters)
- Anthony Vanstone (Councillor - Corporation of the Town of Walkerville)
- Ted Jennings (Councillor - City of Burnside)

One KMP, being the Chairperson received fees for the role outlined above, totalling \$54,500 for the financial year.

Andrew Aitken who was employed as General Manager for the period July 2024 to September 2024 was also a Key Management Person for the period of employment.

Key Management Personal Remuneration General Manager (July to September 2024)	2025	2024
Salaries, allowances & other short term benefits	\$ 22,110	\$ 118,367
Post- employment benefits	\$ -	\$ -
Long-term benefits	\$ 11,324	\$ -
Termination benefits	\$ -	\$ -
TOTAL	\$ 33,434	\$ 118,367

Transactions with related parties:

The related parties disclosed below are equity owners of the Authority and are referred to as Constituent Councils. Constituent Councils have representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No single Constituent Council individually has control of ERA Water.

Amounts received from related parties:

Town of Walkerville provided ERA Water with a location to hold ERA Water Board and Audit and Risk Committee meetings.

City of Norwood Payneham & St Peters provided furnished office accommodation for the ERA Water General Manager for the period July to September 2024 as well as Accounts Payable and IT Support for the whole financial year.

All three Councils provide administrative support to ERA Water from time to time throughout the financial year.

There are no invoices that remain payable by related parties outside of ordinary trading terms.

Related Party	Sale of Water	Outstanding from Related Parties	Description of Services Provided
Town of Walkerville	\$ 96,034	\$ 23	Water Sales
City of Norwood, Payneham and St Peters	\$ 269,038	\$ -	Water Sales
City of Burnside	\$ 370,802	\$ -	Water Sales
TOTAL	\$ 735,874	\$ 23	

ERA Water Regional Subsidiary

General Purpose Financial Statements

for the year ended 30 June 2025

Statement by Auditor

I confirm that, for the audit of the financial statements of ERA Water Regional Subsidiary for the year ended 30 June 2025, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



Tim Mulhhausler

Galpins, Accountants, Auditors & Business Advisors

Dated this 22nd day of September 2025.

ERA Water Regional Subsidiary

General Purpose Financial Statements for the year ended 30 June 2025

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of ERA Water Regional Subsidiary for the year ended 30 June 2025, the Council's Auditor, Galpins has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Jeff Tate
Independent Chairperson



Michael Parkinson
Presiding Member, Audit & Risk Committee

Attachment D

Regional Subsidiaries Audited Financial Statements for the Year Ended 30 June 2025

Highbury Landfill Authority Inc

HIGHBURY LANDFILL AUTHORITY

General Purpose Financial Reports for the year ended 30 June 2025

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HIGHBURY LANDFILL AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2025

	Notes	2025 \$	2024 \$
INCOME			
Sundry Income	2	20,166	18,730
LGFA Investment Income	2	321	285
Highbury Closure Provision Movement	2	474,187	-
Total Income		494,674	19,015
EXPENSES			
Materials, contracts & other expenses	3	3,466	3,465
Depreciation, amortisation & impairment	3	86,951	40,654
Finance Payments		2,940	3,453
Highbury Closure Provision Movement	3	-	93,329
Finance Costs - Unwinding of Provision	3	104,710	100,250
Total Expenses		198,067	241,151
OPERATING SURPLUS / (DEFICIT)		296,607	(222,136)
Other Comprehensive Income - Revaluation gain			-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		296,607	(222,136)

This Statement is to be read in conjunction with the attached Notes.

HIGHBURY LANDFILL AUTHORITY
STATEMENT OF FINANCIAL POSITION
for the year ended 30 June 2025

		2025	2024
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	9,000	38,354
Trade & other receivables	4	31,259	23,191
Total Current Assets		40,259	61,545
Non-current Assets			
Infrastructure, property, plant & equipment	5	95,433	183,179
Total Non-current Assets		95,433	183,179
Total Assets		135,692	244,724
LIABILITIES			
Current Liabilities			
Trade & other payables	6	14,940	80,704
Borrowings	6	30,802	29,677
Provisions	6	238,691	278,391
Total Current Liabilities		284,433	388,772
Non-current Liabilities			
Borrowings	6	15,836	46,638
Provisions	6	1,670,257	2,210,755
Total Non-current Liabilities		1,686,093	2,257,393
Total Liabilities		1,970,526	2,646,165
NET ASSETS		(1,834,834)	(2,401,441)
EQUITY			
Accumulated Surplus		(1,834,834)	(2,401,441)
TOTAL EQUITY		(1,834,834)	(2,401,441)

This Statement is to be read in conjunction with the attached Notes.

HIGHBURY LANDFILL AUTHORITY

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2025

	Notes	Accumulated Surplus \$	TOTAL EQUITY \$
2025			
Balance at end of previous reporting period		(2,401,441)	(2,401,441)
Net Surplus / (Deficit) for Year		296,607	296,607
Member Council Contributions - Recurrent Funding of Provision			
- City of Burnside		136,096	136,096
-City of Norwood Payneham & St. Peters		108,964	108,964
-Corporation of the Town of Walkerville		24,940	24,940
Balance at end of period		(1,834,834)	(1,834,834)

2024			
Balance at end of previous reporting period		(2,379,305)	(2,379,305)
Net Surplus / (Deficit) for Year		(222,136)	(222,136)
Member Council Contributions - Recurrent Funding of Provision			
-City of Burnside		100,812	100,812
-City of Norwood Payneham & St. Peters		80,714	80,714
-Corporation of the Town of Walkerville		18,474	18,474
Balance at end of period		(2,401,441)	(2,401,441)

This Statement is to be read in conjunction with the attached Notes

HIGHBURY LANDFILL AUTHORITY

STATEMENT OF CASH FLOWS

for the year ended 30 June 2025

		2025	2024
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES	Notes		
<u>Receipts</u>			
Operating Receipts		34,008	55,682
Investment receipts		321	285
<u>Payments</u>			
Operating Payments to Suppliers		(301,418)	(180,553)
Finance payments		(2,586)	(3,669)
Net Cash provided by (or used in) Operating Activities	7	(269,675)	(128,255)
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Payments</u>			
Expenditure on renewal/replacement of assets		-	(137,977)
Net Cash provided by (or used in) Investing Activities		-	(137,977)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Member Council Contributions		270,000	191,250
Proceeds from borrowings		-	-
<u>Payments</u>			
Repayments of borrowings		(29,679)	(28,596)
Net Cash provided by (or used in) Financing Activities		240,321	162,654
Net Increase (Decrease) in cash held		(29,354)	(103,578)
Cash & cash equivalents at beginning of period	7	38,354	141,933
Cash & cash equivalents at end of period	7	9,000	38,354

This Statement is to be read in conjunction with the attached Notes

Highbury Landfill Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2025

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation

Highbury Landfill Authority (the Authority) is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Member Councils and their respective percentages of equity are as follows:

Constituent Council	Equity Share %
City of Burnside	50.406%
City of Norwood Payneham & St Peters	40.357%
Corporation of the Town of Walkerville	9.237%

The financial report was authorised for issue by certificate under clause 11 of the *Local Government (Financial Management) Regulations 2011*.

The following is a summary of the material accounting policies adopted by the Authority in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Competitive Neutrality

The Authority does not undertake any commercial (for profit) activities.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board of the Authority to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a diminishing value basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%
Flare	10%
4G Monitoring Stations	20%
Chimney Replacement	33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Highbury Landfill Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2025

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

(d) Cash And Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition.

(e) Investments

Investments represent monies on deposit at twenty-four hour call and on fixed deposit for twelve months or less.

(f) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(h) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

During the financial year, the Authority has reviewed the allocation and classification of some transactions which has been updated in the comparative information presented. Changes in classification has resulted in no change to the previously report performance and position of the Authority.

(i) Critical Accounting Estimates and Judgments

The Authority evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

Key assumptions from the provision calculated:

The provision provides for ongoing administrative costs to be paid per annum to recognise the costs associated with running the Authority and post closure obligations.

The provision has been calculated based on the assumption that the minimum requirements for ongoing operation of the flare will be met with gas collected.

The provision calculation has been based on a 25 year period. The remaining life of the provision is 10 years. This period may be required to be longer if the site poses unacceptable environmental risks.

An independent review of the assumptions applied to the FY24 provision for post closure was performed by WSP in FY2024 (report dated 3rd September 2024).

Highbury Landfill Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Going Concern Basis

The Board of Management of HLA notes the accumulated deficit of \$1,834,834. The Authority is required to manage the post-closure of the Highbury landfill and the Authority has a statutory guarantee from its Member Councils to meet all financial obligations and accordingly has prepared the financial statements on a going concern basis.

(k) New Accounting Standards

There were no new accounting standards implemented during the financial year. There are no proposed changes in future accounting standards, interpretations or guidance statements which are expected to have a material impact on the accounting policies of the Authority in future periods as at the time of preparing the financial statements.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 2 - INCOME

		2025	2024
	Notes	\$	\$
OPERATING INCOME			
Sundry Income		20,166	18,730
LGFA Investment Income		321	285
Movement in Provision	6	474,187	-
		<u>494,674</u>	<u>19,015</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 3 - EXPENSES

	Notes	2025 \$	2024 \$
Materials, Contracts and Other Expenses			
Auditor's Remuneration			
- Auditing the financial reports		3,466	3,465
Movement in Provision	6	-	93,329
Finance Costs - Unwinding of Provision	6	104,710	100,250
Depreciation			
Plant & Equipment		86,951	40,654
Total Expenses		<u>195,127</u>	<u>237,698</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 4 - CURRENT ASSETS

	2025	2024
	\$	\$
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	6,825	36,500
LGFA Investment Account	2,175	1,854
	<u>9,000</u>	<u>38,354</u>
TRADE & OTHER RECEIVABLES		
Trade Receivables	20,213	19,325
GST Receivable	9,234	2,786
Prepayments	1,812	1,080
Total	<u>31,259</u>	<u>23,191</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2024	CARRYING AMOUNT MOVEMENTS DURING YEAR								2025
	\$	\$								\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Adjustments & Transfers		Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals				In	Out		
Land	1,800	-	-	-	-	-	-	-	-	1,800
Plant & Equipment	181,379	-	-	-	86,951	-		795		93,633
TOTAL PROPERTY, PLANT & EQUIPMENT	183,179	-	-	-	86,951	-	-	795	-	95,433
Comparatives	85,859	137,974	-	-	40,654	-	-	795	-	183,179

This Note continues on the following pages.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2024				2025			
	\$				\$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	1,800		-	1,800	1,800	-	-	1,800
Plant & Equipment	-	467,064	(286,865)	180,199	-	467,449	(373,816)	93,633
TOTAL PROPERTY, PLANT & EQUIPMENT	1,800	467,064	(286,865)	181,999	1,800	467,449	(373,816)	95,433
<i>Comparatives</i>		332,070	(220,993)	111,077	1,800	467,064	(286,865)	181,999

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 6 - LIABILITIES

	Notes	2025		2024	
		\$		\$	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		10,575	-	76,660	-
Accrued Expenses - other		4,365	-	4,044	-
		<u>14,940</u>	<u>-</u>	<u>80,704</u>	<u>-</u>

The Authority had recorded a liability to recognise that a Member Council has pre-paid their annual Member Council Contributions relating to FY2023 & FY2024 prior to 30 June 2022. As at 1 July 2022, the Authority has converted the liability to an equity contribution to be recognised in FY2023. The remaining amount was converted to an equity contribution during FY2024.

BORROWINGS

Loans	30,802	15,836	29,677	46,638
	<u>30,802</u>	<u>15,836</u>	<u>29,677</u>	<u>46,638</u>

PROVISIONS

Provision for Highbury Post Closure	238,691	1,670,257	278,391	2,210,755
	<u>238,691</u>	<u>1,670,257</u>	<u>278,391</u>	<u>2,210,755</u>

Movements in Provisions

(current & non-current)	2025	2024
Opening Balance	2,489,146	2,491,823
(Less) Payments recorded & accrued	(210,721)	(196,256)
Add (Less) Remeasurement Adjustments	(474,187)	93,329
Add (Less) Unwinding of Present value	104,710	100,250
Closing Balance	<u>1,908,948</u>	<u>2,489,146</u>

The Authority has an ongoing obligation to manage the post-closure phase for the landfill in accordance with the SA EPA Guidelines. The minimum post-closure period is 25 years that commenced on 1 July 2009. A provision for the Highbury Landfill has been accrued. A net present value (NPV) calculation has been made by estimating cashflows to manage the Highbury site as set out in the SA EPA guidelines. The cash outflows have been escalated at an inflation forecast of 2.1% per annum (2024:3.8%) and the discount rate used is equivalent to the 10 year Commonwealth Bond indicative rates as at 30 June 2025. This NPV calculation has been incorporated into the provision and represents the Authority's best estimate of its future liability to manage the Highbury Landfill post-closure phase.

In 2012, the Board of the Highbury Landfill Authority resolved to have the cash flow estimates and assumptions in the provision spreadsheet reviewed by Golders Associates. Their summary conclusion was that the provision appears to be reasonable based on available information.

The Audit Committee of the Highbury Landfill Authority has recommended that the provision be reviewed annually and that the provision be independently reviewed every 3 years. A review by WSP was undertaken of the 2024 year-end provision and was found to be reasonable.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 7 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2025 \$	2024 \$
Total cash & equivalent assets	4	<u>9,000</u>	<u>38,354</u>
Balances per Cash Flow Statement		<u>9,000</u>	<u>38,354</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus (Deficit)	296,607	(222,136)
Non-cash items in Income Statement		
Movement in Post Closure Provision	(369,477)	193,579
Depreciation, amortisation & impairment	<u>87,746</u>	<u>40,654</u>
	14,876	12,097
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(8,068)	2,587
Net increase (decrease) in trade & other payables	(65,762)	53,317
Net increase (decrease) in other provisions	<u>(210,721)</u>	<u>(196,256)</u>
Net Cash provided by (or used in) operations	<u>(269,675)</u>	<u>(128,255)</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 8 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.
	Terms & conditions: Deposits are returning fixed interest rates of 4.15% - 4.65% (2024:4.55%).
	Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Fees & other charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.
	Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.
	Terms & conditions: Liabilities are normally settled on 30 day terms.
	Carrying amount: approximates fair value.
Liabilities - Interest Bearing Borrowings	Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.
	Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at a fixed rate of 3.75% (2024:3.75%).
	Carrying amount: approximates fair value.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 8 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

	2025	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		\$	\$	\$	\$	\$
Cash & Equivalents		9,000	-	-	9,000	9,000
Receivables		31,259	-	-	31,259	31,259
Total		40,259	-	-	40,259	40,259
Financial Liabilities						
Payables		14,940	-	-	14,940	14,940
Current Borrowings		32,265	-	-	32,265	30,802
Non-Current Borrowings		-	16,133	-	16,133	15,836
Total		47,205	16,133	-	63,338	61,578

	2024	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		\$	\$	\$	\$	\$
Cash & Equivalents		38,354	-	-	38,354	38,354
Receivables		23,191	-	-	23,191	23,191
Total		61,545	-	-	61,545	61,545
Financial Liabilities						
Payables		80,704	-	-	80,704	80,704
Current Borrowings		32,265	-	-	32,265	29,677
Non-Current Borrowings		-	48,398	-	48,398	46,638
Total		112,969	48,398	-	161,367	157,019

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 4 in relation to individual classes of receivables, exposure is concentrated within the Authority's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Authority has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 9 - UNIFORM PRESENTATION OF FINANCES

	2025 \$	2024 \$
Income		
Sundry Income	20,166	18,730
LGFA Investment Income	321	285
Highbury Closure Provision	474,187	-
	<u>494,674</u>	<u>19,015</u>
Expenses		
Materials, contracts & other expenses	3,466	3,465
Depreciation, amortisation & impairment	86,951	40,654
Finance Payments	2,940	3,453
Highbury Closure Provision	104,710	193,579
	<u>198,067</u>	<u>241,151</u>
Operating Surplus / (Deficit)	296,607	(222,136)
Net Outlays on Existing Assets		
Add back Depreciation, Amortisation and Impairment	86,951	40,654
	<u>86,951</u>	<u>40,654</u>
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	-	137,974
Amounts received specifically for New and Upgraded Assets	-	-
	<u>-</u>	<u>137,974</u>
Annual Net Impact to Financing Activities Surplus/(Deficit)	383,558	(43,508)

HIGHBURY LANDFILL AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2025****Note 10 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED
IN THE STATEMENT OF FINANCIAL POSITION**

There were no contingent assets or liabilities to 30 June 2025 that need to be disclosed in the financial statements.

HIGHBURY LANDFILL AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2025****Note 11 - EVENTS OCCURRING AFTER REPORTING DATE**

There were no events subsequent to 30 June 2025 that need to be disclosed in the financial statements.

Highbury Landfill Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2025

Note 12 - DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Board and Chief Executive Officer under section 112 of the Local Government Act 1999. In all, one entity (TJH Management Services Pty Ltd) was paid the following total compensation management and administrative services:

	2025
Contractor Payments	\$ 83,487.24
Post-employment benefits	\$ -
Long term benefits	\$ -
Termination benefits	\$ -
TOTAL	\$ 83,487.24

Transactions with Related Parties

Related Party Entity	Sale of Goods & Services (\$)	Equity Contributions (\$)	Amounts Outstanding from Related Parties (\$)	Descriptions of Services provided to Related Parties
City of Burnside	-	136,096	-	Rehabilitation of landfill site
City of Norwood, Payneham & St.Peters	-	108,964	-	Rehabilitation of landfill site
Corporation of the Town of Walkerville	-	24,940	-	Rehabilitation of landfill site

The Related Parties disclosed above are equity owners of the Authority and as referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial operating decisions of the Authority. No one Member Council individually has control of those policies.

5.5 FINANCIAL RESULTS 2024-2025

REPORT AUTHOR: Chief Financial Officer
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4548
FILE REFERENCE:
ATTACHMENTS: A - C

PURPOSE OF REPORT

The purpose of this report is to present the Audit & Risk Committee with the Council's 2024-2025 Audited Financial Statements for review. In addition, a report comparing the Council's Audited Financial Result to the 2024-2025 Adopted Original Budget and the 2024-2025 Audit Completion Report prepared by the Council's Auditors is provided for information.

BACKGROUND

As required by Section 127 of the *Local Government Act 1999* (the Act), the Council must prepare Annual Financial Statements in accordance with the *Local Government (Financial Management) Regulations 2011* (the Regulations).

Pursuant to Section 126(4)(a) of the Act, the Audit & Risk Committee (the Committee) is required to review the Council's Annual Financial Statements to ensure that the statements present fairly the state of affairs of the Council.

Regulation 10 of the Regulations requires the Council to prepare and consider a report, no later than 31 December in each year, showing the Audited Financial results for the previous financial year, compared with the Estimated Financial results set out in the Budget, presented in a manner consistent with the Model Financial Statements.

Relevant to the role of the Committee to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters, as prescribed in Section 126(1a) of the Act, the above report and the 2024-2025 Audit Completion Report are presented to the Committee for information and review.

The Council's 2024-2025 Financial Statements comparing the actual result to the 2024-2025 Adopted Original Budget are contained in **Attachment A**.

The Council's 2024-2025 Audited Financial Statements are contained in **Attachment B**.

The 2024-2025 Audit Completion Report prepared by the Council's Auditors, Galpins, is contained within **Attachment C**.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The financial information contained in this report is based on the 2024-2025 Annual Financial Statements, the 2024-2025 Adopted Budget and the various policies adopted by the Council as these impact the Council's financial performance (eg. Rating Policy).

FINANCIAL AND BUDGET IMPLICATIONS

The 2024-2025 financial results reflect a stronger operating position, with income growth outpacing expense increases and delivering an Operating Surplus of \$2.30 million (3.9% of income). This improvement was supported by higher rates revenue, increased grant funding and modest growth in non-rate income, offset by higher employee, depreciation and finance costs. Significant investment of \$43.63 million (excluding grants received specifically for new or upgraded assets) in capital projects was undertaken, with a strong focus on new infrastructure, while some renewal works were deferred to align with project delivery timeframes. Key Financial Indicators highlight a positive operating performance, though Net Financial Liabilities increased due to new borrowings and the asset renewal funding ratio fell below target, reflecting timing adjustments in renewal expenditure. Overall, the Council remains in a sound financial position, while continuing to balance operational needs, service delivery, and investment in community infrastructure.

Compared with the Adopted Budget Operating Surplus of \$229,418, Council's 2024-2025 financial results report a significantly higher operating surplus of \$2.301 million. The variance was predominantly due to the delay in advancement of 85% of the *Federal Government 2024-2025 Financial Assistance Grant* which was due to be received on 28 June 2024. The Grant, totalling \$1.267 million, was received by the Council on 1 July 2024 and therefore, recognised in the 2024-2025 financial year.

Details of the main drivers of the variances between the 2024-2025 Actual Results and Operating Surplus forecasted in the Adopted Original Budget, are contained in the Discussion Section of this report.

After Capital Items, the Council is reporting a Total Comprehensive Income of \$66.955 million against an Adopted Net Surplus of \$11.697 million, with the favourable variance being driven by revaluation of Infrastructure, Property, Plant & Equipment.

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

Nil

CONSULTATION

- **Members**
Elected Members and the Audit & Risk Committee have received regular reports on the Councils financial performance throughout the year.
- **Community**
Not Applicable.
- **Staff**
Responsible Officers, General Managers and Council's External Auditors.

Other Agencies
Not Applicable.

DISCUSSION

The 2024-2025 Annual Financial Statements have been finalised, providing Council with a comprehensive assessment of its financial performance for the year. This report not only compares actual results against the Adopted Original Budget and identifies year-on-year (YoY) variances, but also highlights key achievements, explains material variances, and assesses the implications for Council's financial sustainability. The analysis offers valuable insights into how effectively the Council has managed its resources, balanced operational and capital priorities, and positioned itself to meet future service delivery and infrastructure needs.

FINANCIAL PERFORMANCE 2024-2025 vs ORIGINAL ADOPTED BUDGET 2024-2025

The 2024-2025 Actual Results are compared to the Original Adopted Budget, as presented in Table 1 and further detailed in **Attachment A**.

TABLE 1: FINANCIAL PERFORMANCE 2024-2025 vs ORIGINAL ADOPTED BUDGET

	Budget 24/25	Actuals 24/25	B vs A variance	B vs A variance
	\$'000	\$'000	\$'000	%
Income				
Rates	47,230	47,346	116	0.2%
Grants	3,121	4,110	989	31.7%
Non-rate Income	6,727	7,694	967	14.4%
Total Income	57,078	59,150	2,072	3.6%
Expenses				
Employee costs	19,485	17,490	(1,996)	-10.2%
Materials, contracts & other expenses	21,910	23,433	1,523	7.0%
Depreciation, amortisation & impairment	13,079	14,376	1,297	9.9%
Finance costs	2,375	1,550	(825)	-34.7%
Total Expenses	56,849	56,848	0.3	0.0%
Operating Surplus/(Deficit)	229	2,301	2,072	903.1%
Capital Expenditure renewals	20,424	9,964	(10,460)	-51.2%
Capital Expenditure new	39,368	33,662	(5,706)	-14.5%
Indicators				
Operating Surplus/(Deficit)	0.4%	3.9%	3.5%	
Net Financial Liabilities	150.9%	87.4%	(63.5%)	
Assets Renewal Funding	170.1%	82.9%	(87.2%)	

Statement of Comprehensive Income

Operating Income & Expenses

The Council delivered an Operating Surplus of \$2.301 million, compared to the Adopted Budget, with forecasted Operating Surplus of \$229,418, which resulted in a favourable variance of \$2.072 million. The major variances (over 5%) from the Adopted Operating Surplus are outlined in Table 2 below.

TABLE 2: MAJOR VARIANCES FROM ADOPTED OPERATING SURPLUS

	Reasons for the Variance	Amount (\$)
INCOME		
Statutory Charges	Statutory Charges were Favourable to the Budget mainly due to higher income derived from Development Assessment fees and Hoarding Licences. This is a result of an increase in both the number Development Applications that have been lodged and approval of more Hoarding Licences for major development projects in the City.	286,355
Grants, subsidies & contributions: Operating	Grant funding received was Favourable to the Adopted Budget due to the delay in receipt of the advance payment for the <i>Financials Assistance Grant for 2024-2025 by the Commonwealth Government</i> , which was expected to be received in June 2024 but received in the 2024-2025 financial year.	1,166,392
Grants, subsidies & contributions: Capital	Grant funding received was Unfavourable to the Adopted Budget due to the timing of the <i>Local Roads and Community Infrastructure (LRCI) Grant</i> .	(177,757)
Investment Income	Investment Income was Unfavourable to the Budget driven primarily by lower interests earned on the Councils deposits with the Local Government Finance Authority (LGFA).	(67,419)
Other Income	Other Income was Favourable to the Adopted Budget driven primarily by: - Local Government Risk Services (LGRS) insurance rebates being higher than forecast, - Receipt of Local Government Finance Authority's annual bonus payments calculated in relation to the average deposit and loan levels held during the financial year, - Other unbudgeted sundry income such as the Street Smart Bulk LED upgrade project refund, Emergency Services Levy refund etc. Reimbursements were favourable to the Adopted Budget driven primarily by: - Insurance re-imbursements for claims made during the year, which was offset by expenditure to replace or repair items subject to the insurance claim.	519,704
Net income/ (loss) joint ventures & associates	Council's share of net income/ loss in joint ventures and associates was Favourable which was mainly attributable to Highbury Landfill Authority Inc. recording a better than forecast profit for the 2024-2025 financial year (\$119,702 compared to the Budget of \$5,250).	275,539

	Reasons for the Variance	Amount (\$)
EXPENSES		
Employee costs	Employee costs were favourable against the Adopted Budget due to: - Staff vacancies during the year together with difficulties experienced in recruiting replacement staff. Therefore, to meet staffing needs, contract staff were utilised. - Vacant positions that were budgeted for, combined with the time frame to replace positions which became vacant during the year due to resignations and an extremely tight labour market.	1,995,635
Materials, contracts & other expenses	Materials, contracts & other expenses were unfavourable against the Adopted Budget primarily due to, - Contracted services being Unfavourable mainly due to an overspend in Infrastructure maintenance (kerb, footways surface, traffic signs etc.) and Street Trees contracted services as this was undertaken by contractors/ contract labour hire. Maintenance during the year was temporarily outsourced to contractors. - Utilities being Unfavourable due to the timing of the water charges in May and June 2024, that was invoiced to the Council in July 2024 and higher demand for irrigation due to drier summer season December to February 2025. - Subscription, Memberships & Licences being Unfavourable mainly relating to the overspend on Information Services subscriptions due increases in some subscriptions by more than forecast CPI (such as increase in the annual subscription for Microsoft 365 licences). - Legal fees being Unfavourable due to compliance and regulatory matters that required legal advice during the year. - Unplanned maintenance costs being unfavourable mainly in relation to insurance claims and ad hoc repair and maintenance on buildings.	(1,590,776)
Depreciation, amortisation & impairment	Depreciation expense was greater than anticipated mainly due to impact of Asset Revaluation and unit cost update for Transport class of assets revaluation (discussed in Table 4 of this report).	(1,297,051)
Finance Costs	Finance costs were Favourable to the Adopted Budget primarily due to a lower-than-expected level of borrowings. This was mainly attributed to the timing of in the Trinity Valley Stormwater Upgrade Project and the rephasing of the Payneham Memorial Swimming Centre contract payment plan.	824,821

Capital Expenditure

When compared to the Adopted Original Budget, there is underspend of \$16.16m on Capital Projects for both New and Renewal. This does not represent savings as these unspent funds will be carried forward for the projects to be completed in 2025-2026 Financial year.

Statement of Finance Position (Balance Sheet)

The Net Assets of the Council at 30 June 2024, is \$695 million, against an Adopted Budget of \$613 million, a Favourable variance of \$82 million.

Major reasons for the variance in the Net Assets include:

Assets

Current Assets were Favourable compared to the Adopted Budget by \$2.259 million. This was predominantly due to the Favourable variance which amounted to \$1.486 million in Cash and cash equivalents compared to the Adopted Budget. The variance resulted mainly due to timing of the 2024-2025 Financial Assistance Grant totalling \$1.267 million received by the Council on 1 July 2024 and therefore recognised in the 2024-2025 financial year instead of the 2023-2024 Financial year.

Non-Current Assets were Favourable compared to the Adopted Budget by \$47.604 million. This was mainly due to Other Non-current assets which represent Capital Works-in-Progress as at 30 June 2025 (amount to \$39.149 million) and Infrastructure, Property, Plant & Equipment (\$7.022 million). These variances were mainly as a result of the Payneham Memorial Swimming Centre and the Trinity Valley Stormwater Upgrade Project that are yet to be capitalised.

Liabilities

Current Liabilities were Unfavourable compared to the Adopted Budget by \$2.679 million predominantly due to the Trade and Other Payables. This variance was attributable to an unpaid invoice for \$4.9 million in relation to capital works for the Payneham Memorial Swimming Centre for works performed in June 2025.

Non-Current Liabilities were Favourable compared to the Adopted Budget by \$35.027 million. This was mainly due to the long-term borrowings planned to be drawn down as part of the 2024-2025 Adopted Budget which were not required as at 30 June 2025, due to a revision of the timelines for the Payneham Memorial Swimming Centre and the Trinity Valley Stormwater Upgrade Project.

Borrowings were budgeted based on the assumptions to deliver all Capital Projects included in 2024-2025 Adopted original budget. While each year, new additional loan amounts are approved by the Council, draw-down on the loan facility, occurs on 'as needed' basis. As at, 30 June 2025, changes in Major Capital Projects delivery timeline or phasing (mainly Payneham Memorial Swimming Centre, Trinity Valley and George Street), resulted in borrowings to be at approximately 47% of the total approved Loan Budget for 2024-2025 Financial year.

Statement of Cash Flow

For the 2024-2025 Financial year, the Council is reporting a net increase in Cash and Cash Equivalents of \$988,323. The Council generated \$21.977 million from operating activities, with the funds used to complete the Councils Capital Infrastructure Works Program and the Asset Replacement Program (\$40.872 million). Proceeds from borrowings less principal repayments on Council's borrowings of \$19.885 million used to fund Major Capital projects.

FINANCIAL PERFORMANCE 2024-2025 vs FINANCIAL PERFORMANCE 2023-2024

In the 2024-2025 Financial year, the Council recorded total income of \$59.15 million, an increase of \$6.22 million (12%) compared to previous 2023-2024 Financial year. The growth was driven by higher rate income (\$3.68 million, 8%), a significant increase in grant funding (\$1.90 million, 86%) and growth in non-rate income (\$0.64 million, 9%). The variance in grants was predominantly due to the delay in advancement of 85% of the *Federal Government 2024-2025 Financial Assistance Grant* which was due to be received on 28 June 2024. The Grant totalling \$1.267 million was consequently received by the Council on 1 July 2024 and therefore recognised in the financial year 2024-2025.

Total expenses increased by \$4.02 million (8%), mainly due to higher employee costs (\$0.79 million, 5%) with variance driven by increases in line with the Enterprise Bargaining Agreements as well as impact of vacancies, increased materials, contracts and other expenses (\$0.77 million, 3%), additional depreciation (\$1.53 million, 12%) mainly driven by revaluation of assets and higher finance costs (\$0.94 million, 154%) from new borrowings during 2024-2025. This resulted in an operating surplus of \$2.30 million (3.9% of income), compared with a modest \$0.11 million surplus in 2023-2024.

Key financial indicators show improvement in operating performance (surplus ratio rising from 0.2% to 3.9%), while Net Financial Liabilities increased to 87.4% reflecting new borrowings in the 2024-2025 for the Payneham Memorial Swimming Centre Project and the Asset Renewal Funding Ratio decreased to 82.9%, primarily due to adjustments in the timing of certain renewal works, which were rescheduled to align with the delivery timeframe of another project in the same area.

Infrastructure, property, plant and equipment (8%) and Annual Depreciation (12%) increased comparative to the previous year, which predominantly reflects the outcomes of the Council's asset revaluation that was undertaken during 2024-2025 for the **Transport asset class**, which includes roads, footpaths, kerbs and related infrastructure. These revaluation adjustments are reported in the Annual Financial Statements and have had a direct impact on the Council's Balance Sheet, through an uplift in the value of infrastructure, property, plant and equipment, as well as on the Income Statement, with higher depreciation expenses flowing through to operating results. This ensures that the Council's financial statements continue to present a fair and accurate value of its asset base and the associated cost of maintaining service delivery over time. The impact of the Asset revaluations undertake during the 2024-2025 financial year are detailed below in Table 4.

TABLE 4: IMPACT OF ASSET REVALUATION

Asset Class	Revaluation Increase/ (Decrease) \$million	Comments
Land	4.807	Represents a 1.9% increase in Fair Value based on the Local Government Price Index for March 2025.
Buildings and Other Structures	1.275	Represents a 1.9% increase in Fair Value based on the Local Government Price Index for March 2025.
Open space Assets	(0.327)	Represents a 1.4% decrease in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Road Infrastructure	40.903	Represents a 39.3% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting. The significant increase in revaluation is attributable to a change in the renewal philosophy to use deep lift asphalt as opposed to replacing the pavement with granular material, to meet community expectations.
Kerbing	(1.766)	Represents a 2.8% decrease in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Footpaths	13.772	Represents a 48.5% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting. The significant revaluation increase is attributable to the increase in maintenance spending since the previous condition and defect assessment on 1 July 2018, which resulted in an overall improvement of condition, therefore reducing the asset consumption.
River Torrens Linear Park	(0.469)	Represents an 20.3% decrease in Fair Value based on the unit price assessment undertaken by Tonkin Consulting. The revaluation increase is due to the high

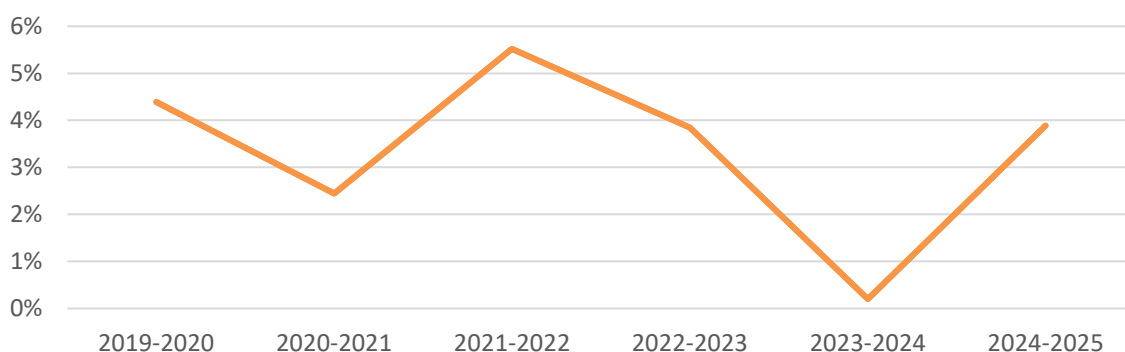
Asset Class	Revaluation Increase/ (Decrease) \$million	Comments
		capital works cost for 2023-2024 reconstruction of 10 shared path segments.
Storm-water Drainage	2.802	Represents a 3.4% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Off- Road Carparks	0.282	Represents a 11.5% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Traffic Control Assets	(0.255)	Represents a 4.8% decrease in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Footbridges	1.789	Represents a 138.1% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting. The Asset Class includes Vehicular Bridges. A review was undertaken for each individual bridge by Tonkin Consulting.
Total	62.814	

Financial Ratios

Financial indicators represented by the following three (3) Financial Ratios:

- Operating Surplus Ratio (refer to Figure 1);
- Net Financial Liabilities Ratio (refer to Figure 2); and
- Asset Renewable Funding Ratio (refer to Figure 3).

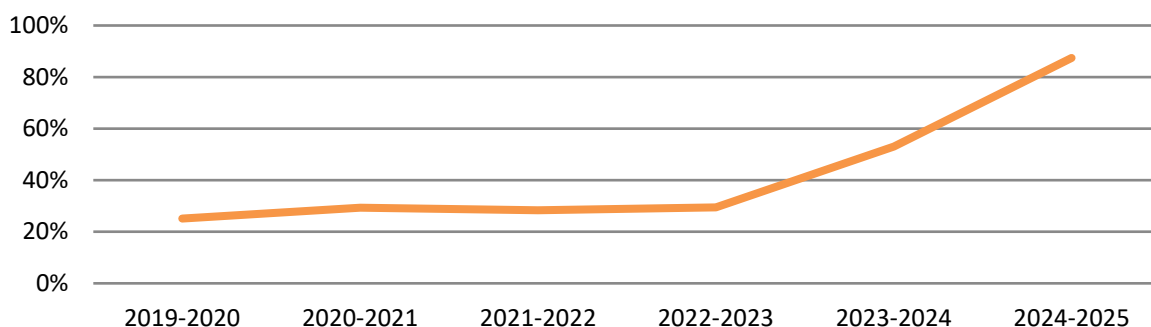
FIGURE 1: OPERATING SURPLUS RATIO



The Long-Term Financial Plan 2024-2034 Target: between 0% and 10%

The Operating Surplus Ratio expresses the Council's Operating Surplus/ (Deficit) as a percentage of Operating Revenue.

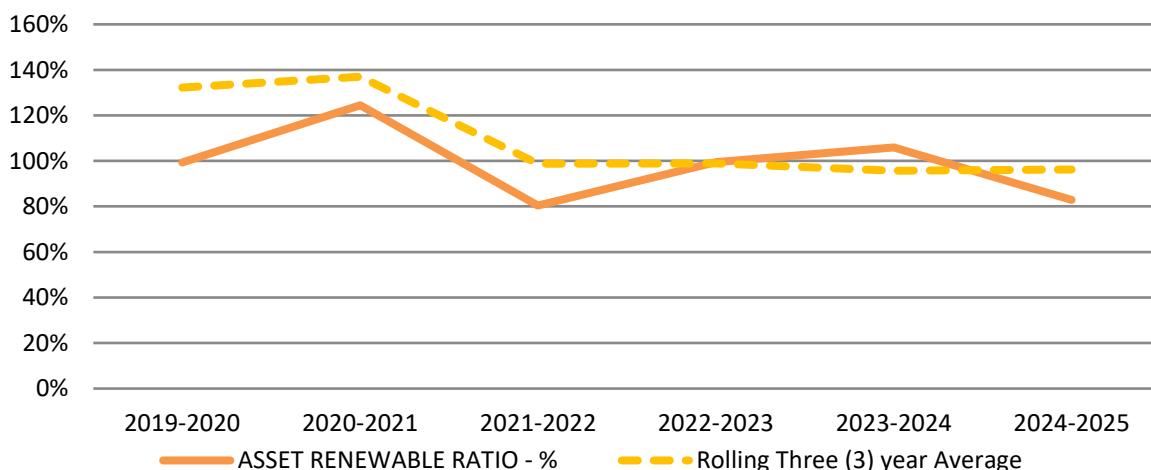
FIGURE 2: NET FINANCIAL LIABILITIES RATIO



The Long-Term Financial Plan 2024-2034 Target: less than or equal to 100%

The Net Financial Liabilities Ratio measures the extent to which the net amount owed by the Council is met by its Operating Revenue. Net Financial Liabilities are represented by Total Liabilities less Current Assets.

FIGURE 3: ASSET RENEWAL FUNDING RATIO



The Long-Term Financial Plan 2024-2034 Target: between 90% and 110% on a 3 year rolling average.

The Asset Renewal Funding Ratio measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.), at the same rate as the stock of assets is “wearing out”. The Asset Renewal Funding Ratio, is measured against the extent of the renewal expenditure that is incurred, compared to the planned renewal expenditure, as set out in the Council Asset Management Plans.

The Council’s 2024-2034 Long Term Financial Plan has set a target of between 90% and 110%, on a three (3) year rolling average. In some instances, the Council may be required to accelerate or decelerate the renewal or replacement of its existing asset base.

2024-2025 AUDIT COMPLETION REPORT

The Council’s External Auditors, Galpins Trading Pty Ltd, have completed the statutory audit of the Council for the 2024-2025 Financial Year and have issued an Unqualified Audit Report on the Annual Financial Statements for the financial year ended 30 June 2025. A copy of the Audit Opinion is contained in **Attachment C**.

In the Auditors opinion, the financial report prepared by the Council presents fairly, in all material respects, the Council’s financial position as at 30 June 2025 and its financial performance for the year ended 30 June 2025 in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

The report identified one Low Risk finding relating to 21 employees with annual leave balances in excess of 300 hours (approximately 2 years of entitlement) and recommended that the Council implement strategies to systematically reduce these leave balances.

OPTIONS

There are no options associated with this issue.

CONCLUSION

The Council concluded the financial year with an Operating Surplus of \$2.301 million (2023-2024: \$108,598).

After Capital Items, which includes the impact of assets revaluations and grant funding specifically for asset upgrades or renewals and asset disposals, the Council is reporting a Total Comprehensive Income of \$66.955 million (2023-2024: \$41.944 million).

The Council's Auditor, Galpins, have completed the audit of the Council's Financial Statements and have advised that they will sign an unqualified Independent Auditors' Reports in the form prescribed, upon the Presiding Member of the Audit Committee signing the "Council Certificate of Audit Independence".

There were no significant issues raised during the audit of this year's Financial Statements which would prevent the Audit Committee recommending to the Council to adopt the 2024-2025 Financial Statements.

COMMENTS

Nil

RECOMMENDATION

1. That the Audit Committee: Notes the comparative analysis to the prior year audited Annual Financial Statements and original adopted 2023-2024 budget as contained in **Attachment A**.
2. Recommends to the Council that the Annual Financial Statements for the year ended 30 June 2025, as contained in **Attachment B** be adopted.
3. Notes Galpins 2024-2025 Audit Completion Report, as included at **Attachment C**.

Attachment A

Financial Results 2024-2025

Statement of Comprehensive Income

	BUDGET 2024-2025 \$'000	ACTUAL 2024-2025 \$'000	Variance \$'000
Income			
Rates	47,230	47,346	116
Statutory charges	2,181	2,467	286
User charges	4,007	4,027	21
Operating grants, subsidies and contributions	2,677	3,843	1,166
Other grants, subsidies and contributions - capital	444	267	(178)
Investment income	78	11	(67)
Other income	461	981	520
Net loss joint ventures & associates	-	208	208
Total Income	57,078	59,150	2,072
Expenses			
Employee costs	19,485	17,490	(1,996)
Materials, contracts & other expenses	21,647	23,238	1,591
Depreciation, amortisation & impairment	13,079	14,376	1,297
Finance costs	2,375	1,550	(825)
Net loss Joint Ventures & Associates	263	195	(68)
Total Expenses	56,849	56,848	(0)
Operating Surplus (Deficit)	229	2,301	2,072
Net gain (loss) on disposal or revaluation of assets	36	(1,910)	(1,946)
Amounts received specifically for new or upgraded assets	5,924	3,708	(2,216)
Physical resources received free of charge	-	-	-
Non Operating Items - Joint Venture and Associates	-	-	-
Net Surplus (Deficit) transferred to Equity Statement	6,189	4,099	(2,090)
Other Comprehensive Income			
Changes in revaluation Surplus- infrastructure, property, plant & equipment	5,508	62,814	57,306
Share of Other comprehensive Income - joint ventures and associates	-	42	42
Total Other Comprehensive Income	5,508	62,856	57,348
Total comprehensive Income	11,697	66,955	55,258

Statement of Financial Position

	BUDGET 2024-2025 \$'000	ACTUAL 2024-2025 \$'000	Variance \$'000
Assets			
Current Assets			
Cash and cash equivalents	500	1,986	1,486
Trade & other receivables	2,493	3,267	773
Total Current Assets	2,993	5,252	2,259
Non-current Assets			
Financial Assets	131	140	9
Equity accounted investments in Council businesses	1,686	3,110	1,424
Infrastructure, Property, Plant & Equipment	692,845	699,867	7,022
Other Non-current Assets	5,706	44,855	39,149
Total Non-current Assets	700,368	747,973	47,604
Total Assets	703,361	753,225	49,863
Liabilities			
Current Liabilities			
Trade & Other Payables	10,758	13,153	2,395
Borrowings	1,081	1,172	90
Short-term Provisions	3,200	3,393	193
Other Current Liabilities		-	-
Liabilities relating to Non-current Assets held for Sale		-	-
Total Current Liabilities	15,039	17,718	2,679
Non-current Liabilities			
Long-term Borrowings	73,231	38,978	(34,253)
Long-term Provisions	960	398	(562)
Liability - Equity accounted Council Businesses	952	741	(211)
Total Non-current Liabilities	75,144	40,117	(35,027)
Total Liabilities	90,183	57,835	(32,348)
Net Assets	613,178	695,390	82,211
Equity			
Accumulated Surplus	77,725	70,622	(7,104)
Asset Revaluation Reserve	535,453	624,768	89,315
Total Equity	613,178	695,390	82,212

Statement of Changes in Equity

	BUDGET 2024-2025 \$'000	ACTUAL 2024-2025 \$'000	Variance \$'000
Accumulated Surplus			
Balance at end of previous reporting period	71,536	66,480	(5,056)
Net Surplus/ (Deficit) for year	6,189	4,099	(2,090)
Other comprehensive Income	-	42	42
Balance at end of period	77,726	70,621	(7,104)
Asset Revaluation Reserve			
Balance at end of previous reporting period	529,945	561,954	32,009
Gain on revaluation of infrastructure, property, plant & equipment	5,508	62,814	57,306
Share of other comprehensive income - joint ventures and associates	-	-	-
Balance at end of period	535,453	624,768	89,315
Total Equity at end of reporting period	613,178	695,389	82,211

Statement of Cash Flow

	BUDGET 2024-2025 \$'000	ACTUAL 2024-2025 \$'000	Variance \$'000
Cash Flow from Operating Activities			
<u>Receipts</u>			
Rates - general & other	47,420	47,261	(159)
Statutory charges	2,176	2,762	586
User Charges	3,997	4,659	662
Grants utilised for operating purposes	2,676	3,843	1,167
Investment receipts	79	11	(69)
Other Income	547	131	(417)
<u>Payments</u>			
Employee Costs	(19,298)	(17,234)	2,064
Contractual services & materials	(21,640)	(18,156)	3,484
Finance payments	(2,385)	(1,299)	1,086
Net Cash provided by (or used in) Operating Activities	13,574	21,977	8,403
Cash flow from Investing Activities			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets	6,368	2,852	(3,516)
Sale of replaced assets	36	10	(26)
Repayments of loans by community groups	-	-	-
Capital Distributions from associated entities	-	-	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets	(20,424)	(9,964)	10,460
Expenditure on new/upgraded assets	(39,368)	(33,662)	5,706
Loans made to community groups	-	-	-
Capital contributed to associated entities	-	(109)	(109)
Net Cash provided by (or used in) Investing Activities	(53,388)	(40,873)	12,516
Cash Flow from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings	41,199	21,030	(20,169)
<u>Payments</u>			
Repayments of Borrowings	(1,034)	(1,145)	(111)
Net Cash provided by (or used in) Financing Activities	40,165	19,885	(20,280)
Net Increase (Decrease) in cash held	350	989	639
Cash & cash equivalents at beginning of period	150	997	847
Cash & cash equivalents at end of period	500	1,986	1,486

Uniform Presentation of Finances

	BUDGET 2024-2025 \$'000	ACTUAL 2024-2025 \$'000	Variance \$'000
Income	57,078	59,150	2,072
<i>less Expenses</i>	(56,849)	(56,848)	0
Operating Surplus (Deficit)	229	2,301	2,072
Net timing adjustment for general purpose grant funding	-	-	-
Less: grants, subsidies and contributions - capital	(444)	(267)	178
Adjusted Operating surplus / (deficit)	(215)	2,035	2,250
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(20,424)	(9,964)	10,460
Depreciation, Amortisation and Impairment	13,079	14,376	1,297
Proceeds from Sale of Replaced Assets	36	10	(26)
	(7,309)	4,422	11,731
Net Outlays on New and Upgraded Assets			-
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	(39,368)	(33,662)	5,706
Add back amounts received specifically for new and upgraded assets	5,924	2,586	(3,338)
Add back grants, subsidies and contributions - capital new/upgraded	444	267	(178)
	(33,000)	(30,810)	2,190
Net Lending / (Borrowing) for Financial Year	(40,524)	(24,353)	16,171

Financial Indicators

	BUDGET 2024-2025	ACTUAL 2024-2025
	\$	\$
Operating Surplus Ratio		
<u>Operating Surplus/(Deficit)</u>	<u>229,418</u>	<u>2,301,359</u>
Operating Revenue	57,078,063	59,149,734
	0.4%	3.9%
Net Financial Liabilities Ratio		
<u>Net Financial Liabilities</u>	<u>86,117,141</u>	<u>51,701,368</u>
Total Operating Revenue	57,078,063	59,149,734
	150.9%	87.4%
Assets Renewable Ratio		
<u>Net Asset Renewals</u>	<u>20,424,262</u>	<u>9,953,933</u>
Asset Management Plan	12,004,179	12,004,179
	170.1%	82.9%
Interest Cover Ration		
<u>Net Interest Expense</u>	<u>2,297,072</u>	<u>1,539,670</u>
Total Operating Revenue less Interest income	57,000,098	59,139,188
	4.0%	2.6%

Attachment B

Financial Results 2024-2025

CITY OF NORWOOD PAYNEHAM & ST PETERS

Financial Statements

For the financial year ended 31 March 2015



City Of Norwood Payneham & St Peters

General Purpose Financial Statements
for the year ended 30 June 2025

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Council Certificate of Audit Independence	n/a
Audit Certificate of Audit Independence	n/a

Council certificate

Council certificate: ONLY PDF inserted here

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City Of Norwood Payneham & St Peters

Statement of Comprehensive Income

for the year ended 30 June 2025

\$	Notes	2025	2024
Income			
Rates	2a	47,345,960	43,667,070
Statutory charges	2b	2,467,308	2,111,925
User charges	2c	4,027,179	3,823,471
Grants, subsidies and contributions - capital	2g	266,636	571,428
Grants, subsidies and contributions - operating	2g	3,843,067	1,643,079
Investment income	2d	10,546	60,848
Reimbursements	2e	130,736	133,730
Other income	2f	850,402	885,092
Net gain - equity accounted council businesses	18	207,908	38,653
Total income		59,149,742	52,935,296
Expenses			
Employee costs	3a	17,489,561	16,699,578
Materials, contracts and other expenses	3b	23,237,635	22,331,023
Depreciation, amortisation and impairment	3c	14,375,938	12,851,791
Finance costs	3d	1,550,217	610,606
Net loss - equity accounted council businesses	18	195,034	333,700
Total expenses		56,848,385	52,826,698
Operating surplus / (deficit)		2,301,357	108,598
Asset disposal and fair value adjustments	4	(1,909,892)	(4,490,540)
Amounts received specifically for new or upgraded assets	2g	3,708,027	6,441,807
Net surplus / (deficit)		4,099,492	2,059,865
Other comprehensive income			
Changes in revaluation surplus - I,PP&E	9	62,813,969	39,253,447
Share of other comprehensive income - equity accounted council businesses	9	41,965	631,004
Total other comprehensive income		62,855,934	39,884,451
Total comprehensive income		66,955,426	41,944,316

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

City Of Norwood Payneham & St Peters

Statement of Financial Position

as at 30 June 2025

\$	Notes	2025	2024
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	1,985,703	997,332
Trade and other receivables	5b	3,266,436	3,719,748
Total current assets		5,252,139	4,717,080
Non-current assets			
Trade and other receivables	6a	140,162	111,106
Equity accounted investments in council businesses	6b	3,110,083	3,174,946
Other non-current assets	6c	44,855,366	8,872,785
Infrastructure, property, plant and equipment	7	699,867,092	645,596,228
Total non-current assets		747,972,703	657,755,065
TOTAL ASSETS		753,224,842	662,472,145
LIABILITIES			
Current liabilities			
Trade and other payables	8a	13,153,462	8,828,349
Borrowings	8b	1,171,589	1,135,783
Provisions	8c	3,393,150	3,623,717
Total current liabilities		17,718,201	13,587,849
Non-current liabilities			
Borrowings	8b	38,977,657	19,020,322
Provisions	8c	397,812	459,562
Liability - equity accounted council businesses	8d	741,210	969,876
Total non-current liabilities		40,116,679	20,449,760
TOTAL LIABILITIES		57,834,880	34,037,609
Net assets		695,389,962	628,434,536
EQUITY			
Accumulated surplus		70,621,612	66,480,155
Asset revaluation reserves	9	624,768,350	561,954,381
Total council equity		695,389,962	628,434,536
Total equity		695,389,962	628,434,536

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

City Of Norwood Payneham & St Peters

Statement of Changes in Equity

for the year ended 30 June 2025

\$	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
2025				
Balance as at 1 July		66,480,155	561,954,381	628,434,536
Net surplus / (deficit) for year		4,099,492	—	4,099,492
Other comprehensive income				
Gain (loss) on revaluation of IPP&E	7a	—	62,813,969	62,813,969
Share of OCI - equity accounted council businesses		41,965	—	41,965
Other comprehensive income		41,965	62,813,969	62,855,934
Total comprehensive income		4,141,457	62,813,969	66,955,426
Balance at the end of period		70,621,612	624,768,350	695,389,962
2024				
Balance as at 1 July		63,789,286	522,700,934	586,490,220
Restated opening balance		63,789,286	522,700,934	586,490,220
Net surplus / (deficit) for year		2,059,865	—	2,059,865
Other comprehensive income				
Gain (loss) on revaluation of IPP&E	7a	—	39,253,447	39,253,447
Share of OCI - equity accounted council businesses		631,004	—	631,004
Other comprehensive income		631,004	39,253,447	39,884,451
Total comprehensive income		2,690,869	39,253,447	41,944,316
Balance at the end of period		66,480,155	561,954,381	628,434,536

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

City Of Norwood Payneham & St Peters

Statement of Cash Flows

for the year ended 30 June 2025

\$	Notes	2025	2024
Cash flows from operating activities			
<u>Receipts</u>			
Rates receipts		47,261,418	43,219,209
Statutory charges		2,467,308	2,111,925
User charges		4,018,491	3,823,471
Grants, subsidies and contributions		3,843,067	1,643,079
Investment receipts		10,546	60,848
Reimbursements		130,736	133,730
Other receipts		1,483,904	–
<u>Payments</u>			
Payments to employees		(17,783,109)	(16,241,406)
Payments for materials, contracts and other expenses		(18,156,140)	(23,882,180)
Finance payments		(1,299,139)	(520,721)
Net cash provided by (or used in) operating activities	11b	21,977,082	10,347,955
Cash flows from investing activities			
<u>Receipts</u>			
Grants utilised for capital purposes		266,636	571,428
Amounts received specifically for new or upgraded assets		2,585,782	7,132,921
Sale of replaced assets		10,233	16,597
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(9,964,166)	(12,994,204)
Expenditure on new/upgraded assets		(33,661,999)	(18,961,179)
Capital contributed to equity accounted Council businesses		(108,964)	(871,963)
Net cash provided (or used in) investing activities		(40,872,478)	(25,106,400)
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from loans		21,030,000	12,500,000
Proceeds from bonds and deposits		–	43,452
<u>Payments</u>			
Repayments of loans		(1,033,878)	(988,781)
Repayment of lease liabilities		(112,355)	(116,120)
Net cash provided by (or used in) financing activities		19,883,767	11,438,551
Net increase (decrease) in cash held		988,371	(3,319,894)
plus: cash & cash equivalents at beginning of period		997,332	4,317,226
Cash and cash equivalents held at end of period	11a	1,985,703	997,332

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*

1.2 Historical cost convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgment in applying the Council's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

(2) The local government reporting entity

The City of Norwood Payneham & St Peters is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 175 The Parade, Norwood. These financial statements include the consolidated fund and all entities through which the Council controls resources to carry on its functions.

Trust monies and property held by the Council but subject to the control of other persons have been excluded from these reports.

(3) Income recognition

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when Council enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

In recent years the payment of untied grants (financial assistance grants / local roads / supplementary grants) has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2020/21	\$1,113,164	\$1,161,256	- \$48,092
2021/22	\$1,648,333	\$1,184,403	+ \$463,930
2022/23	\$1,655,338	\$1,328,532	+ \$326,806
2023/24	\$68,806	\$1,473,979	-\$1,405,173
2024/25	\$2,290,551	\$1,504,411	+ \$786,140

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

(4) Cash, cash equivalents and other financial instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the *Local Government Act 1999*. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

(5) Infrastructure, property, plant and equipment

5.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All assets are capitalised at 30 June of the year the asset is ready for use and the depreciation expenditure will commence from 1 July. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to Infrastructure, Property, Plant & Equipment when completed ready for use.

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Materiality thresholds have been reviewed and remain as follows:

Land	\$0
Buildings & Other Structures	\$3,000
Infrastructure	\$3,000
Plant & Equipment	\$1,000
Furniture & Fittings	\$1,000
Other Assets	\$1,000

* With the exception of Land under Roads and Easements, all land will be capitalised and recorded as an asset of the Council.

5.3 Subsequent Recognition

Certain asset classes are re-valued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided in Note 7.

5.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Building & Other Structures	10 to 100 years
Plant, Furniture & Equipment	3 to 20 years
Furniture & Fittings	10 to 20 years

Infrastructure

Road Seal	10 to 40 years
Road Pavement	80 to 150 years
Footpaths	15 to 50 years
Off Road Car Parks	100 years
Traffic Control	30 to 60 years
Linear Park	30 to 60 years
Kerbing	40 to 70 years
Stormwater	80 to 100 years

Open Space Assets	10 to 100 years
Other Assets - Library Books	2 to 8 years
Leasing Assets	2 to 5 years
Landscaping	5 years

Land Under Roads

The Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised, as in the opinion of the Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

5.5 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a key assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

5.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 *Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

(6) Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

6.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

(7) Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

(8) Employee benefits

8.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted avg. discount rate 4.65% (2024, 1.54%)

Weighted avg. settlement period 1.46 years (2024, 1.5 years)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

8.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

(9) Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

9.1 Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and equipment	2 to 5 years
Property	2 to 5 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(10) Equity accounted Council businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

(11) GST implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

(12) New accounting standards and UIG interpretations

New accounting standards, amendments to existing standards and UIG Interpretations

Council applied for the first time certain new standards and amendments to existing standards, which are effective for annual periods beginning on or after 1 January 2024. Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

- AASB 2020-1 amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It also clarifies the meaning of 'settlement of a liability'

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current liabilities with Covenants

- AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan agreement.

AASB 2022-10: Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

- AASB 2022-10 amends AASB 13 – Fair Value Measurement for the fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily to generate net cash inflows.

Council has adopted all amendments mentioned above required for the year ended 30 June 2025. The adoption of these amendments did not have a material impact on the financial statements.

Standards issued by the AASB not yet effective

The AASB has issued new and amended Australian Accounting Standards and Interpretations that are not effective as of 30 June 2025. These standards have not yet been adopted by Council and will be incorporated into the financial statements upon their effective dates. The following list identifies all applicable new and amended Australian Accounting Standards and Interpretations that were issued but are not yet effective as of 30 June 2025.

AASB 2024-2: Amendments to the Classification and Measurement of Financial Instruments

- AASB 2024-2 amends AASB 9 Financial Instruments and AASB 7 Financial Instruments: Disclosures to clarify how the contractual cash flows from financial assets should be assessed when determining their classification. The amendment also clarifies the derecognition requirements of financial liabilities that are settled through electronic payment systems.

This standard is effective for annual reporting periods beginning on or after 1 January 2026.

The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 18: Presentation and Disclosure in Financial Statements

- AASB 18 replaces AASB 101 as the standard describing the primary financial statements and sets out requirements for the presentation and disclosure of information in AASB-compliant financial statements. Amongst other changes, it introduces the concept of the 'management-defined performance measures' to financial statements and requires the classification of transactions

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policies (continued)

presented within the statement of profit or loss within one of the five categories – operating, investing, financing, income taxes and discontinued operations. It also provides enhanced requirements for the aggregation and disaggregation of information.

This standard is effective for annual reporting periods beginning on or after 1 January 2028.

Council is currently assessing the impact the amendment will have on the financial statements once adopted.

(13) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(14) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 2. Income

\$	2025	2024
(a) Rates		
General rates		
General rates	46,565,227	42,907,214
Less: mandatory rebates	(1,129,534)	(1,056,824)
Less: discretionary rebates, remissions and write-offs	(180,314)	(182,313)
Total general rates	45,255,379	41,668,077
Other rates (including service charges)		
Natural Resource Management Levy	1,628,506	1,549,976
Parade Rate	285,349	278,118
Total other rates (including service charges)	1,913,855	1,828,094
Other charges		
Penalties for late payment	176,726	170,899
Total other charges	176,726	170,899
Total rates	47,345,960	43,667,070
(b) Statutory charges		
Planning, Development and Infrastructure Act fees	660,117	547,063
Animal registration fees and fines	120,159	120,346
Parking fines / expiation fees	914,719	1,044,193
Other registration fees	589,214	246,263
Sundry	183,099	154,060
Total statutory charges	2,467,308	2,111,925
(c) User charges		
Admission charges - pools	253,801	189,020
Hall and equipment hire	973,861	954,247
Sales - general	211,849	147,765
Subsidies received on behalf of users	1,464,070	1,480,607
Sundry	164,554	154,397
Activity Program Revenues	26,278	21,783
Child Care Centre Fees	932,766	875,652
Total user charges	4,027,179	3,823,471
(d) Investment income		
Interest on investments		
- Local Government Finance Authority	10,388	60,684
- Banks and other	158	164
Total investment income	10,546	60,848

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 2. Income (continued)

\$	2025	2024
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(e) Reimbursements

Private works	16,037	7,920
Other	114,699	125,810
Total reimbursements	130,736	133,730

(f) Other income

Insurance and other recoupments - infrastructure, property, plant and equipment	52,712	56,298
Sundry	797,690	828,794
Total other income	850,402	885,092

(g) Grants, subsidies and contributions

Capital grants, subsidies and contributions

Amounts received specifically for new or upgraded assets	3,708,027	6,441,807
Other grants, subsidies and contributions - capital		
Untied - Local roads and community	266,636	571,428
Total Other grants, subsidies and contributions - capital	266,636	571,428

Operating grants, subsidies and contributions

Other grants, subsidies and contributions	3,843,067	1,643,079
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Other grants, subsidies and contributions - operating

Total grants, subsidies and contributions	7,817,730	8,656,314
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(i) Sources of grants

Commonwealth Government	5,068,841	5,362,728
State Government	2,748,889	3,293,586
Total	7,817,730	8,656,314

Note 3. Expenses

\$	Notes	2025	2024
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(a) Employee costs

Salaries and wages		12,743,873	12,845,700
Temporary Labour and Apprentices		1,546,576	989,247
Employee leave expense		1,410,730	1,500,131
Superannuation - defined contribution plan contributions	17	1,366,967	1,221,068
Superannuation - defined benefit plan contributions	17	149,657	182,874
Workers' compensation insurance		695,459	734,391
Income Protection Insurance		253,230	218,354
Less: capitalised and distributed costs		(676,931)	(992,187)
Total operating employee costs		17,489,561	16,699,578

Total number of employees (full time equivalent at end of reporting period)	153	165
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City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 3. Expenses (continued)

\$	2025	2024
(b) Materials, contracts and other expenses		
(i) Prescribed expenses		
Auditor's remuneration		
- Auditing the financial reports	25,904	13,858
Bad and doubtful debts	–	(164,544)
Elected members' expenses	384,560	393,236
Lease expense - low value assets / short term leases	52,289	52,878
Subtotal - prescribed expenses	462,753	295,428
(ii) Other materials, contracts and expenses		
Contractors	8,175,028	8,133,686
Energy	578,415	756,832
Legal expenses	338,932	602,299
Parts, accessories and consumables	1,126,741	1,277,225
Professional services	1,510,471	1,150,563
Sundry	656,053	464,342
Water	920,014	750,705
Administration Costs	939,994	861,565
Grants and Donations	153,219	152,040
Rates and Taxes	27,185	89,253
Waste Collection and Disposal	4,743,722	4,513,451
Insurance	996,241	947,336
Subscriptions and Licences	955,332	752,159
Levies Paid to Government - Landscape Levy	1,594,523	1,523,277
Levies Paid to Government - Other	59,012	60,862
Subtotal - Other material, contracts and expenses	22,774,882	22,035,595
Total materials, contracts and other expenses	23,237,635	22,331,023

(c) Depreciation, amortisation and impairment**(i) Depreciation and amortisation**

Buildings and other structures	3,001,998	2,810,542
Infrastructure		
- Stormwater drainage	1,980,731	1,830,213
Open Space Infrastructure	1,485,531	1,343,503
Roads	3,106,940	2,459,893
Kerbing	1,423,964	1,363,237
Footpaths	1,230,931	1,138,065
Linear Parks	53,329	41,285
Off Roads Car Parks	64,820	54,711
Traffic Control	163,111	183,296
Footbridges	79,264	16,108
Right-of-use assets	112,355	109,084
Plant and equipment	273,825	326,455
Furniture and fittings	97,041	100,767
Other assets	1,302,098	1,074,632
Subtotal	14,375,938	12,851,791
Total depreciation, amortisation and impairment	14,375,938	12,851,791

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 3. Expenses (continued)

\$	2025	2024
(d) Finance costs		
Interest on overdraft and short-term drawdown	155,205	156,405
Interest on loans	1,384,919	447,509
Interest on leases	10,093	6,692
<u>Total finance costs</u>	<u>1,550,217</u>	<u>610,606</u>

Note 4. Asset disposal and fair value adjustments

\$	2025	2024
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	10,233	16,597
Less: carrying amount of assets sold	(1,920,125)	(4,507,137)
<u>Gain (loss) on disposal</u>	<u>(1,909,892)</u>	<u>(4,490,540)</u>
<u>Net gain (loss) on disposal or revaluation of assets</u>	<u>(1,909,892)</u>	<u>(4,490,540)</u>

Note 5. Current assets

\$	2025	2024
(a) Cash and cash equivalent assets		
Cash on hand and at bank	1,056,642	866,105
Deposits at call	929,061	131,227
<u>Total cash and cash equivalent assets</u>	<u>1,985,703</u>	<u>997,332</u>

(b) Trade and other receivables

Rates - general and other	1,679,502	1,624,016
Debtors - general	833,469	1,299,663
GST recoupment	725,542	947,282
Prepayments	274,538	226,291
Sundry	35,821	8,807
<u>Subtotal</u>	<u>3,548,872</u>	<u>4,106,059</u>
Less: provision for expected credit losses	(282,436)	(386,311)
<u>Total trade and other receivables</u>	<u>3,266,436</u>	<u>3,719,748</u>

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 6. Non-current assets

\$	2025	2024
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(a) Trade and other receivables

Receivables

Council rates postponement scheme

Total financial assets

140,162	111,106
140,162	111,106

(b) Equity accounted investments in council businesses

Eastern Health Authority Inc.

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Eastern Waste Management Authority Inc.

ERA Water Inc.

Total equity accounted investments in Council businesses

250,524	221,270
146,000	111,750
2,713,559	2,841,926
3,110,083	3,174,946

(c) Other non-current assets

Capital work in progress

Total other non-current assets

44,855,366	8,872,785
44,855,366	8,872,785

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 7. Infrastructure, property, plant & equipment and investment property

Infrastructure, property, plant and equipment

\$	Fair Value Level	as at 30/06/24					Asset movements during the reporting period						as at 30/06/25				
		At Fair Value	At Cost	Accumulated Depreciation	Accumulated Impairment	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Accumulated Impairment	Carrying amount
Land	3	252,998,519	—	—	—	252,998,519	—	—	—	—	—	4,806,972	257,805,491	—	—	—	257,805,491
Buildings and other structures	3	166,952,217	3,528,885	(100,331,027)	—	70,150,075	—	444,696	(35,438)	(3,001,998)	—	1,275,140	173,652,769	444,696	(105,264,990)	—	68,832,475
Infrastructure	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- Stormwater drainage	3	165,518,910	7,561,478	(90,232,878)	—	82,847,510	—	—	—	(1,980,731)	—	2,801,695	179,241,073	—	(95,572,605)	—	83,668,468
- Open Space Infrastructure	3	36,233,942	5,329,241	(16,487,567)	—	25,075,616	118,358	685,577	(74,492)	(1,485,531)	(327,363)	—	41,668,984	803,935	(18,480,751)	—	23,992,168
- Roads	3	166,141,087	6,021,571	(68,028,797)	—	104,133,861	—	2,676,751	(614,371)	(3,106,940)	—	40,903,107	218,982,373	2,676,751	(77,666,715)	—	143,992,409
- Kerbing	3	94,248,441	1,560,741	(32,172,532)	—	63,636,650	231,237	1,672,512	(432,421)	(1,423,964)	(1,765,587)	—	99,230,539	1,903,749	(39,215,862)	—	61,918,426
- Footpaths	3	56,187,076	716,713	(28,494,906)	—	28,408,883	—	1,121,023	(757,451)	(1,230,931)	—	13,772,393	60,498,906	1,121,023	(20,306,012)	—	41,313,917
- Linear Parks	3	1,173,269	1,461,523	(325,078)	—	2,309,714	—	—	—	(53,329)	(468,745)	—	2,132,978	—	(345,337)	—	1,787,641
- Off Street Car Parks	3	3,466,018	11,539	(1,030,794)	—	2,446,763	—	—	—	(64,820)	—	282,282	4,007,005	—	(1,342,781)	—	2,664,224
- Traffic Control	3	8,233,100	727,243	(3,600,898)	—	5,359,445	33,125	—	—	(163,111)	(254,871)	—	7,253,439	33,125	(2,311,977)	—	4,974,587
- Footbridges	3	1,611,873	—	(316,933)	—	1,294,940	—	—	—	(79,264)	—	1,788,946	5,754,078	—	(2,749,456)	—	3,004,622
Right-of-use assets		419,670	—	(220,680)	—	198,990	109,373	—	—	(112,355)	—	—	332,220	—	(136,211)	—	196,009
Plant and equipment		—	7,635,888	(5,962,350)	—	1,673,538	272,114	—	(1,625)	(273,825)	—	—	—	7,872,000	(6,201,797)	—	1,670,203
Furniture and fittings		—	2,708,362	(2,312,385)	—	395,977	1,642	—	—	(97,041)	—	—	—	2,710,003	(2,409,426)	—	300,577
Other assets	3	6,856,902	4,092,770	(6,283,925)	—	4,665,747	386,550	—	(4,327)	(1,302,098)	—	—	8,165,331	3,153,128	(7,572,584)	—	3,745,875
Total infrastructure, property, plant and equipment		960,041,024	41,355,954	(355,800,750)	—	645,596,228	1,152,399	6,600,559	(1,920,125)	(14,375,938)	(2,816,566)	65,630,535	1,058,725,186	20,718,410	(379,576,504)	—	699,867,092
Comparatives		901,028,228	26,817,367	(333,074,654)	—	594,770,941	18,681,028	10,249,738	(4,507,134)	(12,851,791)	(540,809)	39,794,256	960,041,024	41,355,954	(355,800,750)	—	645,596,228

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 7. Infrastructure, property, plant & equipment and investment property (continued)

Valuation of infrastructure, property, plant & equipment and investment property

Valuation of assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7(a) for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on valuations

Fair value hierarchy level 2 valuations - Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of land - Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

Transfers between fair value hierarchy levels

In the course of revaluing (name the asset classes), the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation.

Other information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to *AASB 1.D5* to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with *AASB 13 Fair Value Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Highest and best use - For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land. Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

Note 7. Infrastructure, property, plant & equipment and investment property (continued)

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

Transition to AASB 13 - Fair Value Measurement

Land & Buildings

Land and Buildings assets are independently valued every five (5) years. An independent valuation of the Council's Land and Buildings was undertaken in the 2022-2023 Financial Year by AVR Consulting based on fair values of the assets as at 30 June 2023.

As the result of revaluation, all of the Council's land assets are classified at the fair value hierarchy level 3 and all of the Council's building and other structure assets are classified at the fair value hierarchy level 3.

AVR Consulting adopted a market approach to valuation of the land assets using level two inputs and level three inputs where unobservable inputs have been required and a cost-based approach for the valuation of the building assets and relied upon level 3 inputs.

The Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition; land under roads has not been recognised in these reports.

Council applies Indexation to the depreciated replacement cost in between revaluations, based on Local Government Price Index (Capital).

Open Space Assets

The Council's open space assets were independently condition assessed by Tonkin Consulting as at 30 June 2022. The basis of valuation adopted was written down replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost. Accordingly, total replacement value, total economic working life and residual economic working life were reliably established for each asset. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2024.

Road Infrastructure (*Roads, Kerbing & Footpaths*)

Road Infrastructure assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 30 June 2024 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2024.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Linear Park

Linear Park assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 30 June 2024 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2024.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater Drainage

Stormwater Drainage assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 30 June 2021 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2024.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Off Roads Car Parks

Off Roads Carparks assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 30 June 2024 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2024.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Traffic Control Devices

Traffic Control Devices assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 30 June 2024 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2024.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

Note 7. Infrastructure, property, plant & equipment and investment property (continued)

Plant, Furniture & Equipment

These assets are recognised on the cost less subsequent accumulated depreciation and impairment costs.

Library Books & Materials

These assets are recognised on the cost less subsequent accumulated depreciation.

Right of Use Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The council uses the modified retrospective method to calculate the leased related balance. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 8. Liabilities

	2025	2025	2024	2024
\$	Current	Non Current	Current	Non Current
(a) Trade and other payables				
Goods and services	1,582,089	—	1,404,493	—
Payments received in advance	4,563,181	—	5,608,969	—
Accrued expenses - employee entitlements	602,630	—	603,861	—
Accrued expenses - finance costs	430,696	—	179,618	—
Accrued expenses - other	5,836,015	—	919,394	—
Deposits, retentions and bonds	103,326	—	112,014	—
St Peters RSL Trust	35,525	—	—	—
Total trade and other payables	13,153,462	—	8,828,349	—

(b) Borrowings

Loans	1,081,341	5,341,896	1,033,879	6,423,236
Lease liabilities	90,248	105,761	101,904	97,086
Cash Advance Debenture Facility	—	33,530,000	—	12,500,000
Total Borrowings	1,171,589	38,977,657	1,135,783	19,020,322

(c) Provisions

Employee entitlements (including oncosts)	3,393,150	397,812	3,623,717	459,562
Total provisions	3,393,150	397,812	3,623,717	459,562

**(d) Liability accounted
investments in Council
businesses**

Highbury Landfill Authority Inc.	—	741,210	—	969,876
Total liability accounted investments in Council businesses	—	741,210	—	969,876

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 9. Reserves

	as at 30/06/24				as at 30/06/25
\$	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
Asset revaluation reserve					
Land	234,687,501	4,806,972	–	–	239,494,473
Buildings and other structures	69,211,468	1,275,140	–	–	70,486,608
Infrastructure					
Stormwater Drainage	55,749,469	2,801,695	–	–	58,551,164
Roads	87,921,507	40,903,107	–	–	128,824,614
Kerbing	69,637,132	(1,765,587)	–	–	67,871,545
Footpaths	30,173,314	13,772,393	–	–	43,945,707
Open Space Infrastructure	9,131,021	(327,363)	–	–	8,803,658
Traffic Control	2,279,667	(254,871)	–	–	2,024,796
Off Roads Car Parks	2,006,268	282,282	–	–	2,288,550
Linear Parks	166,442	(468,745)	–	–	(302,303)
Footbridges	160,283	1,788,946	–	–	1,949,229
Other assets	830,309	–	–	–	830,309
Total asset revaluation reserve	561,954,381	62,813,969	–	–	624,768,350
Comparatives	522,700,934	39,253,447	–	–	561,954,381

Purposes of reserves

Asset revaluation reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Note 10. Assets subject to restrictions

\$	2025	2024
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.		
Cash and financial assets		
Deposits at Call	35,525	46,007
Total cash and financial assets	35,525	46,007
Total assets subject to externally imposed restrictions	35,525	46,007
The following liabilities, included in Note 8, may be discharged from restricted assets in the first instance:		
St Peter RSL Trust Funds	35,525	46,007
Total	35,525	46,007

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2025	2024
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(a) Reconciliation of cash

Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Total cash and equivalent assets	5	1,985,703	997,332
Balances per Statement of Cash Flows		1,985,703	997,332

(b) Reconciliation of Operating Result

Net surplus/(deficit)		4,099,492	2,059,865
Non-cash items in income statements			
Depreciation, amortisation and impairment		14,375,938	12,851,791
Equity movements in equity accounted investments (increase)/decrease		(12,874)	295,047
Grants for capital acquisitions treated as investing activity		(2,852,418)	(7,013,235)
Net (gain)/loss on disposals		1,909,892	4,490,540
Net (increase) decrease in Non-Current Council Rates Postponement Scheme		29,056	7,310
		17,549,086	12,691,318
Add (less): changes in net current assets			
Net (increase)/decrease in receivables		499,075	(1,347,376)
Change in allowances for under-recovery of receivables		(112,563)	(193,648)
Net increase/(decrease) in trade and other payables		4,333,801	(725,712)
Net increase/(decrease) in unpaid employee benefits		(292,317)	(76,627)
Net cash provided by (or used in) operations		21,977,082	10,347,955

(c) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate credit cards	75,000	75,000
Cash advance facilities	42,670,000	22,500,000

Note 12. Financial instruments

Recognised financial instruments

Bank, deposits at call, short term deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 4.15% and 4.55% (2024: 4.30% and 4.55%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 12. Financial instruments (continued)

Receivables - rates and associated charges (including legals and penalties for late payment)

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 9.15% (2024: 9.05%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

Accounting policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms and conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying amount:

Approximates fair value (after deduction of any allowance).

Receivables - other levels of government

Accounting policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms and conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying amount:

Approximates fair value.

Liabilities - creditors and accruals

Accounting policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms and conditions:

Liabilities are normally settled on 30 day terms.

Carrying amount:

Approximates fair value.

Liabilities - interest bearing borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms & Conditions:

Terms & conditions: secured over future revenues, borrowings are for a fixed term ranging from between 15 years to 20 years; interest is charged at fixed (or variable - describe) rates between 2.40% and 6.10% (2024: 2.40% and 6.15%).

Carrying Amount:

Approximates fair value.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 12. Financial instruments (continued)

Liabilities - leases

Accounting policy:

Accounted for in accordance with AASB 16 as stated in Note 16.

\$	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial assets and liabilities					
2025					
Financial assets					
Cash and cash equivalents	1,985,703	–	–	1,985,703	1,985,703
Receivables	2,991,898	–	–	2,991,898	2,991,898
Other financial assets	–	140,162	–	140,162	140,162
Total financial assets	4,977,601	140,162	–	5,117,763	5,117,763
Financial liabilities					
Payables	8,590,281	–	–	8,590,281	8,590,281
Current borrowings	1,279,681	–	–	1,279,681	1,081,341
Non-current borrowings	–	36,511,811	3,032,108	39,543,919	38,871,896
Total financial liabilities	9,869,962	36,511,811	3,032,108	49,413,881	48,543,518
Total financial assets and liabilities	14,847,563	36,651,973	3,032,108	54,531,644	53,661,281
2024					
Financial assets					
Cash and cash equivalents	997,332	–	–	997,332	997,332
Receivables	3,493,457	–	–	3,493,457	3,493,457
Other financial assets	–	111,106	–	111,106	111,106
Total financial assets	4,490,789	111,106	–	4,601,895	4,601,895
Financial liabilities					
Payables	3,219,380	–	–	3,219,380	3,219,380
Current borrowings	1,279,681	–	–	1,279,681	1,033,879
Non-current borrowings	–	9,694,115	10,099,485	19,793,600	18,923,236
Total financial liabilities	4,499,061	9,694,115	10,099,485	24,292,661	23,176,495
Total financial assets and liabilities	8,989,850	9,805,221	10,099,485	28,894,556	27,778,390

The following interest rates were applicable to Council's borrowings at balance date:

\$	2025		2024	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	5.06%	40,149,246	5.61%	20,156,105
		40,149,246		20,156,105

Net fair value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 12. Financial instruments (continued)

Risk exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 and 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Note 13. Capital Expenditure Commitments

\$	2025	2024
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Capital commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Infrastructure	29,821,980	52,030,746
Road & Footpath	878,461	253,275
Open Space	—	290,331
	<u>30,700,441</u>	<u>52,574,352</u>

These expenditures are payable:

Not later than one year	30,700,441	52,574,352
	<u>30,700,441</u>	<u>52,574,352</u>

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 14. Financial indicators

\$	Amounts 2025	Indicator 2025	Indicators 2024	Indicators 2023
Financial Indicators overview				
These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.				
1. Operating Surplus Ratio				
Operating surplus	2,301,357	3.9%	0.2%	3.8%
Total operating income	59,149,742			
This ratio expresses the operating surplus as a percentage of total operating revenue.				
Adjusted Operating Surplus Ratio				
Operating surplus	1,515,217	2.6%	2.8%	3.2%
Total operating income	58,363,602			
2. Net Financial Liabilities Ratio				
Net financial liabilities	51,701,369	87%	53%	29%
Total operating income	59,149,742			
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.				
Adjusted Net Financial Liabilities Ratio				
Net financial liabilities	52,487,509	90%	55%	32%
Total operating income	58,363,602			
Adjustments to Ratios				
In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.				
3. Asset Renewal Funding Ratio				
Asset renewals	9,953,933	83%	106%	99%
Infrastructure and Asset Management Plan required expenditure	12,004,179			
Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.				

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 15. Uniform presentation of finances

\$	2025	2024
The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.		
All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
<u>Income</u>		
Rates	47,345,960	43,667,070
Statutory charges	2,467,308	2,111,925
User charges	4,027,179	3,823,471
Grants, subsidies and contributions - capital	266,636	571,428
Grants, subsidies and contributions - operating	3,843,067	1,643,079
Investment income	10,546	60,848
Reimbursements	130,736	133,730
Other income	850,402	885,092
Net gain - equity accounted council businesses	207,908	38,653
Total Income	59,149,742	52,935,296
<u>Expenses</u>		
Employee costs	(17,489,561)	(16,699,578)
Materials, contracts and other expenses	(23,237,635)	(22,331,023)
Depreciation, amortisation and impairment	(14,375,938)	(12,851,791)
Finance costs	(1,550,217)	(610,606)
Net loss - equity accounted council businesses	(195,034)	(333,700)
Total Expenses	(56,848,385)	(52,826,698)
Operating surplus / (deficit)	2,301,357	108,598
Net timing adjustment for general purpose grant funding	–	1,405,173
Less: grants, subsidies and contributions - capital	(266,636)	(571,428)
Adjusted Operating surplus / (deficit)	2,034,721	942,343
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(9,964,166)	(12,994,204)
Add back depreciation, amortisation and impairment	14,375,938	12,851,791
Add back proceeds from sale of replaced assets	10,233	16,597
	4,422,005	(125,816)
Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(33,661,999)	(18,961,179)
Add back grants, subsidies and contributions - capital new/upgraded	266,636	571,428
Add back amounts received specifically for new and upgraded assets	2,585,782	7,132,921
	(30,809,581)	(11,256,830)
Annual net impact to financing activities (surplus/(deficit))	(24,352,855)	(10,440,303)

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 16. Leases

(i) Council as a lessee

Terms and conditions of leases

The Council leases a fleet motor vehicles and storage facilities while set up below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period.

Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$	2025	2024
Balance at 1 July	198,990	173,674
Additions	109,373	141,436
Accretion of interest	10,093	6,692
Payments	(122,447)	(122,812)
Balance at 30 June	196,009	198,990
Classified as:		
Current	90,248	101,904
Non-current	105,761	97,086

The maturity analysis of lease liabilities is included in Note 12.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	112,354	109,084
Interest expense on lease liabilities	10,093	6,691
Expense relating to short term leases	2,269	25,755
Expense relating to leases of low-value assets	50,019	52,877
Total amount recognised in profit or loss	174,735	194,407

(ii) Council as a lessor

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 17. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Hostplus (formerly Local Government Superannuation Scheme and Statewide Super). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (11.50% in 2024/25; 11.00% in 2023/24). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2023/24) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2023. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to other superannuation schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 18. Interests in other entities

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

\$	Council's Share of Net Income		Council's Share of Net Assets	
	2025	2024	2025	2024
Council's share of net income				
Joint ventures	12,874	(295,047)	2,368,873	2,205,070
Total Council's share of net income	12,874	(295,047)	2,368,873	2,205,070

((a)i) Joint ventures, associates and joint operations**(a) Relevant Interests**

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2025	2024	2025	2024	2025	2024
Highbury Landfill Authority Inc.	40.36%	40.36%	40.36%	40.36%	33.33%	33.33%
Eastern Waste Management Authority Inc.	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%
Eastern Health Authority Inc.	28.12%	31.65%	28.12%	31.65%	20.00%	20.00%
ERA Water	33.33%	33.33%	33.33%	33.33%	25.00%	25.00%

(b) Movement in Investment in Joint Venture or Associate

\$	Highbury Landfill Authority Inc.		Eastern Waste Management Authority Inc.		Eastern Health Authority Inc.		ERA Water	
	2025	2024	2025	2024	2025	2024	2025	2024
Opening Balance	(969,875)	(952,192)	111,750	147,875	221,269	184,389	2,841,926	1,617,077
Share in Operating Result	119,702	(89,647)	34,250	(36,125)	53,956	38,653	(195,034)	(207,928)
Share in Other Comprehensive Income	—	—	—	—	(24,702)	(1,773)	66,667	632,777
New Capital Contributions	108,964	71,964	—	—	—	—	—	800,000
Council's equity share in the joint venture or associate	(741,209)	(969,875)	146,000	111,750	250,523	221,269	2,713,559	2,841,926

(c) Share of Joint Operations Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Eastern Waste Management Authority Inc.

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities. With the Adoption of AASB 16 Lease commitments are now recognised in the financial statements.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 19. Contingencies and assets/liabilities not recognised in the balance sheet

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. Land under roads

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 171 km of road reserves of average width 14 metres.

2. Potential insurance losses

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. Legal expenses

The Council is the Planning Consent Authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Note 20. Events after the balance sheet date

Consistent with disclosures under AASB 110 - Events after Balance Date, there were no events subsequent to 30 June 2025 that need to be disclosed in the financial statement.

Note 21. Related party transactions

Key management personnel

Transactions with key management personnel

The Council is the Planning Consent Authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

\$	2025	2024
The compensation paid to key management personnel comprises:		
Short-term employee benefits	1,688,889	1,518,248
Post-employment benefits	181,592	157,876
Total	1,870,481	1,676,124

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

No key management personnel or parties related to them had any transactions during the year on terms more favourable than those available to the general public.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 22(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 22(b).										
	OPERATING INCOME		OPERATING EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN OPERATING INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
\$	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Functions/Activities										
Community Services	4,124,626	4,100,783	6,050,204	5,955,338	(1,925,578)	(1,854,555)	1,201,517	1,215,225	42,203,588	37,118,082
Culture	869,022	772,410	3,797,836	3,687,320	(2,928,814)	(2,914,910)	119,470	107,223	15,384,630	13,530,792
Economic Development	288,977	304,291	503,058	910,227	(214,081)	(605,936)	—	—	1,399,181	1,230,580
Environment	119,901	103,125	9,246,032	9,142,098	(9,126,131)	(9,038,973)	13,636	27,000	95,829,439	84,282,053
Recreation	393,125	310,893	3,944,765	3,763,829	(3,551,640)	(3,452,936)	10,000	6,000	308,133,676	271,003,765
Regulatory Services	2,517,681	2,063,007	3,961,285	3,772,972	(1,443,604)	(1,709,965)	—	—	570,298	501,577
Transport	—	—	1,457,931	1,510,535	(1,457,931)	(1,510,535)	931,924	—	239,529,046	210,665,949
Plant Hire/Depot Indirect	2,875	19,643	802,190	938,234	(799,315)	(918,591)	—	—	3,451,153	3,035,291
Council Administration	50,833,535	45,261,144	27,085,081	23,146,145	23,748,454	22,114,999	1,566,520	287,631	46,564,392	40,953,413
Other	—	—	—	—	—	—	—	—	159,439	150,643
Total Functions/Activities	59,149,742	52,935,296	56,848,382	52,826,698	2,301,360	108,598	3,843,067	1,643,079	753,224,842	662,472,145

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 22(b). Components of functions

The activities relating to Council functions are as follows:

Business undertakings

Private Works

Community services

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

Culture

Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage and Other Cultural Services.

Economic development

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

Environment

Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Stormwater and Drainage, Street Cleaning, Street Lighting, Street scaping, Natural Resource Management Levy, and Other Environment.

Recreation

Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Outdoor, and Other Recreation.

Regulatory services

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

Transport

Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Traffic Management, Local Government Grants Commission – roads (formula funded), and Other Transport.

Council administration

Governance, Administration, Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Property, Contract Management, Customer Service, Other Support Services, Revenues, Local Government Grants Commission – General Purpose, and Separate and Special Rates.

Governance

Audit & Assurance, Planning and Performance, Legal Services and Major Projects.

Equity accounted Council businesses

Net Gain equity accounting Council businesses

Net Loss equity accounting Council businesses

City Of Norwood Payneham & St Peters

General Purpose Financial Statements

for the year ended 30 June 2025

Independent Auditor's Report - Financial Statements

City Of Norwood Payneham & St Peters

General Purpose Financial Statements
for the year ended 30 June 2025

Independent Auditor's Report - Internal Controls

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2025

Statement by Auditor

I confirm that, for the audit of the financial statements of City of Norwood Payneham & St Peters for the year ended 30 June 2025, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

Date: 30 September 2025

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ABN: 89 656 702 886

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under Professional Standards Legislation

Attachment C

Financial Results 2024-2025



Accountants, Auditors & Business Consultants

2024/25 Audit Completion Report

City of Norwood Payneham & St Peters



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Norwood
Payneham
& St Peters

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EXECUTIVE SUMMARY

To the members of the audit & risk committee of City of Norwood Payneham & St Peters

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2025. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We intend to issue the following opinions (subject to the satisfactory completion of the items described in section 1 – *Status of our Audit Work* of this document):

Intended opinions	Type of opinion	Proposed Auditor's Report
Opinion on the Financial Statements	Unmodified	Refer to Appendix 1 of this report.
Controls Opinion	Unmodified	Refer to Appendix 2 of this report.

We have included in this report the following information to ensure that councillors, management and audit & risk committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
Key Audit Matters	Section 2
Internal Controls Opinion and Recommendations	Section 3
Immaterial Uncorrected Misstatements	Section 4
Final Management Letter	Section 5
Long-term Financial Sustainability considerations	Section 6
Proposed Independent Auditor's Report on the Financial Report	Appendix 1
Proposed Independent Auditor's Report on the Internal Controls	Appendix 2

We have also signed the statement by auditor regarding our independence, and confirmed that for the audit of the year ended 30 June 2025 we have maintained our independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours faithfully



Tim Muhlhausler CA Registered Company Auditor

Date: 26 September 2025

1. Status of Our Audit Work

Below is a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final draft of the financial report	Management	Completed
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Final draft of the financial report after audit verification	Management	Completed
Audit Completion Report	Audit	Completed
Final audited financial statements from the Council's subsidiaries	Management	Completed
Signed certification of auditor independence	Management	Note 1
Final financial report after considerations from the audit & risk committee	Management	Note 1
Signed certification of financial statements	Management	Note 1
Signed management representation letter	Management	Note 1
Final Independent Auditor's Report on the Internal Controls	Audit	Note 2
Final Independent Auditor's Report on the Financial Report	Audit	Note 2

Note 1 To be provided after the audit & risk committee meeting.

Note 2 To be provided by audit on receipt of both the:

- final financial report containing the signed certification of financial statements and the signed certification of auditor independence, and
- signed management representation letter.

2. Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report. We address these matters in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

2.1 Valuation of Infrastructure assets

Why the matter is significant	How the matter was addressed
Infrastructure assets are valued at fair value. The fair values of these assets were based on depreciated current replacement costs which is comprised by the gross replacement cost less accumulated depreciation. Council values the gross replacement cost using the estimated average cost (unit cost) at which it could construct a substitute asset of comparable quality in the normal course of business. There was inherent subjectivity involved in making judgments in relation to assumptions used to estimate unit rates which also involved determining the: ▪ components of assets that are replaced at different times in the asset lifecycle ▪ costs required to replace these components using current prices for materials, labour, and plant costs ▪ indices for measuring subsequent changes in unit rates. The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the depreciation that would have accumulated since original construction using these estimated useful lives. The significant professional judgments used to estimate the gross replacement cost and the accumulated depreciation are also relevant to the calculation of the annual depreciation expense of these assets.	Our audit included but was not limited to the following activities: ▪ reconciled closing balances to the asset registers ▪ reconciled the movements in note 7 to the asset register ▪ reviewed the basis for valuation used by external valuers ▪ assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards ▪ reviewed the fair value hierarchy provided in note 7 for each category of asset ▪ reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports ▪ reviewed the useful lives mentioned above for different components and compared them to other local government entities ▪ performed a recalculation of depreciation ▪ reviewed the methodology used by Council to perform componentisation of infrastructure assets and compared the methodology used to Council's actual asset management practices and to other local government entities ▪ reconciled the unit rates used for different components of infrastructure assets to the unit rates provided in the valuer's report ▪ reviewed the unit rates mentioned above and compared them to different local government entities ▪ assessed the adequacy of disclosures in the financial report.

2.2 Valuation of Land and Buildings

Why the matter is significant	How the matter was addressed
Land and buildings are valued at fair value. The basis of valuation to be used for these assets depends on a number of factors such as the nature of the asset, purpose of their use, the highest and best use of the asset, potential restrictions to the disposal of these assets among other factors. Valuation of land depends on whether the land is classified as Crown land or community land. Community land and Crown land are valued using unobservable (level 3) inputs as the allowance for the restriction on sale (requiring Ministerial consent) is usually an unobservable input, and is likely to have a significant effect on valuation. Land, where Council has an unfettered right to sell them, is usually valued at current market value based on their highest and best use. Level 2 inputs are primarily used for land during the valuation process. Valuation of buildings depends on the nature of these assets. Some Council buildings have no active market due to the specialised nature of the assets and the services they provide. For such buildings fair value is usually determined on the basis of replacement with a new building having similar service potential. Valuation techniques used to measure fair value of these buildings include significant unobservable inputs (level 3). For buildings that have an active market, buildings are assessed on market value principles which is deemed to be their fair value based on level 2 inputs. The most significant input into this valuation approach is sales transactions of comparable properties within the City, adjusted for any pertinent differences. The significant professional judgments used to estimate the value of buildings are also relevant to the calculation of the annual depreciation expense of these assets.	Our audit included but was not limited to the following activities: ▪ reconciled closing balances to the asset registers ▪ reconciled the movements in note 7 to the asset registers ▪ reviewed the basis for valuation used by external valuers ▪ assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards ▪ analysed the nature of the land building assets and concluded whether the fair value hierarchy provided in note 7 for each category of asset was reasonable ▪ reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports ▪ reviewed the useful lives mentioned above for different components and compared them to other local government entities ▪ performed a recalculation of depreciation; and ▪ assessed the adequacy of disclosures in the financial report.

2.3 Accounting treatment of capitalisation of assets

Why the matter is significant	How the matter was addressed
Councils are asset intensive and highly dependent on multiple assets to deliver services to customers. Hence, there is a high volume of transactions and significant amounts involved in relation to capitalisation of assets. Due to the unique characteristics of Council's assets a number of considerations are taken into account when an expenditure is capitalised which include: - whether Council is incurring capital expenditure on physical resources that are controlled by Council. Control is the most difficult of the characteristics of an asset to be defined as the concept goes beyond the legal ownership; - Inclusions and exclusions of costs at initial recognition of an asset in accordance with AASB 116; - Cost involved in dismantling and removing the asset and/or restoring the site under AASB 137; - Borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" as per AASB 123; and - accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure.	Our audit included but was not limited to the following activities: - performed analytical procedures to define whether the amounts capitalised for the FY was in accordance with our expectation and our understanding of the entity; - reviewed internal controls in place for capitalisation of assets; - selected a sample of additions and performed an assessment of the nature of the addition and concluded whether the addition was recognised in accordance with Australian Accounting Standards; - reviewed the WIP schedule and selected a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account; and - reviewed the WIP schedule in order to identify projects that should have been capitalised but were not.

2.4 Management Override of Controls

Why the matter is significant	How the matter was addressed
Management is inherently in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare a fraudulent report by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, the risk of material misstatement due to fraud is, by default, considered a significant audit risk.	Our audit included but was not limited to the following activities: - tested the appropriateness of journal entries recorded in the general ledger - reviewed accounting estimates for biases - performed final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity - requested written representation from Management - reviewed IT access controls rights processes in place - reviewed processes in place to ensure independent reviews of exception reports generated by Council - reviewed processes in place to ensure independent reviews of audit trails of changes to master files.

2.5 Other High Risk Areas

The other high risk areas described in this section are account balances and/or audit areas that are not subject to a high degree of professional judgement, however we assessed their inherent risks as being high due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Account balance	Why the risk is High	Overall audit response
Rates and charges	- largest revenue item - often used as a reference point for analysing expenditure decisions - politically sensitive - reputational risk involved if rates are raised incorrectly.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - comparison of total capital values from the VG report to the total capital value recorded in the rates system - reconciliation of the rates modelling to the rates system and to the general ledger - recalculation of rates for a sample of rate payers.
Employee costs	- one of the largest expense items - high volume of transactions / data - subject to error - errors impact individuals financially.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of employee files (contracts, awards, EBs) - inspection of timesheets - recalculation of a sample of individual payments.
Materials, Contracts & Other expenses	- one of the largest expense items - high volume of transactions, inherently higher risk of error - fraud risk area (procurement, payments and credit cards) - procurement and contracting are key focus areas for ICAC and the Auditor-General's Department.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses.
Cash and cash equivalents	- material balance - fraud risk - if there is any instance of errors and/or fraud it will be indicative of broader errors - poor attitude to cash controls may be indicative of overall culture related to the entity's controls environment - public money.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - bank confirmation - inspection of bank statements - verification of outstanding reconciling items - reperformance of bank reconciliations.
Trade and other payables	- one of the largest liabilities - material balance - opportunity for understatements - poor use of accrual basis of accounting it may be indicative of poor culture related to financial reporting - payments represent an opportunity for fraud.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - reconciliation between subsidiary ledgers and the general ledger - inspection of subsequent payments for a sample of creditors - inspection of a sample of subsequent payments for completeness test.

2.6 Intended Opinion on the Financial Report

We have completed our final risk of material misstatements assessment and concluded that the audit procedures performed were sufficient to reduce the audit risk to an acceptable level. We have evaluated the results of our audit testing and determined that no further adjustments to the financial statements are required.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, ***the financial report prepared by Council presents fairly***, in all material respects, the Council's financial position as at the end of the current financial year and its financial performance for the year ended on that date (refer to our proposed Independent Auditor's Report on the Financial Report included in Appendix 1 of this report).

3. Internal Controls Opinion and Recommendations

We have performed an extensive review of the Council's financial controls for the purpose of forming our control opinion as required by section 129 of the *Local Government Act 1999* based on council's obligations under s125 of that Act.

Our controls opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating effectively			2025 Findings			
		2025	2024	2023	H	M	L	BP
General Ledger	11	11	11	8	-	-	-	-
Fixed Assets	16	16	13	13	-	-	-	1
Purch&Procur/Contracting	10	7	8	7	-	3	-	-
Accounts Payable (AP)	13	13	13	12	-	-	-	-
Rates / Rates Rebates	10	10	10	8	-	-	-	-
Banking	5	5	5	4	-	-	-	-
Accounts Receivable (AR)	6	6	6	5	-	-	-	-
Credit Cards	5	5	4	1	-	-	-	-
Payroll	19	19	19	19	-	-	-	-
Receipting	5	5	5	5	-	-	-	-
Total	100	97	94	82	-	3	-	1

Overall the Council demonstrated a satisfactory level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim audit visit we found that the majority of key internal controls reviewed were in place and were operating effectively (97 out 100 core controls reviewed). Risks were rated based on an assessment of the risk of non-compliance with s125 of the *Local Government Act 1999* as described in Appendix 3 – Risk Ratings.

An interim audit management letter was issued and presented to the audit & risk committee containing our overall assessment of the council's internal controls and all the controls weaknesses identified during our review of the Council's financial controls.

Council has an action plan in place to address most of the findings related to the controls that were not operating effectively as indicated in Management responses to our interim management letter issued in July 2025.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, **the Council has complied, in all material respects, with Section 125 of the Local Government Act 1999** in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

4. Immaterial Uncorrected Misstatements

There are no immaterial uncorrected misstatements to be reported.

5. Final Management Letter

We have identified the following additional performance improvement observations when performing our substantive procedures during our final audit:

		Risk
Employees with excessive annual leave balances		Low
Finding	Audit identified 21 employees with annual leave balances in excess of 300 hours (approximately 2 years of entitlement). In 2023/24, Audit identified 20 employees with annual leave balances in excess of 300 hours.	
Risk	Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health, safety and welfare issues. Regular taking of leave also acts as a fraud prevention control.	
Recommendation	Implement strategies to systematically reduce excessive leave balances, and prevent employees from accumulating excessive balances.	

Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in Appendix 3 – Risk Ratings.

6. Long-term Financial Sustainability Considerations

The Long-term Financial Plan (LTFP) Update, included as an appendix to the 2025-26 Annual Business Plan, indicates that Council is projected to present a net financial liability ratio of 147.70% in 2025/26. The increase in the net financial liability ratios is due to a significant increase in expenditure on new and upgraded assets in 2024/25 and the projections for 2025/26. The main capital projects include the Payneham Memorial Swimming Centre, The Parade Master Plan, and the Norwood Library Redevelopment.

In cases where a council's LTFP includes a net financial liabilities ratio exceeding the SA Local Government Association's suggested maximum of 100%, it is expected that the LTFP will demonstrate a strategy to ensure the ratio is trending downwards towards the target range. The LTFP predicts the following reduction in the Net Financial Liability Ratio (NFLR) after it reaches its peak of 166.83% in 2028/29.

2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
158.06%	165.21%	166.83%	162.03%	155.99%	145.75%	134.57%	122.41%	109.02%

Discussions with Finance Management and our review of the projected statement of comprehensive income presented in the draft LTFP identified that the main assumptions used by Council for debt reduction are as follows:

- compound effect of rate increases over the next 10 years (6-8% in the first four years and 4% in the last six years)
- significant decrease in annual capital expenditure on new and upgraded assets (projected at approximately \$11–\$13 million per year in the first four years, about \$2.6–\$3.6 million per year in the fifth and sixth years, and around \$1 million per year in the final four years).
- significant increase in net surplus from \$3.591 million in 2025/26 to \$8.213 million in 2033/34.

We acknowledge Council's commitment to ensuring long-term financial sustainability and take this opportunity to include the following recommendations to ensure that Council maintains appropriate financial internal controls to support its long-term financial sustainability:

- Ensure that Asset Management Plans (AMPs) are updated.
- Ensure capital works per updated AMPs feed directly into the Annual Business Plans and LTFP.
- Ensure that capital expenditure programs detailed within AMPs are reviewed annually and the LTFP is updated accordingly.
- Ensure that assumptions and figures provided by the LTFP are reviewed annually.
- Monitor the achievement of increases in user charges revenue anticipated by the LTFP.
- Conduct a sensitivity analysis on key market assumptions used in the LTFP, such as CPI increases, rate increases and interest rates. This involves, for example, modelling the impact that percentage increases/decreases (e.g. 2 or 3%) in these variables has on Council's net surplus, borrowing levels, and financial sustainability ratios.
- Compare and analyse actual vs budget results on a regular basis.
- Regularly review whether the net financial liabilities targets set out in the LTFP as detailed in the table above are being achieved. If they are not, identify the reasons and develop a plan to ensure the ratio continues to trend downwards.

Appendix 1 – Proposed Independent Auditor’s Report on the Financial Report

To the members of City of Norwood Payneham & St Peters

Opinion

We have audited the accompanying financial report of City of Norwood Payneham & St Peters (the Council), which comprises the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of City of Norwood Payneham & St Peters.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Council as at 30 June 2025, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council’s Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council’s financial reporting process.

Auditor’s Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 2 – Proposed Independent Auditor’s Report on the Internal Controls

To the members of City of Norwood Payneham & St Peters

Independent Assurance Report on the Internal Controls

Opinion

We have audited the compliance of City of Norwood Payneham & St Peters (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2024 to 30 June 2025 have been conducted properly and in accordance with the law.

In our opinion, City of Norwood Payneham & St Peters has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to internal controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2024 to 30 June 2025.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2024 to 30 June 2025. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council’s Responsibility for Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Performs Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with the law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2024 to 30 June 2025. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Council in accordance with section 129 of the *Local Government Act 1999* in relation to the internal controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 3 – Risk Ratings

The audit findings identified during our interim audit documented in our interim management letter and in section 3 of this report were rated as follows:

Category	Description
Potential Material Weaknesses	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

5.6 INTERNAL AUDIT REPORT – BUSINESS CONTINUITY MANAGEMENT

REPORT AUTHOR:	Manager, Governance
GENERAL MANAGER:	General Manager, Governance & Civic Affairs
CONTACT NUMBER:	8366 4593
FILE REFERENCE:	qA162025
ATTACHMENTS:	A

PURPOSE OF REPORT

The purpose of this report is to present the *Business Continuity Management Internal Audit Report* to the Audit & Risk Committee for information.

BACKGROUND

At its Meeting held on 10 February 2025, the Audit & Risk Committee (the Committee) noted the primary responsibility for the Internal Audit function is assigned to the Council's General Manager, Governance & Civic Affairs by the Chief Executive Officer and endorsed the *2025-2027 Internal Audit Plan* (the Internal Audit Plan).

Supported by the Manager, Governance, the General Manager, Governance & Civic Affairs takes responsibility for the management of the Internal Audit program and liaising with Bentleys (SA) Pty Ltd who have been engaged since 2022 to conduct Internal Audit services for the Council.

The Internal Audit Plan identified that there would be an Internal Audit undertaken on the Council's Business Continuity Management (BCM) framework. Bentleys therefore commenced the BCM Internal Audit process from 15 May 2025 and the final report for the BCM Internal Audit was received on 3 October 2025.

Section 125A(2) of the *Local Government Act 1999* (the Act) requires that the person primarily responsible for the Internal Audit function must ensure that Internal Audit reports are provided to the Committee. This supports the Committee in their legislated role prescribed in Section 126(4)(g)(i)(B) of the Act which is to review and comment on Internal Audit reports.

The *Business Continuity Management Internal Audit Report* (the BCM Internal Audit Report) is therefore provided to the Committee as contained in Attachment A.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Supporting the Audit & Risk Committee in meeting its legislated purpose, functions and activities, will provide the required independent assurance and advice to the Council.

CONSULTATION

- **Committee Members**
Elected Members receive the Minutes from the Audit & Risk Committee Meetings and consider any recommendations that are made by the Audit & Risk Committee to the Council.
- **Community**
Not Applicable.
- **Staff**
Not Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

The Council currently has a two-part BCM Framework supported by initiatives such as a draft Citizen Services Plan and updates to its IT Strategy and Strategic Enterprise Risk Management. Five (5) critical functions identified by the Council include: Childcare Centre & Preschool, Finance and Administration, City Services, Information Services, and Records Management.

A review of the Council's BCM framework had been identified in the Internal Audit Plan as important to undertake in light of the significant changes to the Council's organisational structure over the last two (2) years. These organisational changes warranted a review of the suitability and effectiveness of implementation of the framework to ensure the BCM framework is appropriate. The review provided an opportunity to look for improvements in the documentation, implementation, awareness and ongoing testing of the BCM framework to ensure its effectiveness when it is required to be activated.

Bentleys conducted the Internal Audit through meetings with key Council staff and a 'Gap Analysis' evaluation of the framework against ISO 22301 (Business Continuity Management Systems).

The BCM Internal Audit Report provides a comprehensive summary of the findings, including the ISO 22301 Gap Analysis. In addition, an Implementation Road Map was provided to assist the Council with the recommended improvements.

A summary of the key points captured in the BCM Internal Report is set out below.

Through the Internal Audit process, Bentleys identified that the BCM framework is conceptually sound and that the following good practices in place:

- the current BCM Framework is modular and has been developed, separating strategic governance from operational execution through tailored Critical Function Sub-Plans (CFSPs);
- each CFSP addresses specific recovery strategies and resource needs for key services such as Childcare Centre, Finance and Information Services; and
- the Executive Leadership Team (ELT) formally endorsed the framework, demonstrating strong executive ownership and strategic oversight.

In terms of recommendations for improvement, Bentleys have suggested that the existing two (2) documents should be consolidated into a single, cohesive framework which will help improve overall implementation and usability. This will also assist to achieve more effective alignment with other relevant frameworks including Risk Management, Emergency Management and IT Disaster Recovery.

Specific areas that have been recommended for improvement by Bentleys are as follows:

- **Business Impact Analysis (BIA) & Critical Function Mapping** - That a consistent BIA & Critical Function Mapping process be undertaken across all areas of the Council's operations to ensure completeness and alignment with operational needs.
- **Business Continuity Planning (BCP) Development** - That a standard BCP template be developed with supporting processes to ensure ongoing operational relevance.
- **Stakeholder & Communication Readiness** - The preparation of a stakeholder register and engagement with these stakeholders to validate the BIA and recovery planning.
- **Training & Awareness** – Deliver targeted BCM training and awareness programs for key roles to enhance preparedness.
- **Framework Integration & Compliance** - Consolidate all existing BCM documents into a unified framework and establish a lessons-learned register to track and resolve issues identified during exercises.

The General Manager, Governance & Civic Affairs has reviewed the draft Report and responded to the recommendations with the Implementation Actions included in the Final Report.

The progress of the actions taken to address the recommendations for improvement in the BCM Internal Audit Report will be reported to the Committee at the February 2026 Meeting of the Committee in accordance with the Committee's Work Plan and to meet the legislative requirements of Section 126(4)(c) of the Act which requires the Committee to monitor the responsiveness of the Council to previous audit recommendations.

OPTIONS

Not Applicable. The report is presented for information purposes only.

CONCLUSION

The *Business Continuity Management Internal Audit Report* outlines a comprehensive set of recommendations to enhance the Council's business continuity capability, covering BIA standardisation, BCP development, stakeholder engagement, training, framework integration, and continuous improvement.

These recommendations will be addressed to ensure an operationally relevant BCM framework can be embedded across the Council to assist with preparedness in the event of an incident.

COMMENTS

Nil.

RECOMMENDATION

That the Audit & Risk Committee receive the *Business Continuity Management Internal Audit Report* as provided in Attachment A.

Attachment A

Internal Audit Report Business Continuity Management

Where you want to be.



October 2025

City of Norwood Payneham & St Peters

Internal Audit - Business Continuity Management Review

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3 October 2025

Ms Lisa Mara
General Manager, Governance & Civic Affairs
City of Norwood Payneham & St Peters
PO Box 204
KENT TOWN SA 5071

Dear Lisa

Report – Business Continuity Management Review

Please find attached our Internal Audit report on the Business Continuity Management Review for the City of Norwood Payneham & St Peters (NPSP).

We would like to take this opportunity to thank management and staff for their assistance provided to us during the course of this engagement.

If you have any queries, please feel free to contact me on 08 8372 7900 at any time.

Yours sincerely

David Papa
Partner

Enclosure

Version history	Date
Draft report issued	01/09/2025
Final report issued	03/10/2025
Final report Audit Committee presentation	13/10/2025

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Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to this review operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by the City of Norwood Payneham & St Peters management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed. The findings expressed in this report have been formed on the above basis.

Third Party Reliance

This report is solely for the purpose set out for the City of Norwood Payneham & St Peters information, and is not to be used for any other purpose or distributed to any other party without Bentleys (SA) Pty Ltd's prior consent.

This summary report has been prepared at the request of the City of Norwood Payneham & St Peters management or its delegate. Other than our responsibility to the management of the City of Norwood Payneham & St Peters, neither Bentleys (SA) Pty Ltd nor any member or employee of Bentleys (SA) Pty Ltd undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the City of Norwood Payneham & St Peters external advisors, on this summary report. Any reliance placed is that party's sole responsibility. Liability is limited by a scheme approved under Professional Standards Legislation.

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Executive Summary

Background and Objectives

In May 2025, the City of Norwood Payneham & St Peters engaged Bentleys SA Pty Ltd to review its Business Continuity Management (BCM) as part of its internal audit program. The Council had developed a two-part BCM Framework supported by initiatives such as the draft Citizen Services Plan and updates to its IT Strategy and Strategic Enterprise Risk Management. Five critical functions identified by the Council include: Childcare Centre & Preschool, Finance and Administration, City Services, Information Services, and Records Management.

The review was prompted by a structural reorganisation in 2023–2024, and key issues included:

- Limited implementation efforts
- A reactive response to incidents, such as the April 2025 power outage, which exposed gaps in preparedness and testing

Walkthrough meetings and assessments were conducted to evaluate the framework against ISO 22301 and best practices.

The engagement aimed to:

- Assess alignment with legislative and ISO standards
- Identify gaps and weaknesses in the current framework
- Recommend improvements for effective implementation

Focus areas included governance, documentation of critical services, adequacy of continuity and recovery plans, integration with broader strategic frameworks, and staff training and awareness.

Good Practices

The review of the Council's BCM identified several good practices that support a structured and resilient approach to continuity planning:

- A modular two-part BCM Framework has been developed, separating strategic governance from operational execution through tailored Critical Function Sub-Plans (CFSPs).
- Each CFSP addresses specific recovery strategies and resource needs for key services such as Childcare, Finance, and Information Services.
- Executive Leadership Team (ELT) formally endorsed the framework, demonstrating strong executive ownership and strategic oversight.
- Governance roles are clearly defined, with operational responsibilities assigned to the Corporate Management Team and implementation led by designated BCM Sponsor and Coordinator roles.

Summary of Findings

The Council's BCM Framework is currently split into two separate documents, Part 1 and Part 2. To enhance clarity, usability, and implementation effectiveness, these should be consolidated into a single, cohesive framework. Although the BCM framework is conceptually sound, our review identified key areas for improvement as summarised below:

Observation	Recommendation
1. Business Impact Analysis (BIA) & Critical Function Mapping Critical functions were initially identified through a consultant-led workshop in 2023, focusing on financial, reputational, and regulatory impacts. While high-level functions and selected sub-functions were documented, the absence of a comprehensive BIA has resulted in inconsistent coverage, limited visibility of interdependencies, and no centralised register. The lack of a standardised	A consistent BIA methodology should be established and applied across all units to identify and validate critical functions, outage tolerances, and interdependencies, with results integrated into recovery strategies and assigned ownership. The BCP should be updated using a revised, user-friendly sub-plan template, and tailored plans developed for each critical function to ensure clarity, completeness, and alignment with operational needs.

Observation	Recommendation
methodology raises concerns that some critical or supporting functions may be missing, and recovery strategies may not align with resilience objectives.	
2. Business Continuity Planning (BCP) Development BCPs for identified critical functions have been developed; however, the absence of version control and formal review cycles undermines plan accuracy and currency. While Maximum Allowable Outage (MAO) is defined, the lack of Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs) limits clarity around recovery expectations and data loss tolerance. Plans are not stored in a centralised repository, and access is unmanaged, raising accessibility concerns. Recovery roles are not aligned with staff capabilities due to the absence of a competency matrix, and there is no structured process for tracking corrective actions or integrating lessons learned. These gaps reduce the Council's ability to maintain readiness and improve resilience.	Create a standardised BCP template with version control, recovery objectives, and regularly updated contact lists. Form a BCP Committee with representatives from ELT, WHS, Governance, HR, and other key stakeholders to oversee the development, review, and testing of BCPs. Consider engaging external experts as needed for documentation and training support to ensure plans remain relevant and aligned with Council priorities.
3. Stakeholder & Communication Readiness Stakeholder engagement is limited, with no formal register or involvement in BIA validation or recovery planning. Communication protocols lack structure, including defined channels, templates, and escalation paths. BCM activities are not aligned with broader frameworks, and there is no workflow for tracking actions or integrating lessons learned.	Establish a stakeholder register and engage stakeholders in BIA validation and recovery planning, while aligning BCM with risk, emergency, and IT disaster recovery frameworks. Develop and test a structured communication matrix through tabletop exercises to ensure clarity, coordination, and legal compliance during disruptions.
4. Training & Awareness There is no structured BCM training program or exercise schedule. Staff awareness is low, especially for emergency roles, and training is not aligned with responsibilities. Exercises are ad-hoc, with no tracking of attendance or effectiveness. We recommend a formal training framework, competency matrix, and rolling exercise calendar to improve preparedness.	Deliver targeted BCM training and awareness programs for key roles, supported by a role-based competency matrix and succession planning to ensure staff readiness. Enhance preparedness through mental health integration, tabletop exercises, and annual simulation tests that drive continuous improvement based on lessons learned.
5. Framework Integration & Compliance The BCM framework is not fully aligned with ISO standards and has gaps across governance, scope, terminology, and performance monitoring. Documentation is incomplete, with no process maps, KPIs, or audit schedule. Continual improvement is informal, and corrective actions are not tracked.	Consolidate all existing BCM documents into a unified framework and establish a lessons-learned register to track and resolve issues identified during exercises. Strengthen integration with risk, emergency, and ITDR frameworks, and conduct annual BCP simulation tests to drive continuous improvement and enhance Council resilience.

To support the practical implementation of these recommendations, a high-level implementation plan outlining key actions, roles, and indicative timeframes is provided in **Appendix 1**. A summary of the implementation plan is provided below.

Summary Implementation Plan

The summary below outlines the implementation plan, highlighting the phase and key deliverables. For the detailed implementation plan, please refer to Appendix 1.

Phase 1: BIA and BCP Documentation

- Completed BIA along with a reusable template
- Finalised updated critical functions
- Updated BCP document with critical function sub-plans and business continuity and recovery strategy.

Phase 2: Staff Awareness and Testing

- Completed supporting documentation for BCP, including lessons-learned register, review process
- Training material
- Staff training
- Simulation testing and results documented
- Further updates to the BCP addressing stakeholders' feedback.

Phase 3: Continuous Improvement

- Annual simulation test and report
- BCP supporting documentation.

Summary ISO 22301 Gap Analysis

Our assessment of the framework against ISO 22301 found that, while none of the reviewed components are yet fully compliant, many are close to meeting the standard. With targeted and relatively straightforward improvements, these elements can be brought into alignment. A summary of the identified gaps is provided below; for a detailed analysis, please refer to Appendix 2.

Key		Description
✓	Fully Aligned	The current BCM practice meets ISO 22301 requirements without significant gaps.
P	Partially Aligned	BCM elements exist but require enhancement to fully meet ISO standards.
O	Not Aligned	BCM elements are missing or significantly deviate from ISO requirements.

Ref No.	Area Reviewed	Gap	ISO Clause	Alignment to ISO
1	Scope and Structure	- Departments, sites, and exclusions aren't specified. - Threat and likelihood assessments are missing. - Recovery options lack documented justification. - ISO 22301 and other key references are not cited.	Clauses 1 & 2	P
2	Terminology and Definitions	Key terms like RTO, RPO, MTPD, CFSP, and BIA are used but not defined in a glossary of terms.	Clause 3	P
3	Risk and Context Analysis	External risks like market volatility and IT dependency are noted, but there's no formal method to identify or score threats.	Clauses 4.1 & 8.2	O
4	Stakeholder Engagement	- There is no documented comprehensive stakeholder register, - Lack of stakeholder involvement in the validation of BIA	Clauses 4.2 & 8.3	O
5	Governance and Objectives	- Resilience targets are not defined. - No mention of laws or regulations. - Strategic aims aren't formally recorded. - Recovery options lack justification. - Alternate sites aren't properly evaluated.	Clauses 5.1, 5.2, 6.2, 8.3	O
6	Resources and Capabilities	- Key resources are listed but not formally tracked. - No link between resources and responsible contacts. - Staff skills aren't aligned to BCM roles. - Recovery strategies lack assigned owners. - Training effectiveness isn't measured.	Clauses 7.1–7.3, 8.4	O
7	Communication and Documentation	- The communication plan lacks defined channels, templates, and escalation paths. - No system to track document versions, owners, and review dates. - Exercises are not planned or documented in a structured calendar. - There's no formal process to track and close recovery actions or post-exercise findings.	Clauses 7.4–7.5, 8.5	O
8	Process and Performance	- Framework outlines high-level general processes and roles. - Lacks step-by-step activation or escalation maps. - KPI's metrics are undefined. - No structured management reviews and agenda documentation. - Corrective actions and continuous improvement are not systematically managed.	Clauses 8.1, 9.1–9.3, 10.1–10.2	O

Conclusion

This report outlines a comprehensive set of recommendations to enhance the Council's business continuity capability, covering BIA standardisation, BCP development, stakeholder engagement, training, framework integration, and continuous improvement. With effective implementation, these measures will strengthen the Council's resilience, ensure compliance with ISO standards, and embed a culture of preparedness across all departments.

Review Observations

The gaps outlined below were identified during walkthrough meetings with key stakeholders and, where possible, validated through a review of the provided documentation.

Finding 1.	Business Impact Analysis (BIA) & Critical Function Mapping
Observation(s) The Council initiated the identification of critical functions via a consultant-led workshop in 2023, focusing on financial, reputational, and regulatory impacts. This process identified high-level functions such as Childcare Centre & Preschool, Finance and Administration, City Services, Information Services, and Records Management. Sub-plans were developed for selected functions, including Domestic Waste Management, Building Maintenance, Civil Maintenance, Payroll, Rates, Switchboard, Records Management, and Childcare. However, a comprehensive BIA was not provided. A complete BIA would typically include all Council functions, maximum allowable outage times, and a consistently applied methodology. Without this, there is a risk that other critical or supporting functions will be overlooked, leaving gaps in preparedness and response planning. Additionally, interdependencies and third-party dependencies remain unmapped, and a centralised register of critical functions is not documented. Key Gaps Identified • Absence of a centralised register of critical functions, including rationale for prioritisation and recovery strategies • Inconsistent or undocumented recovery strategies that do not align with organisational resilience objectives • Lack of strategic planning for alternate sites and manual workarounds • Unmapped interdependencies between internal functions and external third-party services • No evidence of a standardised methodology applied across departments for identifying critical functions and outage tolerances	
Risk The absence of a structured and consistent BIA process limits the Council's ability to prioritise and coordinate recovery efforts effectively. This increases the risk of: • Overlooking critical functions and dependencies • Inefficient allocation of resources during disruptions • Delayed restoration of essential services • Reduced organisational resilience and increased exposure to operational, reputational, and regulatory risks	
Recommendation 1. Establish a consistent BIA methodology and conduct initial comprehensive BIAs across all units. 2. Validate critical functions, MAO, RTO, RPO, and key interdependencies. 3. Integrate BIA results directly into recovery strategies and assign specific owners for critical functions and their associated recovery plans. 4. Revise the template for critical function sub-plans, focusing on clarity, user-friendliness, and thoroughness. 5. Once the enhanced template is finalised, systematically develop tailored sub-plans for each newly identified critical function emerging from the latest BIA. 6. Update the BCP document with the critical functions.	Implementation Action By February 2026, the Chief Executive Officer will establish an internal committee to oversee improvements to and the implementation of the BCM framework. The committee will likely include staff from ELT, Finance, HR, Governance, and WHS. The specific recommendations listed for this finding will be outsourced and implemented as structured through Phase 1 of the implementation plan.

Finding 2. Business Continuity Planning (BCP) Development**Observation(s)**

The review of BCPs revealed several deficiencies. Notably, the plans lack version control and formal review cycles, which are important for maintaining accuracy and ensuring regular updates. Although Maximum Allowable Outage (MAO) is defined, the absence of Recovery Time Objectives (RTOs) limits the Council's ability to set clear recovery expectations.

Additionally, BCPs are not stored in a centralised repository, and access is not managed, raising concerns about both accessibility and information security.

The lack of a competency matrix means recovery roles are not clearly aligned with staff skills and capabilities, potentially compromising the effectiveness of response efforts. Furthermore, the absence of a structured workflow for tracking corrective actions post-exercise and the lack of a formal mechanism for capturing and integrating lessons learned from exercises or real-world incidents undermine the Council's ability to monitor progress and maintain readiness.

Key Gaps Identified

- No formal inventory of critical resources or owner-contact matrix
- No competency matrix linking recovery roles to required skills and training
- No structured corrective-action tracking or post-exercise workflow
- No centralised document repository with version control and access management
- No formal process for incorporating lessons learned into plan updates

Risk

The absence of standardisation and governance in BCP documentation exposes the Council to several operational and strategic risks during disruptions:

- Staff may be unclear on roles, procedures, and priorities, leading to delays and miscommunication during a crisis.
- Incomplete or outdated plans hinder timely recovery, increasing downtime for critical services.
- Lack of version control and structured review cycles undermines alignment with international standards.
- Inconsistent formats and missing elements make BCPs difficult to use in real-time scenarios.
- Without a mechanism to track and close corrective actions, known weaknesses may remain unresolved, reducing overall resilience.

Recommendation

1. Develop a standardised BCP template including version control, RTOs, RPOs, and contact lists.
2. Establish and maintain updated internal/external contact lists and call trees.
3. Establish a BCP review process.
4. Conduct structured walkthroughs of BCPs to validate completeness, usability, and alignment with operational realities.
5. Test the BCP review process to ensure the team can handle it going forward.
6. Update the BCP document as required to ensure all the identified improvements are adopted.

Implementation Action

By February 2026, the Chief Executive Officer will establish an internal committee to oversee improvements to and the implementation of the BCM framework.

Recommendations 1 to 3 will be outsourced and implemented as structured through Phase 1 of the implementation plan.

Finding 3. Stakeholder & Communication Readiness**Observation(s)**

We noted that there was limited stakeholder engagement, with no formal register or meeting documenting internal (e.g., Finance, Facilities) or external parties (e.g., regulators, critical suppliers) and their continuity requirements. There is no evidence of stakeholder involvement in validating BIAs or selecting recovery strategies, which undermines buy-in and the accuracy of assumptions.

Communication protocols are undeveloped and lack a structured communication plan that outlines channels (e.g., SMS, email, internal platforms), message templates, and escalation paths. There is no document control matrix to manage ownership or retention periods. Additionally, BCM activities are not integrated with broader frameworks such as risk management, emergency response, and IT disaster recovery (ITDR), resulting in fragmented governance and duplicated efforts.

There is also no formal workflow to assign, track, and close actions arising from exercises, which risks unresolved issues and weakens the BCM.

Key Gaps Identified

- No stakeholder involvement in BIA validation or recovery strategy selection.
- No structured communication plan or document control matrix.
- No formal workflow to assign, track, and close actions from exercises.
- No alignment of communication protocols with ITDR and emergency frameworks.
- No post-exercise review process embedded into strategic planning.

Risk

Limited stakeholder engagement and fragmented communication planning reduce coordination and responsiveness during disruptions. The absence of a stakeholder register and detailed communication protocols may result in:

- Misaligned expectations and delayed notifications.
- Reduced stakeholder confidence and reputational damage.
- Inconsistent execution of continuity measures.
- Missed opportunities for improvement due to untracked corrective actions.

Recommendation

1. Create and maintain a dynamic stakeholder register, involving them in BIA validation and recovery strategy selection via workshops.
2. Develop a comprehensive communication matrix detailing channels, message templates, escalation paths, and legal liability considerations.
3. Identify all key BCM linkages with risk, emergency, and ITDR frameworks etc.
4. Test initial communication protocols during tabletop exercises.

Implementation Action

By February 2026, the Chief Executive Officer will establish an internal committee to oversee improvements to and the implementation of the BCM framework. Recommendations 1 to 3 will be outsourced and implemented as structured through Phase 1 of the implementation plan. Recommendation 4 will be addressed with the recommended actions for Finding 4.

Finding 4. Training & Awareness**Observation(s)**

There is currently no structured Business Continuity Management (BCM) training program or formal simulation schedule in place. Staff awareness of BCM roles and responsibilities is low, particularly for emergency roles such as Emergency Control Organisation (ECO) members and fire wardens, who have not received targeted training. Exercises are conducted on an ad-hoc basis, lacking a defined calendar, scope, or reporting templates. Additionally, there is no mechanism to track attendance or assess training effectiveness (e.g., post-training quizzes).

Key Gaps Identified

- No role-based competency matrix to align training with responsibilities.
- No audit of training completion rates or assessment of role readiness.
- No structured post-exercise review process or workflow to track and close remediation actions.
- No integration of BCM awareness into onboarding or refresher programs.
- No formalised 3-year rolling exercise calendar or site-specific drills.

Risk

The absence of structured training and simulation programs significantly undermines organisational readiness. Staff may be ill-prepared to respond effectively during a disruption, increasing the risk of:

- Safety incidents due to untrained emergency personnel.
- Operational delays from unclear roles and responsibilities.
- Reputational damage due to poor incident response.
- Persistent weaknesses due to untracked or unresolved issues from exercises.

Without competency tracking and post-training validation, the Council cannot ensure that staff in critical roles are adequately prepared, nor can it demonstrate compliance with ISO 22301 standards.

Recommendation

1. Deliver initial BCM training and awareness programs for designated roles and new staff, including an introduction to their BCM responsibilities.
2. Support the development of a role-based competency matrix, assessing current staff capabilities and identifying training gaps.
3. Integrate staff mental health and wellbeing support into BCM training and response protocols.
4. Develop comprehensive handover and succession plans for key roles beyond the Business Continuity Management Team.
5. Conduct facilitated tabletop exercises focused on critical functions.
6. Conduct annual BCP simulation tests, identify recommendations based on lessons learned and continuous improvement opportunities.

Implementation Action

By February 2026, the Chief Executive Officer will establish an internal committee to oversee improvements to and the implementation of the BCM framework, which will include an ongoing training and awareness program.

Finding 5. Framework Integration & Compliance**Observation(s)**

The current Business Continuity Management (BCM) framework exhibits systemic gaps across all foundational areas, including scope definition, governance, terminology, risk analysis, stakeholder engagement, resource mapping, communication protocols, and performance monitoring. There is no formal alignment with ISO 22301 or ISO 31000, and continual improvement processes are informal and reactive.

Documentation lacks normative references, measurable objectives, and structured review mechanisms. Additionally, there are no documented flowcharts or process maps for plan activation and escalation, no defined KPIs or performance metrics, and no formal audit schedule or management review agenda. A corrective-action register and continual improvement cycle are also absent.

Key Gaps Identified

- Scope lacks specificity regarding included departments, sites, and exclusions.
- No “Normative References” section citing ISO standards.
- No centralised glossary of BCM terminology (e.g., RTO, RPO, CFSP).
- No documented rationale for recovery strategies or stakeholder involvement.
- No process flowcharts or swim-lane diagrams for escalation and activation.
- No KPIs (e.g., % of plans tested, average RTO achieved).
- No internal audit schedule or documented management review process.
- No corrective-action register or structured PDCA cycle.

Risk

These gaps compromise strategic alignment, reduce operational clarity, and hinder compliance with ISO 22301. Specifically:

- Undefined scope and missing references lead to inconsistent execution and audit challenges.
- Lack of measurable objectives and KPIs prevents performance tracking and continuous improvement.
- Absence of structured reviews and corrective-action tracking allows persistent weaknesses to go unresolved.
- Fragmented governance reduces resilience and stakeholder confidence.

Recommendation

Refer to recommendations made under Finding 4 - Training & Awareness.

Implementation Action

By February 2026, the Chief Executive Officer will establish an internal committee to oversee improvements to and the implementation of the BCM framework, which will include an ongoing training and awareness program.

Appendix 1 – Implementation Plan

This plan provides a structured implementation process for gaps identified, including those from the ISO 22301 standard. Each phase outlines key activities and deliverables. To ensure effective implementation, this plan should be incorporated into a tracking document such as Excel or a reporting dashboard that enables ongoing monitoring and clear reporting of progress.

Phase	Phase 1: BIA and BCP Documentation	Phase 2: Staff Awareness and Testing	Phase 3: Continuous Improvement
Key Activities	- Establish a consistent BIA methodology and conduct initial comprehensive BIAs across all units. - Validate critical functions, MAO, RTO, RPO, and key interdependencies. - Update the BCP document with the critical functions. - Identify all key BCM linkages with risk, emergency, and ITDR frameworks etc., - Consolidate existing BCM documents (Part 1 and Part 2) into a single, cohesive framework - Develop a standardised BCP template including version control, RTOs, RPOs, and contact lists. - Establish and maintain updated internal/external contact lists and call trees. - Integrate BIA results directly into recovery strategies and assign specific owners for critical functions and their associated recovery plans. - Create and maintain a dynamic stakeholder register, involving them in BIA validation and recovery strategy selection via workshops. - Develop a comprehensive communication matrix detailing channels, message templates, escalation paths, and legal liability considerations. - Revise the template for critical function sub-plans, focusing on clarity, user-friendliness, and thoroughness. This will involve streamlining the structure, incorporating intuitive sections for rapid reference, and expanding content to address recovery requirements, dependencies, and ownership comprehensively. Once the enhanced template is finalised, systematically develop tailored sub-plans for each newly identified critical function emerging from the latest BIA, ensuring they are robust, actionable, and aligned with the overarching framework.	- Establish a lessons-learned register to track findings from exercises, assigning owners, due dates, and monitoring completion status. - Establish a BCP review process. - Integrate staff mental health and wellbeing support into BCM training and response protocols. - Update the BCP document as required to ensure all the identified improvements are adopted. - Deliver initial BCM training and awareness programs for designated roles and new staff, including an introduction to their BCM responsibilities. - Develop comprehensive handover and succession plans for key roles beyond the Business Continuity Management Team. - Test initial communication protocols during tabletop exercises. - Conduct structured walkthroughs of BCPs to validate completeness, usability, and alignment with operational realities. - Conduct facilitated tabletop exercises focused on critical functions - Test the BCP review process to ensure the team can handle it going forward.	This phase includes provision of ongoing assurance – annual BCP review and simulation testing, which is not required to be conducted this year, considering this engagement already includes one simulation testing as part of Phase 2. - Conduct annual BCP simulation tests, identify recommendations based on lessons learned and continuous improvement opportunities. - Support the development of a role-based competency matrix, assessing current staff capabilities and identifying training gaps.

Phase	Phase 1: BIA and BCP Documentation	Phase 2: Staff Awareness and Testing	Phase 3: Continuous Improvement
Deliverables	• Completed BIA along with a reusable template • Finalised critical functions • Updated BCP document with critical function sub-plans and business continuity and recovery strategy.	• Completed supporting documentation for BCP, including lessons-learned register, review process • Training material • Staff training • Simulation testing and results documented • Further updates to the BCP addressing stakeholders' feedback.	• Annual simulation test and report • BCP supporting documentation.

Appendix 2 – BCM Framework identified gaps against ISO 22301

Identification of gaps and vulnerabilities in the current BCM framework, highlighting areas where resilience and preparedness may be insufficient and assessment of alignment with ISO 22301:2019 – Security and Resilience: Business Continuity Management Systems.

Currently, no areas are fully aligned with ISO 22301. All reviewed components either lack documentation, measurable objectives, or structured processes. However, many are close to full alignment and can be upgraded with relatively straightforward actions.

Key	Description	
✓	Fully Aligned	The current BCM practice meets ISO 22301 requirements without significant gaps.
P	Partially Aligned	BCM elements exist but require enhancement to fully meet ISO standards.
O	Not Aligned	BCM elements are missing or significantly deviate from ISO requirements.

Ref No.	Area Reviewed	Current State and Gap Identified	Impact	ISO Requirement	Proposed Remediation	Benefit	Alignment to ISO
Business Continuity Plan - Part 1 - Framework & Governance (A183118)							
1	Scope and Structure	- The Introduction outlines the overarching goal of ensuring continuity of critical services and confirms that all corporate functions are in scope (Page 2). However, it lacks specificity regarding included departments, physical sites, and any exclusions (e.g., remote offices or non-essential support functions). - There is no “Normative References” section, leaving users unaware of which external standards (e.g., ISO 22301:2019 for BCM or ISO 31000 for risk management) should be consulted.	- Undefined scope can lead to overlooked processes or locations during disruptions. → <i>Critical areas may be excluded from response plans, resulting in delayed recovery and extended downtime.</i> - Absence of referenced standards obscures compliance requirements and best practices. → <i>Teams may lack clarity on applicable guidelines, leading to inconsistent execution of continuity measures.</i>	- Clause 1: Scope – <i>Specify the boundaries, applicability, and exclusions of the BCMS.</i> - Clause 2: Normative References – <i>List indispensable referenced documents for the BCMS application.</i>	- Expand the Scope section to itemise every business unit, location, and any deliberate exclusions (e.g., third-party-managed data centres). - Validate scope with department stakeholders via a brief workshop, survey, or scenario testing. - Review and update the scope annually based on Council changes. - Add a Normative References section citing ISO 22301:2020 and ISO 22313:2020. - Periodically verify and update references as standards evolve. - Embed reference checks into the annual policy review cycle.	- Clear boundaries ensure all critical areas are covered, reducing recovery blind spots and aligning stakeholder expectations. - Explicit references guide consistent adherence to standards and support audit readiness.	P

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Ref No.	Area Reviewed	Current State and Gap Identified	Impact	ISO Requirement	Proposed Remediation	Benefit	Alignment to ISO
2	Terminology and Definitions	Key terms such as RTO, RPO, MTPD, CFSP, and Top Management are used throughout Parts 1 and 2 (Page 6) but are not centrally defined. Staff must infer their meaning from context, which may lead to inconsistent interpretation.	Inconsistent terminology can cause misinterpretation of requirements and procedures. → <i>Variations in understanding may result in incorrect activation of plans or misallocation of resources.</i>	Clause 3: Terms & Definitions – <i>Use the terms and definitions given in ISO 22300 to ensure consistency.</i>	- Develop a centralised Terms & Definitions section based on ISO 22300. - Train staff on key terminology and usage to ensure consistency. - Review and update definitions as new concepts emerge or evolve.	Uniform language reduces confusion and enhances communication across teams.	P
3	Risk and Context Analysis	While market volatility and IT dependency are briefly mentioned (Page 3), the plan lacks a formal PESTLE or SWOT analysis to systematically assess external and internal risks.	Unidentified drivers or constraints may be omitted from risk treatments. → <i>Key threats and operational limitations may be excluded from planning, reducing overall resilience.</i>	Clause 4.1: Context of the Organisation – <i>Determine external and internal issues relevant to the BCMS.</i>	- Conduct a facilitated PESTLE/SWOT workshop with key stakeholders. - Document the output in a new “Context” section. - Validate the analysis against past incidents (e.g., IT outages). - Update context analysis annually or after significant Council changes.	Structured context analysis informs targeted strategies, improving preparedness.	O
4	Stakeholder Engagement	There is no stakeholder register documenting internal parties (e.g., Finance, Facilities) or external entities (e.g., regulators, critical suppliers), which limits visibility and accountability (Page 4).	Without knowing who relies on you and what they expect, you risk breaching obligations. → <i>Service levels may not meet stakeholder expectations, potentially damaging relationships and reputation.</i>	Clause 4.2: Interested Parties – <i>Identify interested parties and their requirements relevant to business continuity.</i>	- Create a Stakeholder Register listing all relevant parties, their continuity needs, and communication preferences. - Review and update the register regularly to reflect Council changes. - Maintain a dynamic stakeholder register integrated with other governance tools.	Clear stakeholder mapping ensures plans are fit for purpose and safeguard the Council's reputation and compliance status.	O
5	Governance and Objectives	Executive ownership is evident, ELT approval and CMT roles are defined (Page 5). However, there are no measurable resilience objectives or documented executive-level targets to guide performance.	- Absence of objectives means no measurable targets to guide performance. → <i>Continuity efforts may lack direction, making it difficult to assess progress or hold teams accountable.</i> - Non-alignment with legal or contractual obligations risks sanctions or breaches.	- Clause 5.1: Leadership & Commitment – <i>Top management shall demonstrate leadership and commitment, ensuring the policy/framework and objectives are established.</i> - Clause 5.2: Policy – <i>Establish a BCMS policy/framework aligned</i>	- Define 3–5 clear, measurable BC objectives in the framework (e.g., RTOs/RPOs for each business function). - Report objective milestones monthly to leadership. - Review and adjust objectives based on performance data. - Update the framework to explicitly reference relevant regulations	- Measurable objectives promote accountability and continuous improvement. - Aligned framework ensures regulatory compliance and reduces legal risk. - Clear objectives help teams understand	O

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Ref No.	Area Reviewed	Current State and Gap Identified	Impact	ISO Requirement	Proposed Remediation	Benefit	Alignment to ISO
		- The existing framework (Page 5) does not reference applicable laws, industry regulations, or contractual continuity requirements. - High-level outcomes such as "minimise service disruption" are implied but not formally documented or assigned (Page 5).	→ <i>Failure to meet mandated requirements may result in penalties, legal exposure, or loss of certification.</i> - Lacking formally recorded objectives makes it impossible to confirm goal achievement. → <i>Performance cannot be validated, and corrective actions may not address the most critical gaps.</i>	- with organisational context and compliance obligations. - Clause 6.2: Business Continuity Objectives – <i>Establish business continuity objectives at relevant functions and levels, and plan how to achieve them.</i>	(e.g., data privacy laws) and key contracts. - Conduct framework awareness sessions with legal team involvement. - Audit framework compliance annually and update as regulations evolve. - Define SMART objectives (e.g., "restore call-centre capability to 80% within 2 hours") and assign owners. - Track progress in quarterly reviews and adjust annually based on test results and evolving priorities.	expectations, align efforts, and measure success objectively.	
6	Resources and Capabilities	- A narrative list of required personnel, IT systems, and facilities is provided (Page 6), but there is no formal inventory or owner-contact matrix. - Training is mentioned (initial and annual refreshers), but there is no role-based competency matrix linking required skills to responsibilities (Page 6). - Awareness sessions are scheduled, yet attendance tracking and effectiveness measures (e.g., post-training quizzes) are not in place (Page 6).	- Undefined resource list may lead to shortages during activation. → <i>Essential personnel, equipment, or systems may be unavailable when needed most.</i> - Without mapping required competencies to roles, staff may be unqualified during a crisis. → <i>Response and recovery efforts may be hindered by insufficient expertise or capability.</i> - Unverified awareness may leave staff unprepared for real events. → <i>Staff may respond incorrectly or inefficiently during disruptions, increasing operational risk.</i>	- Clause 7.1: Resources – <i>Determine and provide the resources needed for the establishment, implementation, maintenance, and continual improvement of the BCMS.</i> - Clause 7.2: Competence – <i>Ensure that persons are competent on the basis of education, training, or experience.</i> - Clause 7.3: Awareness – <i>Ensure persons doing work under the organisation's control are aware of the BCMS policy/framework, their contribution, and implications of not conforming.</i>	- Develop a resource inventory spreadsheet (people, technology, facilities) with named owners and backup contacts. - Include payroll and other critical systems in the inventory. - Review resource allocations semi-annually. - Integrate the inventory with corporate asset-management and HR systems for real-time accuracy. - Define a competency matrix listing required qualifications, experience, and skills for each BCMS role. - Map current staff against the matrix and identify gaps. - Offer role-specific training to close gaps. - Implement attendance tracking and post-training quizzes to confirm understanding. - Survey awareness levels and adjust content accordingly. - Update awareness materials annually, informed by lessons learned from exercises or incidents.	- A maintained inventory reduces activation delays and ensures critical resources are available when needed. - Targeted training improves response capability and confidence. - Tracked and measured awareness ensures staff are prepared and know exactly what to do.	O

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Ref No.	Area Reviewed	Current State and Gap Identified	Impact	ISO Requirement	Proposed Remediation	Benefit	Alignment to ISO
7	Communication and Documentation	- Basic communication protocols exist (e.g., "notify CMT within 30 minutes" on Page 6), but there are no detailed communication plan outlining channels (SMS, email, phone), message templates, or escalation paths. - Version control is described in general terms (Page 7), but there is no document register detailing owners, review dates, or retention periods.	- Confusion over communication protocols can delay critical notifications. → <i>Stakeholders may receive late or inaccurate information, affecting coordination and decision-making.</i> - Use of obsolete instructions and lack of retention rules can impair recovery. → <i>Teams may rely on outdated procedures or lose access to essential historical data, reducing effectiveness.</i>	- Clause 7.4: Communication – <i>Determine internal and external communications relevant to the BCMS, including when to communicate, who to contact, and when to escalate.</i> - Clause 7.5: Documented Information – <i>Documented information required for the BCMS shall be controlled to ensure availability and integrity.</i>	- Develop a comprehensive communication plan listing channels, contact trees, templates, and escalation steps. - Test communication channels in tabletop exercises to validate reach and timeliness. - Update the plan after major exercises or incidents to capture lessons learned. - Create a document control matrix listing owners, versions, and retention periods. - Audit document compliance biannually to ensure staff use current versions. - Implement automated version control via the intranet or document management system.	- Clear communication protocols reduce confusion and maintain stakeholder confidence. - Controlled documentation ensures everyone uses the latest procedures.	O
8	Process and Performance	- The framework outlines processes at a high level (Page 7), but lacks detailed flowcharts or swim-lane diagrams to illustrate handoffs and decision points. - Monitoring responsibilities are listed (Page 16), but specific KPIs (e.g., percentage of plans tested, average RTO achieved) are not defined. - Testing and review frequencies are noted (Page 17), yet there is no formal audit schedule or documented scope and criteria. - Management review is mentioned (Page 18), but there is no agenda template, input requirements, or record-keeping approach.	- Without flowcharts, responsibilities and handoffs may be unclear. → <i>Ambiguity in roles and transitions may disrupt continuity processes and delay recovery.</i> - Without KPIs, BCMS performance cannot be objectively measured. → <i>Weaknesses in continuity capability may go unnoticed, limiting opportunities for improvement.</i> - No formal BCMS reviews. → <i>Control deficiencies may persist due to a lack of systematic review and oversight.</i> - Unstructured reviews may omit key data, leading to uninformed decisions. → <i>Leadership may lack the insights needed to guide continuity strategy and resource allocation.</i>	- Clause 8.1: Operational Planning & Control – <i>Plan, implement, and control the processes needed to meet BCMS requirements.</i> - Clause 9.1: Monitoring, Measurement & Evaluation – <i>Determine what needs to be monitored and measured, including BCMS performance indicators.</i> - Clause 9.2: Internal Audit – <i>Conduct internal audits at planned intervals to determine whether the BCMS conforms to planned arrangements.</i> - Clause 9.3: Management Review – <i>Top management shall review the BCMS at planned intervals to ensure its suitability, adequacy, and effectiveness.</i>	- Develop detailed process flowcharts for plan activation and CMT escalation. - Validate flowcharts with process owners and link sub-processes back to BCM. - Maintain flowcharts as part of change management. - Define key BCMS metrics (e.g., plan test coverage, recovery times). - Build a dashboard (e.g., in Excel or BI tool) to visualise KPI trends. - Automate data collection and integrate BCMS KPIs into enterprise performance reporting. - Schedule BCMS audits in the internal audit plan. - Execute audits and document findings. - Cycle audit focus areas (e.g., BIA one year, exercises the next) to cover the full BCMS over time. - Create a standard management-review agenda template including KPI reports, audit results,	- Visual process maps clarify roles and sequence of actions. - Objective metrics enable data-driven decision-making and clear evidence of BCMS maturity. - Regular audits ensure ongoing compliance and highlight improvement areas. - Structured reviews align leadership on BCMS status and improvement priorities.	O

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Ref No.	Area Reviewed	Current State and Gap Identified	Impact	ISO Requirement	Proposed Remediation	Benefit	Alignment to ISO
					corrective actions, and context updates. – Record, archive, and distribute review minutes. – Align review outputs with strategic planning and continuous improvement initiatives.		
Business Continuity Plan - Part 2 (including Critical Function Sub-Plan - CFSP) (A183114)							
1	Scope and Structure	– BIA templates (Page 8) focus on impact categories (financial, reputational, regulatory) but do not include threat/vulnerability assessments or likelihood scoring, limiting risk prioritisation. – Recovery strategies listed in CFSPs (Page 10), such as “alternate site” and “manual workarounds”, are not justified with documented rationale or selection criteria. For example, St Peter’s Town Hall is identified as an alternate site without explanation of suitability (e.g., proximity, capacity, infrastructure).	– Missing probability analysis weakens the prioritisation of risk treatment. → <i>Risk treatments may be misaligned with actual likelihoods, leading to inefficient use of resources.</i>	– Clause 6.1 – Actions to Address Risks & Opportunities <i>“Plan actions to address risks and opportunities and integrate them into the BCMS processes.”</i> → Ensures that risk and opportunity considerations are embedded across all BCMS activities, reinforcing comprehensive scope and integration.	– Integrate likelihood criteria into risk assessments (e.g., “rare” to “almost certain”). – Formalise a risk-assessment methodology document containing threat categories, likelihood scales, and scoring rules. – Integrate your BCM risk methodology into the enterprise-wide risk-management framework for consistency. – Conduct pilot workshops on risk scoring. – Facilitate risk workshops to calibrate scoring.	– Balanced risk analysis ensures resources focus on the highest-threat scenarios. → <i>Improves prioritisation and resource efficiency across the BCMS.</i>	P
2	Terminology and Definitions	– Terms like CFSP, BIA, and exercise types are used but not consistently defined or cross-referenced. This may lead to inconsistent understanding across departments.	– Inconsistent risk scoring undermines cross-functional comparisons. → <i>Resource allocation may not reflect the true risk landscape, affecting continuity planning accuracy.</i>	– No specific clause directly addresses terminology, but consistent use of ISO-defined terms (e.g., RTO, MTPD) should be aligned with ISO 22301 Annex A and ISO 22313 guidance.	– These actions indirectly support consistent terminology by formalising scoring rules and threat categories, reducing ambiguity across departments.	– A repeatable, transparent risk process ensures continuity strategies address the most critical and probable threats. → <i>Promotes consistent understanding and application of risk concepts across departments.</i>	P

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Ref No.	Area Reviewed	Current State and Gap Identified	Impact	ISO Requirement	Proposed Remediation	Benefit	Alignment to ISO
3	Risk and Context Analysis	No documented methodology for threat identification or probability scoring in the BIA process (Page 8), which limits the ability to assess and prioritise risks effectively.	Lack of documented rationale for continuity strategies makes it difficult to revisit or optimise decisions. → <i>Continuity strategies may become outdated or misaligned with evolving business conditions.</i>	Clause 8.2 – BIA & Risk Assessment “Establish, implement and maintain a Business Impact Analysis and risk assessment.” → Formalises the requirement for structured impact and risk analysis, including threat identification and likelihood scoring.	- Integrate likelihood criteria and formalise methodology to directly enhance the quality and consistency of risk and impact assessments. - Workshops and calibration improve cross-functional understanding and application of risk scoring.	Documented rationale supports decision-making and continuous improvement. → <i>Enables traceability and adaptability of strategies in response to evolving threats.</i>	O
4	Stakeholder Engagement	No mention of stakeholder involvement in recovery strategy selection or BIA validation, which could affect buy-in and accuracy of assumptions.	No direct impact noted in this section, but the lack of rationale and scoring may affect stakeholder confidence and engagement in the planning process.	Indirectly supported by Clause 6.1 and Clause 8.3, which require stakeholder input in identifying risks and selecting continuity strategies.	Facilitated workshops and integration into the enterprise framework promote stakeholder involvement and alignment across departments.	Stakeholder engagement, which is indirectly supported by transparent processes and documented rationale, promotes stakeholder trust and engagement.	O
5	Governance and Objectives	- Recovery strategies are listed, but no strategic rationale or alignment with resilience objectives is provided. - No documented criteria for selecting alternate sites or manual workarounds, which weakens governance over continuity planning.	Ad-hoc exercises may miss key scenarios and objectives. → <i>Significant risks may remain untested, leaving teams underprepared for critical events.</i>	Clause 8.3 – Business Continuity Strategy “Select and implement strategies to meet business continuity objectives.” → Requires documented rationale and alignment of strategies with defined objectives and stakeholder expectations.	- Add a “Strategy Rationale” field to each CFSP to explain selection criteria (cost, feasibility, risk). - Validate chosen strategies in tabletop exercises to confirm effectiveness. - Review strategy fit after major incidents or every two years to ensure ongoing relevance.	Structured exercise programme validates plans comprehensively and builds team confidence. → <i>Ensures strategies are tested and aligned with the Council's objectives.</i>	O
6	Resources and Capabilities	- CFSPs list recovery options but do not include resource dependencies or owner accountability for each strategy. - No competency matrix linking recovery strategy execution to staff capabilities.	Lack of follow-up means identified issues may not be addressed in a timely manner. → <i>Known weaknesses may persist across exercises and incidents, reducing overall preparedness.</i>	Clause 8.4 – Exercise Programme “Establish, implement and maintain a programme of exercises to ensure the BCMS remains effective.” → Supports capability validation and readiness across personnel, systems, and facilities.	- Publish a 3-year rolling exercise calendar with objectives, scope, participants, and success criteria. - Conduct tabletop and walk-through exercises according to the calendar, capturing findings and lessons learned.	Ensuring findings are addressed strengthens plan robustness and the Council's resilience. → <i>Improves readiness and capability across critical functions.</i>	

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Ref No.	Area Reviewed	Current State and Gap Identified	Impact	ISO Requirement	Proposed Remediation	Benefit	Alignment to ISO
7	Communication and Documentation	- Exercise types (desktop, walk-through, full-scale) are identified (Page.12), but no calendar, scope definitions, or reporting templates are provided to ensure consistency and traceability. - Lessons-learned checklists exist (Page.14), but no formal workflow to assign, track, and close actions	Without tracking, nonconformities may not be addressed timely or at all. → <i>Repeated issues may go unresolved, diminishing the effectiveness and credibility of the BCMS.</i>	Clause 8.5 – Exercise Results <i>“Use exercise results to validate and improve the BCMS.”</i> → Reinforces the need for structured documentation, reporting, and feedback mechanisms.	- Create standardised exercise-report templates to ensure consistent documentation. - Implement a post-exercise action-tracking workflow with assigned owners, due dates, and status updates. - Monitor closure of exercise actions and report status. - Incorporate action-tracking reports into quarterly management reviews.	Tracked corrective-action process ensures issues are resolved promptly and sustainably. → <i>Enhances accountability and transparency in issue resolution.</i>	O
8	Process and Performance	- Corrective actions are handled ad-hoc (Page.14), with no formal register or tracking process. - Continuous improvement (CI) is informal and reactive, lacking a structured cycle or feedback loop to drive systemic enhancements.	Ad-hoc improvements may lack strategic direction. → <i>The BCMS may fail to evolve in response to emerging threats or Council changes.</i>	- Clause 10.1 – Nonconformity & Corrective Action <i>“React to nonconformities by taking action to control and correct them, and deal with their consequences.”</i> → Establishes a formal process for issue resolution and accountability. - Clause 10.2 – Continual Improvement <i>“Continually improve the suitability, adequacy and effectiveness of the BCMS.”</i> → Drives strategic evolution of the BCMS through structured feedback and performance monitoring.	- Establish a corrective-action register with owners, due dates, and status fields. - Monitor and report on closure rates monthly or at a predefined sequence. - Integrate corrective-action reviews into quarterly management-review meetings. - Define formal continual-improvement cycle (plan → do → check → act) with roles, inputs, and outputs documented. - Hold improvement planning sessions post-exercise/audit. - Review continuous improvement outcomes annually and adjust plans.	Structured continual improvement ensures BCMS evolves and remains effective. → <i>Supports long-term resilience and alignment with business changes.</i>	O

Appendix 3 – Suggested approaches to testing the business continuity plans

Below are suggested approaches to testing the business continuity plans.

Type 1: Structured walkthrough and self-assessment

Description: A guided discussion that walks participants through each step of the plan.			
Best use: - Ensures the BCP team is familiar with the contents of the BCP. - Ensures the BCP team understands and is prepared to carry out their assigned responsibilities.			
Advantages	Disadvantages	Example objectives	Approach to testing
- Simple to prepare and implement - Easy to coordinate and manage - Cost-effective - Effective tool for learning and development - Enhances the completeness and robustness of the plan	- Individual roles are not tested under realistic pressure scenarios - Limited assessment of the effectiveness of specific response strategies - Focuses primarily on broad principles, such as resource availability, rather than detailed operational execution	- Ensure staff clearly understand their roles and responsibilities within the plan - Confirm that the plan is current, relevant, complete, and accurate at a high level - Assess the logical sequence and coherence of planned actions - Identify any gaps, weaknesses, or inconsistencies in the plan - Recommend strategies or provide additional details to address identified shortcomings	Collaborative Walkthrough: BCP team members participate in a structured, discussion-based session where they systematically review each element of the Business Continuity Plan (BCP) in an informal setting. This approach helps uncover gaps, omissions, and areas needing clarification. Initial Self-Assessment Phase: As the first stage of testing, the walkthrough focuses on a high-level evaluation. Objectives are kept simple, aiming to identify missing or unclear components within the plan. Facilitated Scenario Exploration: A facilitator guides the team through the BCP, prompting discussion on how disruptions would be managed based on the documented procedures. Targeted Feedback and Review: Participants are encouraged to provide feedback on areas needing improvement. Key questions include: - Are there contingency strategies for loss of ICT, building access, or key personnel? - Is the sequence of actions logical? Are roles appropriately assigned? Are timeframes realistic? - What additional resources are needed to execute the plan effectively? - Have all functional interdependencies been identified? - Who else should be notified or considered if a process is disrupted? - Is the contact list accurate and up to date?

Type 2: Facilitated tabletop walkthrough

Description: Facilitated scenario-based discussion to evaluate the plan

Best use:

- Validates the effectiveness of selected strategies
- Highlights gaps, bottlenecks, and areas of weakness

Advantages	Disadvantages	Example objectives	Approach to testing
• Engaging and interactive format • Simple to prepare and execute • Provides strong initial validation of the plan	• Offers only a limited assessment of the plan and team performance under real-world conditions • Does not accurately reflect how the BCP would perform during an actual business disruption	• Improve BCP team awareness and understanding of the Business Continuity Plan • Strengthen collaboration and coordination among team members • Demonstrate the plan's ability to address current business continuity needs • Establish priorities for BCP activities • Confirm that strategies and actions follow a logical and effective sequence • Ensure identified resources are sufficient to support continuity requirements • Identify any discrepancies, inconsistencies, or misalignments with related plans • Resolve issues related to strategy effectiveness and plan integration	Tabletop Testing Overview: Unlike a walkthrough self-assessment, the tabletop exercise requires deeper critical thinking and active engagement from participants. It simulates a realistic disruption scenario to test the plan's practical application. Scenario-Based Simulation: A hypothetical business disruption is presented, and participants are asked to determine the appropriate actions and decisions required to respond. The BCP serves as a reference point throughout the exercise. Role-playing may be used to simulate responses and enact critical steps. Facilitated Group Discussion: As the scenario unfolds, the facilitator poses targeted questions to prompt discussion around roles, responsibilities, coordination, and decision-making. This encourages participants to think through the plan in a dynamic and collaborative way. Sample Discussion Prompts: – What strategy should your function adopt in response to the scenario? Who is responsible for making that decision? – What are the first and next steps? What is the sequence of actions, and how long would each take? What resources are required, and where would you source them? – What alternative approaches could be considered? – What factors might prevent the activity from proceeding as planned? – What information would other functions need from you? – Who else needs to be notified? Are they listed in the contact directory? – What are the potential consequences if your function cannot be resumed within the Maximum Acceptable Outage (MAO) period?

Appendix 4 – Documents assessed and key stakeholders

Documents provided by the Council include:

- Business Continuity Plan (BCP) Part 1
- Business Continuity Plan (BCP) Part 2
- Business Continuity Plan – Citizen Services
- Evacuation Plans - St Peters Child Care Centre & Preschool
- Emergency Response Plan - St Peters Child Care Centre & Preschool
- Organisational Structure

Other documents assessed;

- Local Government Act 1999
- ISO 22301:2019 – Security and resilience – Business continuity management systems

We would like to extend our appreciation to the following key stakeholders who participated in and provided information during this review.

- Mario Barone, Chief Executive Officer
- Lisa Mara, General Manager, Governance & Civic Affairs
- Jenny McFeat, Manager, Governance
- Carlos Buzzetti, General Manager, Urban Planning & Environment
- Matt Turner, Work Health & Safety Advisor
- Skye Grinter-Falzun, Manager, Chief Executive's Officer [payroll, St Peters Childcare Centre, Citizen Services]
- Aerken Kuerban, Manager, Information Services [IT and records management]
- Adrian Ivanovic, Manager, City Services [waste management]

Appendix 5 – Abbreviations and Definitions

Term	Description	Abbreviation
Business Continuity	The capability of an organisation to continue the delivery of products or services at acceptable predefined levels following a disruptive incident.	BC
Business Continuity Management System	A framework for identifying an organisation's risk of exposure to internal and external threats.	BCMS
Business Continuity Plan	A documented plan that outlines procedures and instructions an organisation must follow in the face of disaster.	BCP
Business Impact Analysis	A process to determine the effects of disruption on business operations and identify critical functions and resources.	BIA
Continuity of Operations	A term referring to the effort to ensure that essential functions continue during a wide range of emergencies.	COOP
Crisis Management	The process by which an organisation deals with a disruptive and unexpected event that threatens to harm the organisation or its stakeholders.	-
Critical Business Functions	These are activities that are essential to the survival of the organisation.	CBF
Disaster Recovery	Strategies and plans for recovering IT systems and data after a disaster.	DR
Hot Site / Warm Site / Cold Site	Types of backup sites used in disaster recovery planning, varying in readiness and cost.	-
Incident Response	The approach taken to manage the aftermath of a security breach or other incident.	-
Interdependencies	Relationships between business functions, systems, or processes that affect continuity planning.	-
Key Performance Indicators	Metrics used to evaluate the success of a particular activity.	KPIs
Key Risk Indicators	Metrics used to provide an early signal of increasing risk exposures.	KRIs
Maximum Tolerable Period of Disruption	The longest time that an organisation can tolerate a disruption to a critical business function before it causes unacceptable harm.	MTPD
Recovery Point Objective	The maximum tolerable period during which data might be lost due to a major incident.	RPO
Recovery Time Objective	The targeted duration of time within which a business process must be restored after a disruption.	RTO
Regulatory Compliance	Adhering to laws and regulations relevant to business continuity and risk management.	-
Resilience	The ability of an organisation to absorb and adapt in a changing environment.	-
Risk Assessment	The process of identifying potential hazards and analysing what could happen if a hazard occurs.	RA
Simulation Test	A test that simulates a real disruption to evaluate the effectiveness of the business continuity plan.	-
Single Point of Failure	A part of a system that, if it fails, will stop the entire system from working.	SPOF
Stakeholder Communication Plan	A strategy for communicating with internal and external stakeholders during a disruption.	SCP
Tabletop Exercise	A discussion-based session where team members meet to walk through a scenario and discuss their roles and responses.	-
Walkthrough Test	A test where participants walk through the plan to identify gaps and ensure understanding.	-

5.7 AUDIT & RISK COMMITTEE 2026 MEETINGS & WORK PLAN

REPORT AUTHOR: Manager Governance
GENERAL MANAGER: General Manager, Governance & Civic Affairs
CONTACT NUMBER: 8366 4593
FILE REFERENCE: qA162025
ATTACHMENTS: A - B

PURPOSE OF REPORT

The purpose of this report is to present the Audit & Risk Committee with the proposed 2026 Schedule of Meetings and the *2026 Audit & Risk Committee Work Plan* for approval.

BACKGROUND

The proposed 2026 Schedule of Meetings meets the requirements of Section 126(5) of the *Local Government Act 1999* (the Act), which requires that the Audit & Risk Committee (the Committee) must meet at least once in every quarter.

To support the Committee to achieve its legislated function and activities the *2026 Audit & Risk Committee Work Plan* has been prepared and is contained in **Attachment A**.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

RISK MANAGEMENT

Supporting the Audit & Risk Committee to meet its legislated purpose, functions and activities will provide the required independent assurance and advice to the Council.

CONSULTATION

- **Elected Members**
Elected Members receive a report following each Meeting of the Audit & Risk Committee which includes any recommendations the Committee has made to the Council (where it is not already included in a separate report on the Council Meeting Agenda) and the Minutes of the Meeting.
- **Community**
Meetings of the Council's Audit & Risk Committee are open to the public to attend in accordance with the relevant legislative provisions. The Committee Meeting documents and Terms of Reference, are publicly available on the Council's website.
- **Staff**
The preparation of the Work Plan is informed by collaboration between staff from the relevant Departments within the Council.
- **Other Agencies**
Not Applicable.

DISCUSSION

The Committee Meeting dates for 2026 are based on the mandatory requirement for the Committee to meet at least once in every quarter.

It is therefore proposed that the Audit & Risk Committee meet in the week following the Council on a quarterly basis. Meetings will continue to be held on a Monday evening and it is proposed that the starting time change from 7:00pm to 6:00pm. The Meetings will continue to be held in the Mayor's Parlour except when the Council Assessment Panel meeting is convened on the same night, in which case the Committee Meeting will be held in an alternate Meeting Room of the Norwood Town Hall.

The proposed dates for the 2026 meetings of the Committee are:

- Monday, 16 February 2026;
- Monday, 13 April 2026;
- Monday, 13 July 2026; and
- Monday, 12 October 2026.

The *2026 Audit & Risk Committee Work Plan* (the Work Plan) has been prepared on the basis of the proposed quarterly Meetings of the Committee and the *Audit & Risk Committee Terms of Reference* a copy of which are contained in **Attachment B**.

There are some minor changes to the description of supporting reports in the 2026 Work Plan which are included in red text. In addition, now that the Work Plan has been in operation for 12 months the timing of matters has been refined to work better with Council processes. These are explained in more detail below.

Where previously there was a report listed on the progress of previous External Audit recommendations at both the February and October meetings, this will now occur only at the October Meeting to align with the Council's processes.

The review of the Infrastructure & Asset Management Plans (IAMPs) which was previously listed in the October Meeting has been removed. While the Council may review its IAMPs at any time, it is only legislatively required to be reviewed within two (2) years following the General Election. Therefore, the next review will occur in the 2027-2028 financial year.

Given the close alignment between the Long Term Financial Plan and the IAMPs, any review will correspond with information presented to the April Meeting of the Committee to inform discussions regarding the Annual Business Plan.

Similar to the change for reporting on the implementation of recommendations arising from previous External Audits, now that there are enhanced processes embedded around the Internal Audit Function, the report on previous Internal Audit recommendations will only be presented to the February Meeting of the Committee. In accordance with the requirements of Section 125A(2) of the Act, Internal Audit Reports will be presented to the Committee as soon as these are completed.

The Work Plan can be varied as required should the timing of matters to be presented to the Council for consideration need to change, or new items are included as resolved by the Council or the Committee (within the overall function of the Committee). Any changes to the Work Plan will be discussed with the Committee as required.

The Work Plan will continue to be used as the basis for reporting to the Council after each Meeting of the Committee and the Annual Report to the Council on the work of the Committee, both of which are required by Section 126(8) of the Act.

OPTIONS

The Committee is required to approve the 2026 Meeting dates and times to ensure the appropriate scheduling of items and meet the legislative quarterly reporting requirement.

While the Committee can choose not to approve the Work Plan it is strongly recommended that the Work Plan as presented be approved to ensure that the Committee continues to meet its legislative obligations.

CONCLUSION

This report is intended to assist the Committee meet its legislative functions and reporting obligations, and as such, it is therefore recommended the below proposed meeting dates and times for 2026 and the attached *2026 Audit and Risk Committee Work Plan* are approved for this purpose.

RECOMMENDATION

1. That the following Meeting dates and times for 2026 be approved:
 - Monday, 16 February 2026 at 6:00pm;
 - Monday, 13 April 2026 at 6:00pm;
 - Monday, 13 July 2026 at 6:00pm; and
 - Monday, 12 October 2026 at 6:00pm.
2. That the *2026 Audit and Risk Committee Work Plan* as contained in Attachment A, be approved.

Attachment A

Audit & Risk Committee 2026 Meetings & Work Plan

2026 Audit and Risk Committee Work Plan							
Function and activity	LG Act Reference	Responsibility for agenda item	Supporting documents	Meetings			
				Feb-25	Apr-25	Jul-25	Oct-25
Annual Financial Statements and External Audit							
Review Annual Financial Statements to ensure that they present fairly the state of affairs of the Council	126(4)(a)	Finance	Audited Financial Statements and comparison of Actuals against adopted Budget				✓
Liaise with the Council's Auditor in accordance with legislated requirements and Terms of Reference.	126(4)(e) & Regulation 17B, LG (Financial Management) Regulations	Finance	Meet with Council's Auditor at least once in confidence.				✓
Recommend appointment of Council's Auditor to Council	128(2)	Finance	Timing TBC - current contract ends 2027				
Monitor responsiveness to recommendations for improvement based on previous External Audits and matters raised by the External Auditor	126(4)(c)	Finance	Report on previous External Audit recommendations				✓
Strategic Management and Business Plans	126(4)(b)						
Review of CityPlan 2030 against legislated requirements - Council to review every 4 years (within 2 years of Local Government Election)		Office of CEO	City Plan Review - as required				
Review of Long Term Financial Plan (LTFP) against legislated requirements - annual review required by Council (Section 122(4)(a))		Finance	LTFP			✓	
Review of Annual Business Plan against legislated requirements - reviewed prior to Council endorsement for consultation; budget attached based on draft ABP		Finance	Draft Annual Business Plan and Budget		✓		
Review of Infrastructure and Asset Management Plan(s) (IAMPs) against legislated requirements		Infrastructure	Draft IAMPs when reviewed			✓	
Adequacy of Financial Management Systems							
Review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis							
• Internal Financial Controls report (part of External Audit)	126(4)(f)	Finance				✓	
• Report following Budget Review reports	126(4)(f)	Governance		✓			✓
• Review of relevant Council policies prior to Council adoption	126(4)(f)	Governance	As required				
Risk Management							
Review and evaluate the effectiveness of policies, systems and procedures in relation to the management of strategic, financial and operational risks	126(4)(h)	Governance	Based on Council's RM framework (in development)	✓		✓	
Monitor responsiveness to recommendations for improvement based on previous risk assessments.	126(4)(c)	Governance	Incorporated into regular reporting as part of the Council's RM framework (in development)	✓		✓	
Internal Audit							
Oversight of planning and scoping of Internal Audit Work Plan	126(4)(g)(i)(A)	Governance	Internal Audit Work Plan				
Review Internal Audit Reports	126(4)(g)(i)(B)	Governance	Internal Audit reports - as required - presented after completion of each Internal Audit				
Annual Report of CEO on internal audit processes 99(1)(b)	99(1)(ib)					✓	
Monitor responsiveness to recommendations for improvement based on previous Internal Audits	126(4)(c)	Governance	Report on previous Internal Audit recommendations	✓			
Audit & Risk Committee Performance							
Report to Council after each meeting	126(8)(a)	Governance	Governance prepare after meeting	✓	✓	✓	✓
Report annually to Council	128(8)(b)	Governance	Draft report			✓	
Development/review of Annual Work Plan (based on calendar year)		Governance	Draft Work Plan				✓
Review of Terms of Reference / self-assessment		Governance	Outcome of self-assessment survey presented	✓			
Meeting Dates for upcoming calendar year		Governance					✓
Other Matters							
Service Reviews		Governance	As scheduled				
Review any report obtained by Council under Section 48(1) of the LG Act	126(4)(i)	Finance	As required				
Project status updates		Infrastructure	Twice per year - presentation based on information provided to Elected Members		✓		✓
Review any reports prepared due to section 130A examinations (investigations)	126(4)(d)	Governance	As required				

Attachment B

Audit & Risk Committee 2026 Meetings & Work Plan



**City of
Norwood
Payneham
& St Peters**

AUDIT & RISK COMMITTEE

TERMS OF REFERENCE

1. ESTABLISHMENT

- 1.1. The City of Norwood Payneham & St Peters Audit & Risk Committee has been established as a Committee of the Council in accordance with the requirements of Sections 126 and 41 of the *Local Government Act 1999* (the Act).
- 1.2. These Terms of Reference were adopted by the Council on 2 December 2024.

2. PURPOSE

- 2.1. The purpose of the Audit & Risk Committee (the Committee) is to provide independent assurance and advice to Council on accounting, financial management, internal controls, risk management and governance matters.¹

3. FUNCTIONS AND RESPONSIBILITIES

- 3.1. Section 126 (4) of the Act assigns the following functions to all Council Audit & Risk Committees:
 - 3.1.1. Reviewing annual financial statements to ensure that they present fairly the state of affairs of the council.
 - 3.1.2. Proposing and providing information relevant to, a review of the council's strategic management plans or annual business plan.
 - 3.1.3. Monitoring the responsiveness of the Council to recommendations for improvement based on previous audits and risk assessments, including those raised by the Council's auditor.
 - 3.1.4. Proposing and reviewing the exercise of powers under section 130A of the Act.
 - 3.1.5. Liaising with the Council's Auditor in accordance with any requirements prescribed by the Regulations.
 - 3.1.6. Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis.
 - 3.1.7. Providing oversight of the planning and scoping of the internal audit work plan and reviewing / commenting on reports provided by the person primarily responsible for the internal audit function on at least a quarterly basis.
 - 3.1.8. Reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management, and review of strategic, financial, and operational risks on a regular basis.
 - 3.1.9. Reviewing any Prudential Report that is obtained by the Council under Section 48(1) of the Act.
 - 3.1.10. Making recommendations to the Council on the appointment of the Auditor pursuant to Section 128 of the Act.
 - 3.1.11. Performing any other function referred to it by the Council, another Council Committee or prescribed by the Regulations.

¹ *Local Government Act*, Section 126(1a)

- 3.2. The Chief Executive Officer shall provide sufficient administration resources to the Committee to enable it to adequately carry out its functions.
- 3.3. A Work Plan will be approved by the Committee each year to assist with the scheduling of items for Committee Meetings and will form the basis of the report to the Council required after each Meeting and annually.²

4. DELEGATED AUTHORITY

- 4.1 The Committee does not have any delegated powers, functions or duties of the Council and only acts in accordance with its legislated functions, these Terms of Reference, and any direction from Council.

5. MEMBERSHIP AND CONDITIONS OF APPOINTMENT

- 5.1 In complying with the requirements of Regulation 17(1) of the *Local Government (Financial Management) Regulations 2011*, the Committee will comprise five (5) members appointed by the Council, with three (3) being Independent Members and two being (2) Elected Members, one of whom will be the Mayor. At all times the majority of the Committee Members must be persons who are not Elected Members of the Council.³
- 5.2 When considered as a whole, the Committee must have the skills, knowledge and experience relevant to the functions of the Committee, including in financial management, risk management, governance and any other prescribed matter.⁴ In appointing either an Independent Member or an Elected Member to the Committee, the appointment process may be informed by the use of a Skills Matrix or similar to assist in assessing the available skills and any gaps that need to be filled.
- 5.3 The term of appointment for Independent Members will be as determined by the Council at the time of appointment with the appointment timing managed to provide for the continuity of Committee membership across Council terms and avoid alignment with the Council elections.
- 5.4 The Council may resolve to re-appoint an Independent Member of the Committee for consecutive terms up to a combined maximum of eight (8) years.
- 5.5 The term of appointment for Elected Members will be as determined by the Council and will generally be for a two (2) year period. The Council may re-appoint an Elected Member at the expiry of their term, if the term of appointment does not extend beyond the end of the current Council term.
- 5.6 Where a vacancy for an Independent Member exists, an Expression of Interest for potential candidates will be made by way of a public advertisement.
- 5.7 Prior to Council appointing Independent Members to the Committee, a Selection Panel comprising the Mayor, two (2) Councillors and the Chief Executive Officer will evaluate potential candidates with consideration given to the requirements of Clause 5.2 of these Terms of Reference and Section 126(2)(b) of the Act, before making a recommendation to the Council.
- 5.8 The appointment of Independent Members will be subject to the endorsement of the Selection Panel's recommendation by the Council.
- 5.9 Remuneration will be paid to each Independent Member of the Committee (based on a set fee per meeting attended) as determined by the Council.

6. PRESIDING MEMBER

- 6.1 The Council will appoint the Presiding Member of the Committee, who will be an Independent Member.
- 6.2 The role of the Presiding Member of the Committee is to:

² As required by the *Local Government Act 1999*, Section 126(8)

³ *Local Government Act 1999*, Section 126(2)(a)

⁴ *Local Government Act 1999*, Section 126(2)(b)

- 6.2.1 oversee the orderly conduct of Committee Meetings in accordance with the Act and *Local Government (Procedures at Meetings) Regulations 2013* and other procedures relevant to the Committee;
- 6.2.2 ensure that the Guiding Principles set out in Regulation 4 of the *Local Government (Procedures at Meetings) Regulations 2013*, are observed during Committee Meetings and that all Committee Members have an opportunity to participate in discussions in an open and responsible manner; and
- 6.2.3 to certify, together with the Chief Executive Officer, in accordance with Regulation 22 of the *Local Government (Financial Management) Regulations 2011*, the 'Independence of External Auditor' as part of the end-of financial-year audit process.

7. MEETINGS

- 7.1 In accordance with Section 126(5) of the Act, the Committee will meet at least quarterly and Special Meetings may be convened in accordance with Section 87 of the Act.
- 7.2 The Committee will approve a schedule of Meetings for each year and as an indicative guide, meetings will be arranged to coincide with the relevant Council reporting deadlines, the development of Strategic Plans, the Annual Business Plan and Budgets and to coincide with the finalisation of the Financial Statements and the draft Annual Report.
- 7.3 Meetings will be held in the Mayor's Parlour, Norwood Town Hall, unless otherwise notified.
- 7.4 Notice of each Committee Meeting confirming the venue, time, and date, together with an Agenda of items to be discussed, shall be forwarded to each Member of the Committee, no later than three (3) clear business days before the Meeting.
- 7.5 Subject to the operation of Section 90 of the Act and in accordance with the requirement of Section 132 of the Act, the Agenda and Minutes of the Committee Meeting will be published on a website as determined by the Chief Executive Officer.
- 7.6 In accordance with Section 88 of the Act, Notice of Meetings of the Committee must be displayed at the Principal Office of the Council and on a website determined by the Chief Executive Officer, and must continue to be published and kept on display until the completion of the relevant Meeting.
- 7.7 The quorum for a Meeting of the Committee shall be three (3) Members of the Committee, and must comprise a majority of Independent Members.
- 7.8 The Chief Executive Officer may adjourn a scheduled meeting of the Committee, in circumstances where sufficient apologies have been received to indicate a quorum will not be achieved for the scheduled Meeting.⁵
- 7.9 Meetings of the Committee must be conducted at all times in accordance with the *Local Government Act 1999* and Parts 1, 3 and 4 of the *Local Government (Procedures at Meetings) Regulations 2013*.
- 7.10 If the Presiding Member of the Committee is absent from a meeting, then the Members present will determine by resolution who will preside at the meeting.
- 7.11 All decisions of the Committee shall be made based on a majority decision of the Members present.
- 7.12 Each Member of the Committee at a Meeting will have one vote. The Presiding Member will have a deliberative vote and does not, in the event of an equality of votes, have a casting vote.
- 7.13 There must be at least one occasion each year where a Meeting is held with the external Auditor on a confidential basis, ensuring that the majority of Committee Members are present for the Meeting and that no Elected Members or employees of the Council are present (other than those Elected Members who are Committee Members).⁶
- 7.14 Minutes of the Committee Meetings shall be circulated within five (5) days after a meeting to all Committee Members and to all Members of the Council.

⁵ *Local Government (Procedures at Meetings) Regulations 2013*, Regulation 7(1)

⁶ *Local Government (Financial Management) Regulations 2011*, Regulation 17B(a)

8. REPORTING

- 8.1. The Committee will provide a report to the Council after each Meeting, that summarises the work of the Committee during the period preceding the Meeting and the outcomes of the Meeting.⁷
- 8.2. The Committee will provide an Annual Report to the Council on the work that has been undertaken by the Committee and the Council must include this report in its Annual Report.⁸
- 8.3. As part of the preparation of the Annual Report, the Committee will evaluate its performance, which may include consideration of these Terms of Reference, to ensure the Committee is operating at maximum effectiveness with recommendations for any changes presented to the Council for their consideration.
- 8.4. The Chief Executive Officer will provide an Annual Report to the Committee on the Council's internal audit processes.⁹

⁷ *Local Government Act 1999*, Section 126(8)(a)

⁸ *Local Government Act 1999*, Section 126(8)(b)

⁹ *Local Government Act 1999*, Section 99(1)(ib)

6. CONFIDENTIAL REPORTS

6.1 CONFIDENTIAL MEETING WITH COUNCIL'S EXTERNAL AUDITOR

REPORT AUTHOR:	Manager, Governance
GENERAL MANAGER:	General Manager, Governance & Civic Affairs
CONTACT NUMBER:	8366 4593
FILE REFERENCE:	qA162025
ATTACHMENTS:	Nil

PURPOSE OF REPORT

The purpose of this report is to support the Audit & Risk Committee's legislative requirement to meet with the Council's Auditor, in confidence, at least once each year.

BACKGROUND

In accordance with Section 126(4)(e) of the *Local Government Act 1999* Act and Regulation 17B of the *Local Government (Financial Management) Regulations 2011*, the Audit & Risk Committee (the Committee) is required to meet with the Council's External Auditor on at least one (1) occasion each year on a confidential basis.

Regulation 17B prescribes that this confidential meeting must take place where a majority of Committee Members are present and that no Elected Members (except for those appointed to the Committee) or employees of the Council are to be present.

The Council's External Auditor, Tim Mulhauser from Galpins Pty Ltd has therefore been invited to attend the Meeting of the Committee.

RECOMMENDATION

That pursuant to Section 90(2) of the *Local Government Act 1999* (the Act), the Audit & Risk Committee considers it necessary and appropriate that the public, any Elected Members who are not appointed to the Audit & Risk Committee and staff present be excluded from the meeting for the purposes of the Committee's confidential meeting with the Council's Auditor in accordance with Regulation 17B of the *Local Government (Financial Management) Regulations 2011* and Section 90(3)(g) of the Act which relates to matters that must be considered in confidence in order to ensure that the Audit & Risk Committee does not breach any law or any duty of confidence.

7. OTHER BUSINESS
(Of an urgent nature only)

8. NEXT MEETING

To be advised.

9. CLOSURE