

Audit & Risk Committee Minutes

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.*

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City of
Norwood
Payneham
& St Peters

1.	CONFIRMATION OF MINUTES OF THE SPECIAL MEETING OF THE AUDIT & RISK COMMITTEE HELD ON 15 SEPTEMBER 2025	1
2.	PRESIDING MEMBER'S COMMUNICATION	1
3.	COMMITTEE MEMBER DECLARATION OF INTEREST	1
4.	PRESENTATIONS	1
4.1	BUDGET PROCESS <i>[This Item was dealt with out of sequence - Refer to Page 34 for the Minutes relating to this Item]</i>	1
5.	STAFF REPORTS	1
5.1	CLIMATE RISK GOVERNANCE ASSESSMENT	2
5.2	REPORT OF THE 2025-2026 FIRST BUDGET UPDATE	11
5.3	UPDATE ON PREVIOUS EXTERNAL AUDIT RECOMMENDATIONS	12
5.4	REGIONAL SUBSIDIARIES – AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025	15
5.5	FINANCIAL RESULTS 2024-2025	19
6.1	CONFIDENTIAL MEETING WITH COUNCIL'S EXTERNAL AUDITOR <i>[This Item was dealt with out of sequence]</i>	29
5.6	INTERNAL AUDIT REPORT – BUSINESS CONTINUITY MANAGEMENT	30
4.1	BUDGET PROCESS <i>[This Item was dealt with out of sequence]</i>	34
5.7	AUDIT & RISK COMMITTEE 2026 MEETINGS & WORK PLAN	35
6.	CONFIDENTIAL REPORTS	38
6.1	CONFIDENTIAL MEETING WITH COUNCIL'S EXTERNAL AUDITOR <i>[This Item was dealt with out of sequence - Refer to Page 29 for the Minutes relating to this Item]</i>	39
7.	OTHER BUSINESS	40
8.	NEXT MEETING	40
9.	CLOSURE	40

VENUE Mayors Parlour, Norwood Town Hall

HOUR 7.00pm

PRESENT

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 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)
Marina Fischetti (Governance Officer)

APOLOGIES Nil

ABSENT Nil

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

Mayor Bria moved that the Minutes of the Special Meeting of the Audit & Risk Committee held on 15 September 2025 be taken as read and confirmed. Seconded by Ms Tami Norman and carried unanimously.

2. PRESIDING MEMBER'S COMMUNICATION

Nil

3. COMMITTEE MEMBER DECLARATION OF INTEREST

Mayor Bria declared an interest in relation to Item 5.6.

4. PRESENTATIONS

4.1 Budget Process

This Item was dealt with out of sequence – Refer to Page 34 for the Minutes relating to this Item.

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.
12 Adaptation Planning	High	No Change	Resilient East is currently working on RECAP, the updated 5-year plan.

Indicator	2023 Assessment	2025 Update	Next Steps
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.

Cr Piggott moved:

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

Seconded by Mr Kym Holman and carried unanimously.

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.

Mayor Bria moved:

That the report be received and noted.

Seconded by Ms Tami Norman and carried.

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.

Mayor Bria moved:

That the report be received and noted.

Seconded by Cr Piggott and carried unanimously.

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.

Mayor Bria moved:

1. *That the report be received and noted.*
2. *That Mr Jeff Tate, General Manager, ERA Water, be invited to attend the next meeting of this Committee and present on ERA Water.*

Seconded by Mr Kym Holman and carried unanimously.

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-imburements 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

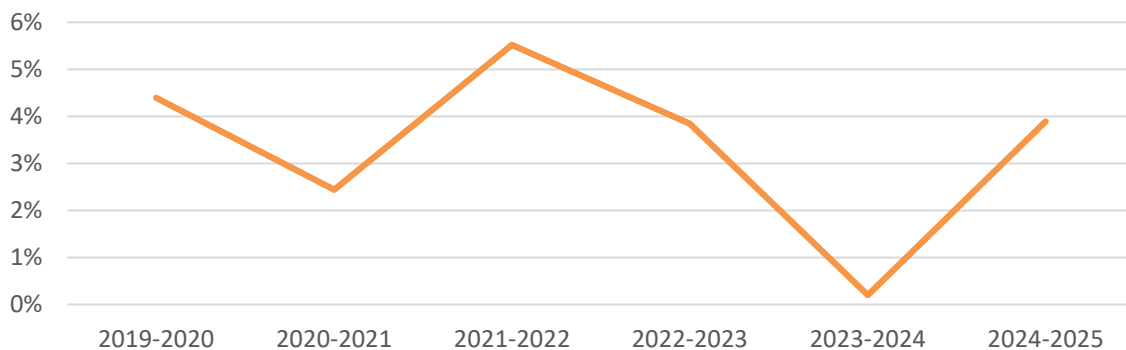
Asset Class	Revaluation Increase/ (Decrease) \$million	Comments
		capital works cost for 2023-2024 reconstruction of 10 shared path segments.
Storm-water Drainage	2.802	Represents a 3.4% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Off- Road Carparks	0.282	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 Tonkins, and it was determined that the current value for the 'waterway' asset is lower than the replacement cost for the asset. Therefore, as part of this Bridge valuation, the Vehicular Bridge Structure component includes an allowance for the expected over-and-above cost.
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).

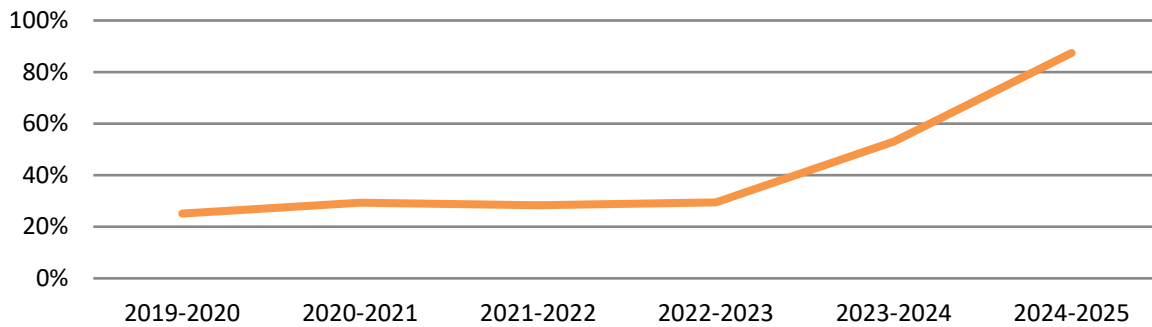
FIGURE 1: OPERATING SURPLUS RATIO



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.

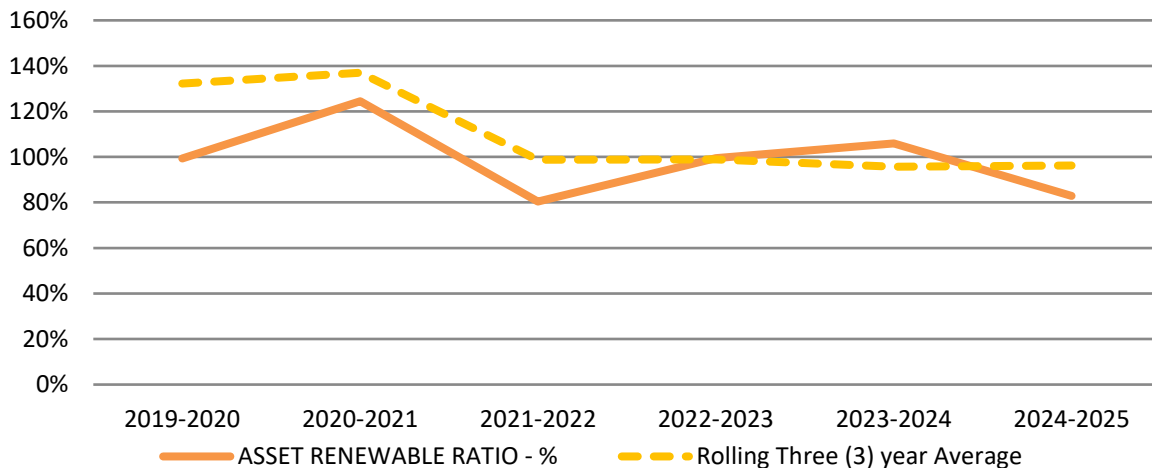
FIGURE 2: NET FINANCIAL LIABILITIES RATIO



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

That the Audit & Risk Committee:

1. notes the comparative analysis to the prior year audited Annual Financial Statements and original adopted 2024-2025 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; and
 3. notes Galpins 2024-2025 Audit Completion Report, as included at Attachment C.
-

Mr Kym Holman moved:

That the Audit & Risk Committee:

1. *notes the comparative analysis to the prior year audited Annual Financial Statements and original adopted 2024-2025 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; and*
3. *notes Galpins 2024-2025 Audit Completion Report, as included at Attachment C.*

Seconded by Mayor Bria and carried.

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.

Mayor Bria moved:

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.

Seconded by Mr Kym Holman and carried.

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.

Mayor Bria declared a general conflict of interest in this matter as his sister-in-law is an employee of Bentleys (SA). Mayor Bria advised that he would remain in the meeting and take part in the discussion and voting regarding this matter.

Ms Tami Norman moved:

That the Audit & Risk Committee receive the Business Continuity Management Internal Audit Report as provided in Attachment A.

Seconded by Mr Kym Holman and carried.

Mayor Bria voted in favour of the motion.

4.1 Budget Process

A presentation on the Budget process was provided by the Chief Financial Officer.

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 & Risk Committee Work Plan* as contained in Attachment A, be approved.
-

Mayor Bria moved:

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, 19 October 2026 at 6:00pm.*
2. *That the 2026 Audit & Risk Committee Work Plan, as contained in Attachment A and as amended to incorporate the bi-annual review of progress against Audit findings, be approved.*

Seconded by Ms Tami Norman and carried unanimously.

6. CONFIDENTIAL REPORTS

[This Item was dealt with out of sequence – Refer to Page 29 for the Minutes relating to this Item]

6.1 CONFIDENTIAL MEETING WITH COUNCIL'S EXTERNAL AUDITOR

[This Item was dealt with out of sequence – Refer to Page 29 for the Minutes relating to this Item]

7. OTHER BUSINESS
Nil

8. NEXT MEETING
Monday 16 February 2026.

9. CLOSURE
There being no further business the Presiding Member declared the meeting closed at 10.20pm.

Ms Cate Hart
PRESIDING MEMBER

Minutes Confirmed on _____
(date)