

Audit & Risk Committee Meeting Agenda & Reports

19 October 2026

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

To all Members of the Audit & Risk Committee

NOTICE OF MEETING

I wish to advise that pursuant to Section 87 and 88 of the *Local Government Act 1999*, the next Meeting of the Audit & Risk Committee, will be held in the Meeting Room 3, Norwood Town Hall, 175 The Parade, Norwood, on:

Monday 19 October 2026, commencing at 6:00 pm.

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 PSM
CHIEF EXECUTIVE OFFICER

15 October 2026

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City of
**Norwood
Payneham
& St Peters**

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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 Mario Barone (Chief Executive Officer)
Lisa Mara (General Manager, Governance & Civic Affairs)
Jenny McFeat (Manager, Governance)
Natalia Axenova (Chief Financial Officer)
Marina Fischetti (Governance Officer)

APOLOGIES

1 CONFIRMATION OF MINUTES OF THE AUDIT & RISK COMMITTEE MEETING HELD ON 13 JULY 2026

That the Minutes of the Audit & Risk Committee Meeting held on 13 July 2026 be taken as read and confirmed.

2 PRESIDING MEMBER'S COMMUNICATION

3 COMMITTEE MEMBER DECLARATION OF INTEREST

4 PRESENTATIONS

4.1 Major Projects

PRESENTER/S

General Manager, Infrastructure & Major Projects

Comments

A presentation on Major Projects, will be provided by Mr Jared Barnes, General Manager, Infrastructure & Major Projects.

4.2 2027-2028 Budget Process Timeline

PRESENTER/S

Chief Financial Officer

Comments

A presentation on 2027-2028 Budget Process Timeline, will be provided by Ms Natalia Axenova, Chief Financial Officer.

5 STAFF REPORTS

5.1 FINANCIAL RESULTS 2025-2026

REPORT AUTHOR: Chief Financial Officer
APPROVED BY: Chief Executive Officer
ATTACHMENTS: A - C

PURPOSE OF THE REPORT

The purpose of this report is to present the Audit & Risk Committee with the Council's 2025-2026 Audited Financial Statements for review. A report comparing the Council's Audited Financial Result to the 2025-2026 Adopted Original Budget and the 2025-2026 Audit Completion Report prepared by the Council's Auditors, is also 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 they 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 of the Council 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 2025-2026 Audit Completion Report are presented to the Committee for information.

The Council's 2025-2026 Financial Statements comparing the actual result to the 2025-2026 Adopted Original Budget are contained in **Attachment A**.

The Council's 2025-2026 Audited Financial Statements are contained in **Attachment B**.

The 2025-2026 Audit Completion Report prepared by the Council's Auditors, Galpins is contained within **Attachment C**.

STRATEGIC DIRECTIONS

The financial information contained in this report is based on the 2025-2026 Annual Financial Statements, the 2025-2026 Adopted Budget and the various policies adopted by the Council as they impact the Council's financial performance (e.g. Rating Policy).

FINANCIAL AND BUDGET IMPLICATIONS

The 2025-2026 financial results reflect a stronger operating position, with income growth outpacing increases in expenditure and as a result, delivering an Operating Surplus of \$1.15 million (1.8% of income).

This improvement was supported by increased Grant income, higher than budgeted statutory income and other sundry income, offset by higher cost of materials, contractors and depreciation. Significant investment of \$45.46 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 increased above the target, reflecting timing

adjustments in expenditure on renewals. Overall, the Council remains in a sound financial position, while continuing to balance operational needs, service delivery and investment in the City's infrastructure.

Compared with the Adopted Budget Operating Surplus of \$754,356, the Council's 2025-2026 financial results report a significantly higher Operating Surplus of \$1.15 million. The variance was predominantly driven by higher quarterly *Finance Assistance Grant* revenue compared with previous years. This was due to a reduced *Financial Assistance Grant* advancement, with 50% of the total 2025-2026 grant received in June 2025, compared with approximately 85% received in advance in prior years.

Details of the main drivers behind the variances between the 2025-2026 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 \$29.455 million against an Adopted Net Surplus of \$23.591 million, with the favourable variance being driven by revaluation of Infrastructure, Property, Plant & Equipment.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

Elected Members

Elected Members have received regular reports on the Council's financial performance throughout the year.

Community

Not Applicable.

Staff

Responsible Officers, General Managers and Council's External Auditors.

Other Agencies

Not Applicable.

DISCUSSION

The 2025-2026 Annual Financial Statements have been finalised and provide the Council with a comprehensive assessment of its financial performance for the financial year. This report not only compares actual results against the Adopted Original Budget and identifies year-on-year (Y-o-Y) 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 Council has managed its resources, balanced operational and capital priorities, and positioned itself to meet future service delivery and infrastructure needs.

FINANCIAL PERFORMANCE 2025-2026 vs ORIGINAL ADOPTED BUDGET 2025-2026

The 2025-2026 Actual Results are compared to the Original Adopted Budget, as presented in Table 1, and further detailed in **Attachment A**.

TABLE 1: FINANCIAL PERFORMANCE 2025-2026 vs ORIGINAL ADOPTED BUDGET

	Budget 25-26	Actuals 25- 26	B vs A variance	B vs A variance
	\$'000	\$'000	\$'000	%
Income				
Rates	51,135	51,326	191	0%
Statutory Charges	2,239	2,760	521	23%
User Charges	4,370	4,118	(252)	-6%
Grants, Subsidies & Contributions - Operating	2,654	3,903	1,249	47%
Grants, Subsidies & Contributions - Capital	1,051	649	(402)	-38%
Investment Income	55	11	(44)	-80%
Other Income	522	949	427	82%
Net Gain Joint Ventures & Associates	-	90	90	0%
Total Income	62,026	63,806	1,780	3%
Expenses				
Employee costs	20,340	19,717	623	3%
Materials, contracts & other expenses	23,594	24,995	(1,401)	- 6%
Depreciation, amortisation & impairment	13,697	14,580	(883)	- 6%
Finance costs	3,378	3,114	264	8%
Net loss Joint Ventures & Associates	263	253	9	4%
Total Expenses	61,272	62,659	(1,387)	- 2%
Operating Surplus/(Deficit)	755	1,147	(393)	-52%
Capital Expenditure renewals	12,887	14,871	(1,984)	-15%
Capital Expenditure new	13,080	30,587	(17,507)	-134%
Indicators				
Operating Surplus/(Deficit)	1.2%	1.8%	1%	
Net Financial Liabilities	147.7%	119.1%	-29%	
Assets Renewal Funding	96.2%	110.9%	15%	

STATEMENT OF COMPREHENSIVE INCOME

Operating Income & Expenses

The Council delivered an Operating Surplus of \$1.15 million, compared to the Adopted Budget with a forecasted Operating Surplus of \$754,052, which resulted in a favourable variance of \$393,107.

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 Adopted 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.	520,770
User Charges	User Charges were below the Adopted Budget, primarily due to lower than anticipated childcare fee revenue from the St Peters Childcare & Preschool. This variance was mainly due to the temporary closure of the centre for 14 days in March 2026, together with lower overall enrolment levels throughout the year.	(252,274)
Grants, subsidies & contributions - Operating	Grant funding received was favourable to the Adopted Budget due to unbudgeted funding received under the 2025-2026 Special Local Roads Program and Supplementary Local Roads Grants. In addition, the advance payment of the <i>Financials Assistance Grant for 2025-2026 by the Commonwealth Government</i> received in June 2025 was lower than previous years (50% of the Total 2025-2026 Grant allocation as opposed to 85% previously), which resulted for the higher balance received in quarterly payments during 2025-2026.	1,249,447
Grants, subsidies & contributions - Capital	The timing and instalments amount for the <i>Roads to Recovery Grant</i> have been revised, resulting in changes to the scheduled grant payments. Total amount for Five (5) year grant commitment remains unchanged, payment schedule will be updated in 2026-2027 Budget Reviews once information is confirmed.	(402,253)
Investment Income	Investment Income was unfavourable to the Adopted Budget driven primarily by lower interests earned on Councils deposits with the Local Government Finance Authority (LGFA). To minimise interest costs, surplus cash balances are applied against the Cash Advance Debenture (CAD) Loan, reducing the outstanding loan balance and associated interest expenses.	(43,951)
Other Income	Other Income was favourable to the Adopted Budget driven primarily by: <ul style="list-style-type: none"> Local Government Association of South Australia Workers Compensation scheme special distribution payment received The 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 Tree fund income and an increased number of skip bin hoarding permits. Reimbursements were favourable to the Adopted Budget driven primarily by:	427,260

	Reasons for the Variance	Amount (\$)
	<ul style="list-style-type: none"> Insurance re-imbursements for claims made during the year, which was offset by expenditure to replace or repair items subject to the insurance claim. 	
EXPENSES		
Employee Costs	Employee costs were favourable compared to the Adopted budget due to vacancies throughout the year, resulting in cost savings from unfilled positions and lower overall employee expenditure than anticipated	622,957
Materials, contracts & other expenses	<p>Materials, contracts & other expenses were unfavourable against the Adopted Budget primarily due to,</p> <ul style="list-style-type: none"> Contractor costs have increased due to the use of contractors to fill critical roles vacancies, resulting in higher hourly rates compared with directly employed staff. In addition, contracted services being unfavourable due to an overspend in Infrastructure maintenance in Street Trees Contracted Services due to higher demand for Trees pruning, planting and removal. Some maintenance during the year was outsourced to contractors. This function is being reviewed to assess and determine whether better efficiencies can d]be achieved through better work practices and scheduling of works. Contract renewals for Street Sweeping and Waste resulted in higher costs than budgeted towards the end of the year. Utilities being unfavourable due to higher than forecasted renewable energy expenses through out the year and timing of the water charges for turf maintenance in May and June 2025, that was invoiced to the Council in July 2025 at the higher cost than expected. 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 repair and maintenance on Council owned buildings. Above overspent has been offset by unspent cost on Operational Project that were deferred to the next Financial Years as carry forwards. 	(1,401,343)
Depreciation, amortisation & impairment	Depreciation expense was greater than anticipated mainly due to the net impact on Depreciation arising from asset revaluation and unit cost update for the civil infrastructure asset class (i.e. roads, kerbs, footpaths) in 2024–2025, partially offset by the deferred whole asset capitalisation of the Trinity Valley Upgrade works.	(882,650)
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 the carry forwards for the Trinity Valley Stormwater Upgrade Project and the rephasing of the Payneham Memorial Swimming Centre contract payment plan.	264,370

Capital Expenditure

When compared to the Adopted Original Budget (excluding carry forwards), there was an increase expenditure of \$19.491m on Capital Projects for both New and Renewal. This is a result of carry forwards from 2024-2025 that were completed throughout the 2025-2026 financial year.

Statement of Finance Position (Balance Sheet)

The Net Assets of the Council at 30 June 2026 is \$725 million, against an Adopted Budget of \$668 million, a favourable variance of \$57 million.

Major reasons for the variance in the Net Assets include:

Assets

Current Assets were favourable compared to the Adopted Budget by \$2.261 million. This was predominantly due to the favourable variance in Trade & Other Receivables as a result of the issuance of invoices in June 2026.

Non-Current Assets were favourable compared to the Adopted Budget by \$41.348 million. This was mainly due to Other Non-current Assets which represent Capital Works-in-Progress as of 30 June 2026 (amounting to \$59.359 million). This variance was mainly as a result of the completion date of the Payneham Memorial Swimming Centre Redevelopment Project and part of the Trinity Valley Stormwater Drainage Upgrade Project works that are yet to be capitalised.

Liabilities

Current Liabilities were favourable by \$7.712 million primarily due to lower Trade & Other Payables, reflecting the prior-year inclusion of higher-than-usual accruals for the Pool instalments and the TV grant received in advance, which were recognised in 2025/26 as the projects progressed. The favourable variance also reflects a reduction in current borrowings.

Non-Current Liabilities were favourable compared to the Adopted Budget by \$5.439 million. This was mainly due to the long-term borrowings planned to be drawn down as part of the Adopted Budget which were not required as of 30 June 2026, due to revision of delivery timeline for the Payneham Memorial Swimming Centre Redevelopment Project and the Trinity Valley Stormwater Upgrade Project.

Budgeted borrowings were based on the assumptions to deliver all New and Renewal Capital projects included in 2025-2026 Adopted Budget. While each year new additional loan amount is approved by the Council, drawdown on the loan facility occurs on 'as needed' approach. As at, 30 June 2026, changes in Major Capital Projects delivery timelines or phasing (mainly Payneham Memorial Swimming Centre, Trinity Valley, and George Street), resulted in borrowings to be at approximately 90% of the total approved Loan Budget for 2025-2026 Financial year.

Statement of Cash Flow

For the 2025-2026 Financial year, the Council is reporting a net cash and cash equivalents of \$970,000. The Council generated \$10.983 million from operating activities after operating expenses, with the funds used towards the Councils Capital Infrastructure Works Program and the Asset Replacement Program.

Proceeds from borrowings of \$32.54 million less principal repayments on Council's borrowings of \$1.211 million, was used to fund New Major Capital projects.

FINANCIAL PERFORMANCE 2025-2026 vs FINANCIAL PERFORMANCE 2024-2025

In 2025-2026 Financial year, the Council recorded total income of \$63.806 million, an increase of \$4.657 million (8%) compared to previous 2024-2025 Financial year.

This growth was driven by higher rates revenue (\$3.98 million, 8%), an increase in grant funding (\$0.44 million), and growth in non-rate income (\$0.23 million).

Total expenses increased by \$5.81 million (10%), mainly due to higher employee costs (\$2.23 million, 13%) with variance driven by Wage increases in line with the Enterprise Bargaining Agreement, as well as impact of filled vacancies, increased materials, contracts, and other expenses (\$1.82 million, 8%). Higher finance costs (\$1.56 million, 101%) resulting from expected new borrowings during 2025-2026 in line with Major Capital projects progression. This resulted in an operating surplus of \$1.15 million (1.8% of income), compared with a grand \$2.3 million surplus in 2025-2026.

The reason for the higher operating surplus in 2024-2025 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.

The impact of Asset revaluations undertake during the 2025-2026 financial year are detailed below in Table 4.

TABLE 4: IMPACT OF ASSET REVALUATION

Asset Class	Revaluation Increase/(Decrease) \$million	Comments
Land	7.734	Represents a 3.0% increase in Fair Value based on the Latest available Local Government Price Index as at 30 June 2026.
Buildings and Other Structures	1.972	Represents a 3.0% increase in Fair Value based on the Latest available Local Government Price Index as at 30 June 2026.
Open space Assets	0.862	Represents a 3.7% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Road Infrastructure	6.874	Represents a 4.8% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Kerbing	1.627	Represents a 2.6% decrease in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Footpaths	1.681	Represents a 4.1% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Linear Park	0.082	Represents an 4.6% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Storm-water Drainage	3.817	Represents a 4.6% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Off- Roads Carparks	0.122	Represents a 4.6% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Traffic Control Assets	0.256	Represents a 4.5% decrease in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Footbridge	0.137	Represents a 4.6% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Total	25.134	

Financial Ratios

Key financial indicators show stable operating performance (1.8% for 2025-2026), while Net Financial Liabilities increased to 119.1% reflecting new borrowings in 2025-2026 Financial year towards Payneham

Memorial Swimming Centre Redevelopment Project and the asset renewal funding ratio increased from 83% in 2024-2025 to 110.9% in 2025-2026, primarily due to adjustments in the timing of various renewal works which were rescheduled to align with the delivery timeframe of other renewal works or projects in the same area.

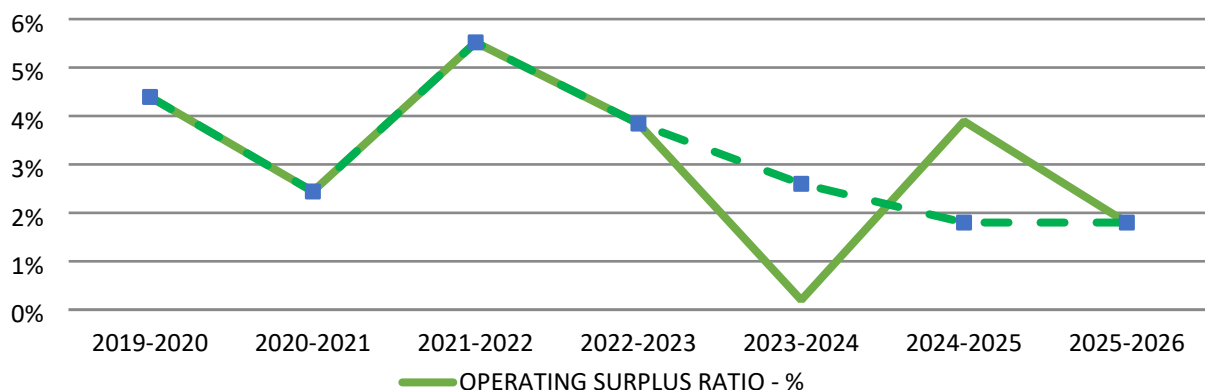
Financial indicators are represented by the following three (3) Financial Ratios:

- Operating Surplus Ratio (refer to Figure 1)
- Net Financial Liabilities Ratio (refer to Figure 2) and
- Asset Renewable Funding Ratio (refer to Figure 3)

TABLE 5: INDICATORS

	2024-2025	2025-2026
Operating Surplus Ratio	3.9%	1.8%
Net Financial Liability Ratio	87%	119%
Asset Renewal Funding ratio	83%	111%

FIGURE 1: OPERATING SURPLUS RATIO

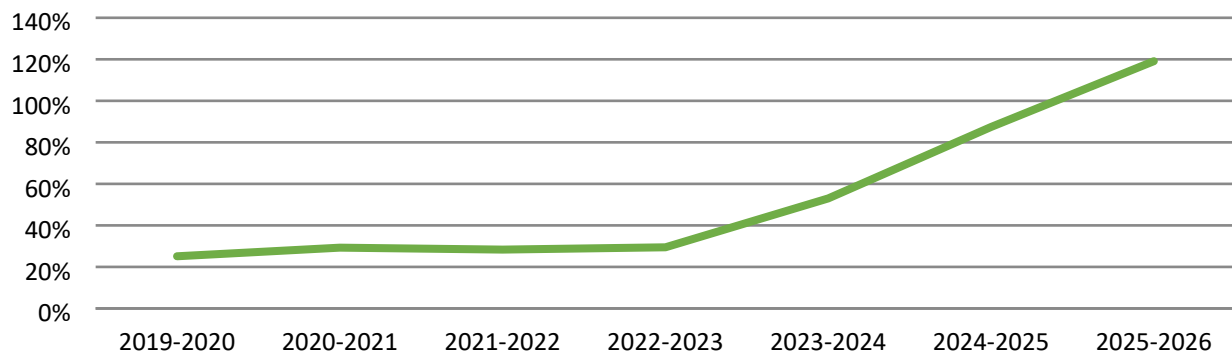


The Long-Term Financial Plan 2024-2034 Target: between 0% and 10%

The Operating Surplus Ratio expresses the Council's Operating Surplus/ (Deficit) as a percentage of Operating Revenue.

The dotted line represents the adjusted Operating Surplus, excluding the impact of the delayed receipt of the *Financial Assistance Grant*. Committee Members may recall that, in 2023-2024, the advance payment of the *2024-2025 Financial Assistance Grant*, which would ordinarily have been received in June 2024, was delayed by the State Government. The adjusted result illustrates the Operating Surplus that would have been achieved had the grant been received as anticipated.

FIGURE 2: NET FINANCIAL LIABILITIES RATIO

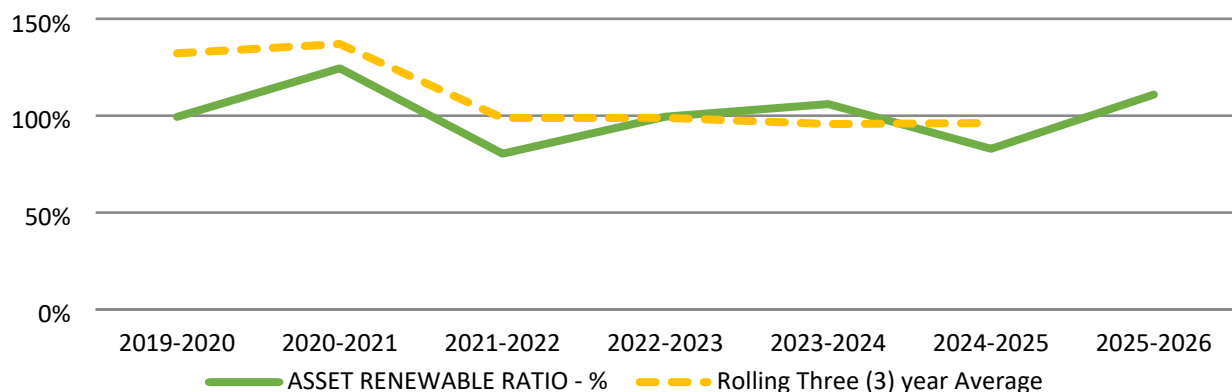


The Long-Term Financial Plan 2024-2034 Target: less than or equal to 100%

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

ASSET RENEWABLE 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 the stock of assets is “wearing out.” Asset Renewal Funding Ratio, is measured against the extent of the renewal expenditure 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.

2025-2026 AUDIT COMPLETION REPORT

The Council’s External Auditors, Galpins Trading Pty Ltd, have completed the statutory audit of the Council for the 2025-2026 Financial Year and have issued an unqualified Audit Report on the Annual Financial Statements for the financial year ended 30 June 2026. 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 2026 and its financial performance for the year ended 30 June 2026 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 eighteen (18) 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, and prevent employees from accumulating excessive balances.

OPTIONS

Not Applicable.

CONCLUSION

The Council concluded the financial year with an Operating Surplus of \$1.15 million (2024-2025: \$2.301 million).

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 \$29.455 million (2024-2025: \$66.955 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 2025-2026 Financial Statements.

RECOMMENDATION

1. That the comparative analysis of the prior year audited Annual Financial Statements and original adopted 2025-2026 budget as contained in **Attachment A**, be noted.
2. The Audit & Risk Committee recommends to the Council that the Annual Financial Statements for the year ended 30 June 2025, as contained in **Attachment B**, be adopted.
3. That the 2025-2026 Audit Completion Report, issued by the Councils Auditors, Galpins, as contained in **Attachment C**, be received and noted.

Statement of Comprehensive Income

	BUDGET 2025-2026 \$'000	ACTUAL 2025-2026 \$'000	Variance \$'000
Income			
Rates	51,135	51,326	191
Statutory charges	2,239	2,760	521
User charges	4,370	4,118	(252)
Operating grants, subsidies and contributions	2,654	3,903	1,249
Other grants, subsidies and contributions - capital	1,051	649	(402)
Investment income	55	11	(44)
Other income	522	949	427
Net loss joint ventures & associates	-	90	90
Total Income	62,026	63,806	1,780
Expenses			
Employee costs	20,340	19,717	623
Materials, contracts & other expenses	23,594	24,995	(1,401)
Depreciation, amortisation & impairment	13,697	14,580	(883)
Finance costs	3,378	3,114	264
Net loss Joint Ventures & Associates	263	253	9
Total Expenses	61,272	62,659	1,387
Operating Surplus (Deficit)	754	1,147	393
Net gain (loss) on disposal or revaluation of assets	37	(2,433)	2,470
Amounts received specifically for new or upgraded assets	2,800	5,520	(2,720)
Physical resources received free of charge	-	-	-
Non Operating Items - Joint Venture and Associates	-	-	-
Net Surplus (Deficit) transferred to Equity Statement	3,591	4,235	644
Other Comprehensive Income			
Changes in revaluation Surplus- infrastructure, property, plant & equipment	20,000	25,134	5,134
Share of Other comprehensive Income - joint ventures and associates	-	86	86
Total Other Comprehensive Income	20,000	25,220	5,220
Total comprehensive Income	23,591	29,455	5,864

Statement of Financial Position

	BUDGET 2025-2026 \$'000	ACTUAL 2025-2026 \$'000	Variance \$'000
Assets			
Current Assets			
Cash and cash equivalents	500	970	470
Trade & other receivables	2,466	4,727	2,261
Total Current Assets	2,966	5,697	2,731
Non-current Assets			
Financial Assets	140	176	36
Equity accounted investments in Council businesses	2,650	3,069	419
Infrastructure, Property, Plant & Equipment	748,677	729,987	(18,690)
Other Non-current Assets	8,873	68,232	59,359
Right of Use assets		224	224
Total Non-current Assets	760,340	801,688	41,348
Total Assets	763,306	807,385	44,079
Liabilities			
Current Liabilities			
Trade & Other Payables	12,114	6,303	(5,811)
Borrowings	3,295	1,131	(2,164)
Short-term Provisions	3,301	3,452	151
Lease Liabilities		112	112
Liabilities relating to Non-current Assets held for Sale		-	-
Total Current Liabilities	18,710	10,998	(7,712)
Non-current Liabilities			
Long-term Borrowings	75,230	70,290	(4,940)
Long Term - Lease Liabilities		112	112
Long-term Provisions	782	464	(318)
Liability - Equity accounted Council Businesses	970	676	(294)
Total Non-current Liabilities	76,981	71,542	(5,439)
Total Liabilities	95,691	82,540	(13,151)
Net Assets	667,615	724,845	57,231
Equity			
Accumulated Surplus	80,153	74,943	(5,210)
Asset Revaluation Reserve	587,462	649,902	62,440
Total Equity	667,615	724,845	57,230

Statement of Changes in Equity

	BUDGET 2025-2026 \$'000	ACTUAL 2025-2026 \$'000	Variance \$'000
Accumulated Surplus			
Balance at end of previous reporting period	76,562	70,622	(5,940)
Net Surplus/ (Deficit) for year	3,591	4,235	644
Other comprehensive Income	-	86	86
Balance at end of period	80,153	74,943	(5,210)
Asset Revaluation Reserve			
Balance at end of previous reporting period	567,462	624,768	57,306
Gain on revaluation of infrastructure, property, plant & equipment	20,000	25,134	5,134
Share of other comprehensive income - joint ventures and associates	-	-	-
Balance at end of period	587,462	649,902	62,440
Total Equity at end of reporting period	667,615	724,845	57,230

Statement of Cash Flow

	BUDGET 2025-2026 \$'000	ACTUAL 2025-2026 \$'000	Variance \$'000
Cash Flow from Operating Activities			
<u>Receipts</u>			
Rates - general & other	51,451	51,514	63
Statutory charges	2,236	2,760	524
User Charges	4,349	4,137	(212)
Grants utilised for operating purposes	2,723	3,903	1,180
Investment receipts	56	11	(45)
Other Income	477	691	214
<u>Payments</u>			
Employee Costs	(20,294)	(19,944)	350
Contractual services & materials	(23,323)	(29,459)	(6,136)
Finance payments	(2,784)	(2,630)	154
Net Cash provided by (or used in) Operating Activities	14,890	10,983	(3,907)
Cash flow from Investing Activities			
<u>Receipts</u>			
Grants utilised for capital purposes	1,077	649	(428)
Amounts specifically for new or upgraded assets	3,067	1,556	(1,511)
Sale of replaced assets	37	17	(20)
Repayments of loans by community groups	-	-	-
Capital Distributions from associated entities	-	-	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets	(12,887)	(14,871)	(1,984)
Expenditure on new/upgraded assets	(13,080)	(30,587)	(17,507)
Loans made to community groups	-	-	-
Capital contributed to associated entities	-	(101)	(101)
Net Cash provided by (or used in) Investing Activities	(21,786)	(43,337)	(21,551)
Cash Flow from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings	45,000	32,549	(12,451)
<u>Payments</u>			
Repayments of Borrowings	(38,104)	(1,211)	36,893
Net Cash provided by (or used in) Financing Activities	6,896	31,338	24,442
Net Increase (Decrease) in cash held	0	(1,016)	(1,016)
Cash & cash equivalents at beginning of period	500	1,986	1,486
Cash & cash equivalents at end of period	500	970	470

Uniform Presentation of Finances

	BUDGET 2025-2026 \$'000	ACTUAL 2025-2026 \$'000	Variance \$'000
Income	62,026	63,806	1,780
<i>less Expenses</i>	(61,272)	(62,659)	(1,387)
Operating Surplus (Deficit)	754	1,147	393
Net timing adjustment for general purpose grant funding	-	-	-
Less: grants, subsidies and contributions - capital	(1,051)	(649)	402
Adjusted Operating surplus / (deficit)	(296)	499	795
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(12,887)	(14,871)	(1,984)
Depreciation, Amortisation and Impairment	13,697	14,580	883
Add back grants, subsidies and contributions - capital renewal	1,051		(1,051)
Proceeds from Sale of Replaced Assets	37	17	(20)
	1,897	(274)	(2,171)
Net Outlays on New and Upgraded Assets			-
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	(13,080)	(30,587)	(17,507)
Add back amounts received specifically for new and upgraded assets	3,067	1,556	(1,511)
Add back grants, subsidies and contributions - capital new/upgraded	-	649	649
	(10,013)	(28,382)	(18,369)
Net Lending / (Borrowing) for Financial Year	(8,412)	(28,158)	(19,745)

Financial Indicators

	BUDGET 2025-2026	ACTUAL 2025-2026
	\$000	\$000
Operating Surplus Ratio		
<u>Operating Surplus/(Deficit)</u>	<u>754</u>	<u>1,147</u>
Operating Revenue	62,026	63,806
	1.2%	1.8%
Net Financial Liabilities Ratio		
<u>Net Financial Liabilities</u>	<u>91,615</u>	<u>75,991</u>
Total Operating Revenue	62,026	63,806
	147.7%	119.1%
Assets Renewable Ratio		
<u>Net Asset Renewals</u>	<u>12,887</u>	<u>14,854</u>
Asset Management Plan	13,393	13,393
	96.2%	110.9%
Interest Cover Ratio		
<u>Net Interest Expense</u>	<u>3,323</u>	<u>3,103</u>
Total Operating Revenue less Interest income	61,971	63,795
	5.4%	4.9%

CITY OF NORWOOD PAYNEHAM & ST PETERS

Financial Statements

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2026



City of
Norwood
Payneham
& St Peters



City Of Norwood Payneham & St Peters

Financial Statements 2026

General Purpose Financial Statements

for the year ended 30 June 2026

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City Of Norwood Payneham & St Peters

Financial Statements 2026

General Purpose Financial Statements for the year ended 30 June 2026

Certification of Financial Statements

We have been authorised by the Council 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 Council's financial position at 30 June 2026 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council 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 the Council's accounting and other records.

Mario Barone
Chief Executive Officer

03 November 2026

Robert Bria
Mayor

03 November 2026

City Of Norwood Payneham & St Peters

Financial Statements 2026

Statement of Comprehensive Income for the year ended 30 June 2026

\$	Notes	2026	2025
Income			
Rates	4a	51,325,884	47,345,960
Statutory charges	4b	2,759,771	2,467,308
User charges	4c	4,117,786	4,027,179
Grants, subsidies and contributions - operating	4g	3,903,447	3,843,067
Grants, subsidies and contributions - capital	4g	648,747	266,636
Investment income	4d	11,049	10,546
Reimbursements	4e	161,956	130,736
Other income	4f	787,307	850,402
Net gain - equity accounted council businesses	18	90,305	207,908
Total income		63,806,252	59,149,742
Expenses			
Employee costs	5a	19,717,043	17,489,561
Materials, contracts and other expenses	5b	24,994,807	23,237,635
Depreciation, amortisation and impairment	5c	14,579,650	14,375,938
Finance costs	5d	3,113,886	1,550,217
Net loss - equity accounted council businesses	18	253,400	195,034
Total expenses		62,658,786	56,848,385
Operating surplus / (deficit)		1,147,466	2,301,357
Amounts received specifically for new or upgraded assets	4g	5,520,181	3,708,027
Asset disposal and fair value adjustments	6	(2,432,641)	(1,909,892)
Net surplus / (deficit)		4,235,006	4,099,492
Other comprehensive income			
Changes in revaluation surplus - I,PP&E	11	25,133,607	62,813,969
Share of other comprehensive income - equity accounted council businesses	18	86,430	41,965
Total other comprehensive income		25,220,037	62,855,934
Total comprehensive income		29,455,043	66,955,426

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

City Of Norwood Payneham & St Peters

Financial Statements 2026

Statement of Financial Position

as at 30 June 2026

\$	Notes	2026	2025
ASSETS			
Current assets			
Cash and cash equivalent assets	7a	969,795	1,985,703
Trade and other receivables	7b	4,726,906	3,266,436
Total current assets		5,696,701	5,252,139
Non-current assets			
Trade and other receivables	8a	176,054	140,162
Equity accounted investments in council businesses	8b	3,069,075	3,110,083
Other non-current assets	8c	68,232,295	44,855,366
Infrastructure, property, plant and equipment	9	729,986,846	699,671,083
Right of use assets	16	224,187	196,009
Total non-current assets		801,688,457	747,972,703
TOTAL ASSETS		807,385,158	753,224,842
LIABILITIES			
Current liabilities			
Trade and other payables	10a	6,303,016	13,153,462
Borrowings	10b	1,131,302	1,081,341
Lease liabilities	16	112,481	90,248
Provisions	10c	3,452,155	3,393,150
Total current liabilities		10,998,954	17,718,201
Non-current liabilities			
Borrowings	10b	70,289,593	38,871,896
Lease liabilities	16	111,903	105,761
Provisions	10c	463,728	397,812
Liability - equity accounted council businesses	10d	675,975	741,210
Total non-current liabilities		71,541,199	40,116,679
TOTAL LIABILITIES		82,540,153	57,834,880
Net assets		724,845,005	695,389,962
EQUITY			
Accumulated surplus		74,943,048	70,621,612
Asset revaluation reserves	11	649,901,957	624,768,350
Total council equity		724,845,005	695,389,962
Total equity		724,845,005	695,389,962

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

City Of Norwood Payneham & St Peters

Financial Statements 2026

Statement of Changes in Equity for the year ended 30 June 2026

\$	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
2026				
Balance as at 1 July		70,621,612	624,768,350	695,389,962
Net surplus / (deficit) for year		4,235,006	—	4,235,006
Other comprehensive income				
Gain (loss) on revaluation of IPP&E	9	—	25,133,607	25,133,607
Share of OCI - equity accounted council businesses		86,430	—	86,430
Other comprehensive income		86,430	25,133,607	25,220,037
Total comprehensive income		4,321,436	25,133,607	29,455,043
Balance at the end of period		74,943,048	649,901,957	724,845,005
2025				
Balance as at 1 July		66,480,155	561,954,381	628,434,536
Restated opening balance		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	9	—	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

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

City Of Norwood Payneham & St Peters

Financial Statements 2026

Statement of Cash Flows

for the year ended 30 June 2026

\$	Notes	2026	2025
Cash flows from operating activities			
Receipts			
Rates receipts		51,514,641	47,261,418
Statutory charges		2,759,771	2,467,308
User charges		4,137,040	4,018,491
Grants, subsidies and contributions		3,903,447	3,843,067
Investment receipts		11,049	10,546
Reimbursements		161,956	130,736
Other receipts		528,820	1,483,904
Payments			
Payments to employees		(19,944,576)	(17,783,109)
Payments for materials, contracts and other expenses		(29,458,653)	(18,156,140)
Finance payments		(2,630,102)	(1,299,139)
Net cash provided by (or used in) operating activities	13b	10,983,393	21,977,082
Cash flows from investing activities			
Receipts			
Grants utilised for capital purposes		648,747	266,636
Amounts received specifically for new or upgraded assets		1,556,365	2,585,782
Sale of replaced assets		16,762	10,233
Payments			
Expenditure on renewal/replacement of assets		(14,871,302)	(9,964,166)
Expenditure on new/upgraded assets		(30,587,257)	(33,661,999)
Capital contributed to equity accounted Council businesses		(100,893)	(108,964)
Net cash provided (or used in) investing activities		(43,337,578)	(40,872,478)
Cash flows from financing activities			
Receipts			
Proceeds from loans		32,548,999	21,030,000
Payments			
Repayments of loans		(1,081,341)	(1,033,878)
Repayment of lease liabilities		(129,381)	(112,355)
Net cash provided by (or used in) financing activities		31,338,277	19,883,767
Net increase (decrease) in cash held		(1,015,908)	988,371
plus: cash & cash equivalents at beginning of period		1,985,703	997,332
Cash and cash equivalents held at end of period	13a	969,795	1,985,703

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

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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 2026

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
2025/26	\$2,116,386	\$1,575,893	+ \$540,493

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City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

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 2 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 14.

(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	\$3,000
Furniture & Fittings	\$3,000
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 9.

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.

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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 2026

Note 1. Summary of Material Accounting Policies (continued)

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

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	15 to 40 years
Road Pavement Base	65 to 180 years
Road Pavement Sub-Base	160 to 300 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 5d, 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.

continued on next page ...

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City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

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 6.55% (2025, 4.65%)

Weighted avg. settlement period 1.51 years (2025, 1.46 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

continued on next page ...

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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 2026

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 18.

(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

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 2026. 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 2026.

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 (Not-for-Profit Entities)

AASB 18 replaces AASB 101 *Presentation of Financial Statements* and sets out requirements for the presentation and disclosure of information in general purpose financial statements. For not-for-profit entities, including local government councils. Amongst other changes, the standard introduces management-defined performance measures, requires items in the statement of profit or loss to be classified into one of five categories (operating, investing, financing, income taxes and discontinued operations), and enhances the 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 standard will have on the financial statements once adopted.

Australian Sustainability Reporting Standards (AASB S1 and AASB S2)

The Australian Sustainability Reporting Standards comprise AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2 *Climate-related Disclosures*. These standards establish a framework for reporting sustainability-related and climate-related financial information. As at 30 June 2026, AASB S1 and AASB S2 are not mandatory for local government entities. Sustainability reporting requirements for public sector entities continue to evolve in Australia. Any future application of these standards to local government will depend on the requirements adopted by the relevant legislative or regulatory authorities. Council will continue to monitor developments and assess any potential implications for future financial reporting.

(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 2026

Note 2. Financial indicators

\$	Amounts 2026	Indicator 2026	Indicators 2025	Indicators 2024
Financial Indicators overview <i>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.</i>				
1. Operating Surplus Ratio				
Operating surplus	1,147,466	1.8%	3.9%	0.2%
Total operating income	63,806,252			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				
Adjusted Operating Surplus Ratio				
Operating surplus	(41,774)	(0.1)%	2.6%	2.8%
Total operating income	62,617,012			
2. Net Financial Liabilities Ratio				
Net financial liabilities	75,991,423	119%	87%	53%
Total operating income	63,806,252			
<i>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.</i>				
Adjusted Net Financial Liabilities Ratio				
Net financial liabilities	77,093,672	123%	90%	55%
Total operating income	62,617,012			
Adjustments to Ratios				
<i>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.</i>				
3. Asset Renewal Funding Ratio				
Asset renewals	14,871,302	111%	83%	106%
Infrastructure and Asset Management Plan required expenditure	13,393,401			
<i>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.</i>				

City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 3. Uniform presentation of finances

\$	2026	2025
<p>The following is a high-level summary of both operating and capital investment activities of the Council 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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income		
Rates	51,325,884	47,345,960
Statutory charges	2,759,771	2,467,308
User charges	4,117,786	4,027,179
Grants, subsidies and contributions - capital	648,747	266,636
Grants, subsidies and contributions - operating	3,903,447	3,843,067
Investment income	11,049	10,546
Reimbursements	161,956	130,736
Other income	787,307	850,402
Net gain - equity accounted council businesses	90,305	207,908
Total Income	63,806,252	59,149,742
Expenses		
Employee costs	(19,717,043)	(17,489,561)
Materials, contracts and other expenses	(24,994,807)	(23,237,635)
Depreciation, amortisation and impairment	(14,579,650)	(14,375,938)
Finance costs	(3,113,886)	(1,550,217)
Net loss - equity accounted council businesses	(253,400)	(195,034)
Total Expenses	(62,658,786)	(56,848,385)
Operating surplus / (deficit)	1,147,466	2,301,357
Less: grants, subsidies and contributions - capital	(648,747)	(266,636)
Adjusted Operating surplus / (deficit) before capital amounts	498,719	2,034,721
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(14,871,302)	(9,964,166)
Add back depreciation, amortisation and impairment	14,579,650	14,375,938
Add back proceeds from sale of replaced assets	16,762	10,233
	(274,890)	4,422,005
Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(30,587,257)	(33,661,999)
Add back grants, subsidies and contributions - capital new/upgraded	648,747	266,636
Add back amounts received specifically for new and upgraded assets	1,556,365	2,585,782
	(28,382,145)	(30,809,581)
Adjusted annual net impact to financing activities (surplus/(deficit))	(28,158,316)	(24,352,855)

City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 4. Income

\$	2026	2025
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(a) Rates

General rates

General rates	50,492,727	46,565,227
Less: mandatory rebates	(1,152,827)	(1,129,534)
Less: discretionary rebates, remissions and write-offs	(116,769)	(180,314)
Total general rates	49,223,131	45,255,379

Other rates (including service charges)

Natural Resource Management Levy	1,637,999	1,628,506
Parade Rate	288,460	285,349
Total other rates (including service charges)	1,926,459	1,913,855

Other charges

Penalties for late payment	176,294	176,726
Total other charges	176,294	176,726

Total rates

51,325,884 47,345,960

(b) Statutory charges

Planning, Development and Infrastructure Act fees	714,903	660,117
Animal registration fees and fines	125,059	120,159
Parking fines / expiation fees	1,326,663	914,719
Other registration fees	410,438	589,214
Sundry	182,708	183,099
Total statutory charges	2,759,771	2,467,308

(c) User charges

Admission charges - pools	204,012	253,801
Hall and equipment hire	1,146,705	973,861
Sales - general	220,751	211,849
Subsidies received on behalf of users	1,373,304	1,464,070
Sundry	160,072	164,554
Activity Program Revenues	27,893	26,278
Child Care Centre Fees	985,049	932,766
Total user charges	4,117,786	4,027,179

(d) Investment income

Interest on investments		
- Local Government Finance Authority	10,911	10,388
- Banks and other	138	158
Total investment income	11,049	10,546

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City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 4. Income (continued)

\$	2026	2025
(e) Reimbursements		
Private works	30,851	16,037
Other	131,105	114,699
Total reimbursements	161,956	130,736

(f) Other income

Insurance and other recoupments - infrastructure, property, plant and equipment	73,148	52,712
Sundry	714,159	797,690
Total other income	787,307	850,402

(g) Grants, subsidies and contributions

Capital grants, subsidies and contributions

Amounts received specifically for new or upgraded assets	5,520,181	3,708,027
Other grants, subsidies and contributions - capital		
Untied - Local roads and community	648,747	266,636

Operating grants, subsidies and contributions

Other grants, subsidies and contributions	3,903,447	3,843,067
Total grants, subsidies and contributions	10,072,375	7,817,730

(i) Sources of grants

Commonwealth Government	9,612,553	5,068,841
State Government	438,247	2,748,889
Other	21,575	—
Total	10,072,375	7,817,730

Note 5. Expenses

\$	Notes	2026	2025
(a) Employee costs			
Salaries and wages		15,041,291	12,743,873
Temporary Labour and Apprentices		1,212,432	1,546,576
Employee leave expense		1,596,005	1,410,730
Superannuation - defined contribution plan contributions	17	1,695,169	1,366,967
Superannuation - defined benefit plan contributions	17	172,473	149,657
Workers' compensation insurance		719,365	695,459
Income Protection Insurance		220,648	253,230
Less: capitalised and distributed costs		(940,340)	(676,931)
Total operating employee costs		19,717,043	17,489,561
Total number of employees (full time equivalent at end of reporting period)		165	153

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City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 5. Expenses (continued)

\$	2026	2025
(b) Materials, contracts and other expenses		
(i) Prescribed expenses		
Auditor's remuneration		
- Auditing the financial reports	26,940	25,904
Bad and doubtful debts	11,521	—
Elected members' expenses	409,770	384,560
Lease expense - low value assets / short term leases	66,676	52,289
Subtotal - prescribed expenses	514,907	462,753
(ii) Other materials, contracts and expenses		
Contractors	8,875,547	8,175,028
Energy	721,352	578,415
Legal expenses	381,527	338,932
Parts, accessories and consumables	1,167,036	1,126,741
Professional services	2,006,932	1,510,471
Sundry	393,701	656,053
Water	958,816	920,014
Administration Costs	1,049,584	939,994
Grants and Donations	116,226	153,219
Rates and Taxes	74,843	27,185
Waste Collection and Disposal	5,028,605	4,743,722
Insurance	1,042,102	996,241
Subscriptions and Licences	1,009,161	955,332
Levies Paid to Government - Landscape Levy	1,609,856	1,594,523
Levies Paid to Government - Other	44,612	59,012
Subtotal - Other material, contracts and expenses	24,479,900	22,774,882
Total materials, contracts and other expenses	24,994,807	23,237,635
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Buildings and other structures	3,086,739	3,001,998
Infrastructure		
- Stormwater drainage	2,071,234	1,980,731
Open Space Infrastructure	1,566,915	1,485,531
Roads	3,217,734	3,106,940
Kerbing	1,491,685	1,423,964
Footpaths	1,283,847	1,230,931
Linear Parks	55,766	53,329
Off Roads Car Parks	66,123	64,820
Traffic Control	171,678	163,111
Footbridges	82,887	79,264
Right-of-use assets	129,578	112,355
Plant and equipment	263,279	273,825
Furniture and fittings	36,292	97,041
Other assets	1,055,893	1,302,098
Subtotal	14,579,650	14,375,938
Total depreciation, amortisation and impairment	14,579,650	14,375,938

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Financial Statements 2026

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 5. Expenses (continued)

\$	2026	2025
(d) Finance costs		
Interest on overdraft and short-term drawdown	166,306	155,205
Interest on loans	2,931,218	1,384,919
Interest on leases	16,362	10,093
Total finance costs	3,113,886	1,550,217

Note 6. Asset disposal and fair value adjustments

\$	2026	2025
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	16,761	10,233
Less: carrying amount of assets sold	(2,449,402)	(1,920,125)
Gain (loss) on disposal	(2,432,641)	(1,909,892)
Net gain (loss) on disposal or revaluation of assets	(2,432,641)	(1,909,892)

Note 7. Current assets

\$	2026	2025
(a) Cash and cash equivalent assets		
Cash on hand and at bank	796,263	1,056,642
Deposits at call	173,532	929,061
Total cash and cash equivalent assets	969,795	1,985,703

(b) Trade and other receivables

Rates - general and other	1,454,853	1,679,502
Debtors - general	2,085,519	833,469
GST recoupment	1,042,377	725,542
Prepayments	362,965	274,538
Sundry	21,476	35,821
Subtotal	4,967,190	3,548,872
Less: provision for expected credit losses	(240,284)	(282,436)
Total trade and other receivables	4,726,906	3,266,436

City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 8. Non-current assets

\$	2026	2025
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(a) Trade and other receivables

Receivables

Council rates postponement scheme

	176,054	140,162
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<u>Total financial assets</u>	<u>176,054</u>	<u>140,162</u>
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(b) Equity accounted investments in council businesses

Eastern Health Authority Inc.

18

360,592 250,524

Eastern Waste Management Authority Inc.

115,000 146,000

ERA Water Inc.

2,593,483 2,713,559

<u>Total equity accounted investments in Council businesses</u>	<u>3,069,075</u>	<u>3,110,083</u>
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(c) Other non-current assets

Capital work in progress

68,232,295 44,855,366

<u>Total other non-current assets</u>	<u>68,232,295</u>	<u>44,855,366</u>
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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 2026

Note 9. Infrastructure, property, plant & equipment and investment property

Infrastructure, property, plant and equipment

		as at 30/06/25				Asset movements during the reporting period							as at 30/06/26			
	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 5c)	WIP Transfers	Revaluation Decrements to Equity (ARR) (Note 11)	Revaluation Increments to Equity (ARR) (Note 11)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$																
Land	3	257,805,491	–	–	257,805,491	–	–	–	–	–	–	7,734,165	265,539,656	–	–	265,539,656
Buildings and other structures	3	173,652,769	444,696	(105,264,990)	68,832,475	–	3,169,014	–	(3,086,739)	30,474	–	1,972,372	179,350,863	3,169,014	(111,602,280)	70,917,597
Infrastructure	3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
- Stormwater drainage	3	179,241,073	–	(95,572,605)	83,668,468	6,138,971	–	(40,668)	(2,071,234)	–	–	3,817,335	187,320,216	6,138,971	(101,946,315)	91,512,872
- Open Space Infrastructure	3	41,668,984	803,935	(18,480,751)	23,992,168	2,828,964	68,754	(68,542)	(1,566,915)	–	–	861,692	42,519,892	4,148,179	(20,551,950)	26,116,121
- Roads	3	218,982,373	2,676,751	(77,666,715)	143,992,409	189,902	2,402,945	(758,824)	(3,217,734)	–	–	6,874,191	229,782,542	2,592,847	(82,892,500)	149,482,889
- Kerbing	3	99,230,539	1,903,749	(39,215,862)	61,918,426	60,786	2,492,314	(852,835)	(1,491,685)	–	–	1,627,251	103,090,399	2,553,100	(41,889,242)	63,754,257
- Footpaths	3	60,498,906	1,121,023	(20,306,012)	41,313,917	–	2,308,762	(700,893)	(1,283,847)	–	–	1,680,598	63,162,785	2,308,762	(22,153,010)	43,318,537
- Linear Parks	3	2,132,978	–	(345,337)	1,787,641	–	–	–	(55,766)	–	–	81,544	2,230,454	–	(417,036)	1,813,418
- Off Street Car Parks	3	4,007,005	–	(1,342,781)	2,664,224	–	–	–	(66,123)	–	–	121,574	4,190,125	–	(1,470,450)	2,719,675
- Traffic Control	3	7,253,439	33,125	(2,311,977)	4,974,587	211,161	–	–	(171,678)	–	–	225,798	7,618,480	211,161	(2,589,772)	5,239,869
- Footbridges	3	5,754,078	–	(2,749,456)	3,004,622	–	–	–	(82,887)	–	–	137,087	6,017,039	–	(2,958,217)	3,058,822
Plant and equipment	3	–	7,872,000	(6,201,797)	1,670,203	194,005	–	(27,640)	(263,279)	–	–	–	–	7,986,015	(6,412,726)	1,573,289
Furniture and fittings	3	–	2,710,003	(2,409,426)	300,577	74,774	–	–	(36,292)	–	–	–	–	2,784,778	(2,445,718)	339,060
Other assets	3	8,165,331	3,153,128	(7,572,584)	3,745,875	1,910,800	–	–	(1,055,893)	–	–	–	–	13,224,764	(8,623,980)	4,600,784
Total infrastructure, property, plant and equipment		1,058,392,966	20,718,410	(379,440,293)	699,671,083	11,609,363	10,441,789	(2,449,402)	(14,450,072)	30,474	–	25,133,607	1,090,822,451	45,117,591	(405,953,196)	729,986,846
Comparatives		959,621,354	41,355,954	(355,580,070)	645,397,238	1,043,026	6,600,559	(1,920,125)	(14,263,583)	–	(2,816,566)	65,630,535	1,058,392,966	20,718,410	(379,440,293)	699,671,083

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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 2026

Note 9. 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 9(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

There were no transfers between fair value hierarchy levels during the year.

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.

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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 2026

Note 9. 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 Councils 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 2025.

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 2025.

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 2025.

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 2026 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 2025.

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 2025.

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 2025.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

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City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 9. 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

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 10. Liabilities

\$	2026 Current	2026 Non Current	2025 Current	2025 Non Current
(a) Trade and other payables				
Goods and services	2,140,762	—	1,582,089	—
Payments received in advance	993,292	—	4,563,181	—
Accrued expenses - employee entitlements	250,176	—	602,630	—
Accrued expenses - finance costs	914,480	—	430,696	—
Accrued expenses - other	1,844,531	—	5,836,015	—
Deposits, retentions and bonds	122,580	—	103,326	—
St Peters RSL Trust	37,195	—	35,525	—
<u>Total trade and other payables</u>	<u>6,303,016</u>	<u>—</u>	<u>13,153,462</u>	<u>—</u>
(b) Borrowings				
Loans	1,131,302	4,210,593	1,081,341	5,341,896
Cash Advance Debenture Facility	—	66,079,000	—	33,530,000
<u>Total Borrowings</u>	<u>1,131,302</u>	<u>70,289,593</u>	<u>1,081,341</u>	<u>38,871,896</u>
(c) Provisions				
Employee entitlements (including oncosts)	3,452,155	463,728	3,393,150	397,812
<u>Total provisions</u>	<u>3,452,155</u>	<u>463,728</u>	<u>3,393,150</u>	<u>397,812</u>
(d) Liability accounted investments in Council businesses				
Highbury Landfill Authority Inc.	18	675,975	—	741,210
<u>Total liability accounted investments in Council businesses</u>	<u>—</u>	<u>675,975</u>	<u>—</u>	<u>741,210</u>

City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 11. Reserves

	as at 30/06/25				as at 30/06/26
\$	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
Asset revaluation reserve					
Land	239,494,473	7,734,165	—	—	247,228,638
Buildings and other structures	70,486,608	1,972,372	—	—	72,458,980
Infrastructure					
Stormwater Drainage	58,551,164	3,817,335	—	—	62,368,499
Roads	128,824,614	6,874,191	—	—	135,698,805
Kerbing	67,871,545	1,627,251	—	—	69,498,796
Footpaths	43,945,707	1,680,598	—	—	45,626,305
Open Space Infrastructure	8,803,658	861,692	—	—	9,665,350
Traffic Control	2,024,796	225,798	—	—	2,250,594
Off Roads Car Parks	2,288,550	121,574	—	—	2,410,124
Linear Parks	(302,303)	81,544	—	—	(220,759)
Footbridges	1,949,229	137,087	—	—	2,086,316
Other assets	830,309	—	—	—	830,309
Total asset revaluation reserve	624,768,350	25,133,607	—	—	649,901,957
Comparatives	561,954,381	62,813,969	—	—	624,768,350

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 12. Assets subject to restrictions

\$	2026	2025
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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	37,195	35,525
Total cash and financial assets	37,195	35,525

Total assets subject to externally imposed restrictions	37,195	35,525
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The following liabilities, included in Note 10, may be discharged from restricted assets in the first instance:

St Peter RSL Trust Funds	37,195	35,525
Total	37,195	35,525

City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 13. Reconciliation to Statement of Cash Flows

\$	Notes	2026	2025
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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	7	969,795	1,985,703
Balances per Statement of Cash Flows		969,795	1,985,703

(b) Reconciliation of Operating Result

Net surplus/(deficit)		4,235,006	4,099,492
Non-cash items in income statements			
Depreciation, amortisation and impairment		14,579,650	14,375,938
Equity movements in equity accounted investments (increase)/decrease		163,095	(12,874)
Grants for capital acquisitions treated as investing activity		(2,205,112)	(2,852,418)
Net (gain)/loss on disposals		2,432,641	1,909,892
Net (increase) decrease in Non-Current Council Rates Postponement Scheme		35,892	29,056
		19,241,172	17,549,086
Add (less): changes in net current assets			
Net (increase)/decrease in receivables		(1,470,848)	499,075
Change in allowances for under-recovery of receivables		(42,152)	(112,563)
Net increase/(decrease) in trade and other payables		(6,869,700)	4,333,801
Net increase/(decrease) in unpaid employee benefits		124,921	(292,317)
Net cash provided by (or used in) operations		10,983,393	21,977,082

(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	85,300,000	42,670,000

Note 14. 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 3.90% and 4.65% (2025: 4.15% and 4.55%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

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City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 14. 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 8.85% (2025: 9.15%). 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% (2025: 2.40% and 6.10%).

Carrying Amount:

Approximates fair value.

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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 2026

Note 14. 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					
2026					
Financial assets					
Cash and cash equivalents	969,795	—	—	969,795	969,795
Receivables	4,363,941	—	—	4,363,941	4,363,941
Other financial assets	—	176,054	—	176,054	176,054
Total financial assets	5,333,736	176,054	—	5,509,790	5,509,790
Financial liabilities					
Payables	5,309,724	—	—	5,309,724	5,309,724
Current borrowings	1,279,681	—	—	1,279,681	1,131,302
Non-current borrowings	—	49,469,507	21,343,732	70,813,239	70,289,593
Total financial liabilities	6,589,405	49,469,507	21,343,732	77,402,644	76,730,619
Total financial assets and liabilities	11,923,141	49,645,561	21,343,732	82,912,434	82,240,409
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

The following interest rates were applicable to Council's borrowings at balance date:

\$	2026		2025	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	5.61%	71,420,895	5.06%	39,953,237
		71,420,895		39,953,237

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.

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City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 14. 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 7 and 8 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 15. Capital Expenditure Commitments

\$	2026	2025
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Capital commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Infrastructure	9,446,143	29,821,980
Road & Footpath	226,988	878,461
	<u>9,673,131</u>	<u>30,700,441</u>

These expenditures are payable:

Not later than one year	9,673,131	30,700,441
	<u>9,673,131</u>	<u>30,700,441</u>

City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

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:

\$	2026	2025
Balance at 1 July	196,009	198,990
Additions	157,755	109,373
Accretion of interest	16,362	10,093
Payments	(145,743)	(122,447)
Balance at 30 June	224,383	196,009
Classified as:		
Current	112,481	90,248
Non-current	111,903	105,761

The maturity analysis of lease liabilities is included in Note 14.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	129,578	112,354
Interest expense on lease liabilities	16,362	10,093
Expense relating to short term leases	3,045	2,269
Expense relating to leases of low-value assets	63,630	50,019
Total amount recognised in profit or loss	212,615	174,735

(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 4.

City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

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 (12.00% in 2025/26; 11.50% in 2024/25). 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 2024/25) 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 2026

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	
	2026	2025	2026	2025
Council's share of net income				
Joint ventures	(163,095)	12,874	2,393,100	2,368,873
Total Council's share of net income	(163,095)	12,874	2,393,100	2,368,873

((a)i) Joint ventures, associates and joint operations

(a) Carrying amounts

Highbury Landfill Authority Inc.

The City of Norwood Payneham & St Peters is a member Council of the Highbury Landfill Authority Inc. The other member Councils are the City of Burnside and the Corporation of the Town of Walkerville.

The Highbury Landfill Authority was established on 5 August 2004 by the member Councils.

The purpose of the Highbury Landfill Authority includes facilitation of the closure and post closure of the Highbury Landfill site as well as managing the joint venture interests and liabilities of the Councils in relation to the site.

On 31 December 2004, the property known as the Highbury Landfill site was transferred from East Waste to Highbury Landfill Authority Inc.

Eastern Waste Management Authority Inc.

The City of Norwood Payneham & St Peters is a member Council of the Eastern Waste Management Authority. The other member Councils are The City of Burnside, The Corporation of the Town of Walkerville, The City of Mitcham, The City of Campbelltown, The City of Prospect, The City of Unley and Adelaide Hills Council.

The Authority collects and disposes of each Council's waste streams.

Eastern Health Authority Inc.

The City of Norwood Payneham & St Peters is a member Council of Eastern Health Authority. The other member Councils are the Cities of Burnside, Campbelltown, and Prospect and the Corporation of the Town of Walkerville.

The Authority provides health services to member Councils.

ERA Water

The City of Norwood, Payneham and St Peters is a member Council of ERA Water. The other member Councils are the City of Burnside and the Corporation of the Town of Walkerville.

ERA Water is responsible for managing the Waterproofing Eastern Adelaide project involved the establishment of wetland bio filters, aquifer recharge and recovery, pipeline installations and water storage facilities. ERA Water supplies non-potable water to the Member Council's for the irrigation of the Member Council's parks and reserves. ERA Water may also supply water to external customers such as schools and other Councils for the irrigation of parks and reserves.

(a) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2026	2025	2026	2025	2026	2025
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.	30.34%	28.12%	30.34%	28.12%	20.00%	20.00%
ERA Water	33.33%	33.33%	33.33%	33.33%	25.00%	25.00%

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City Of Norwood Payneham & St Peters

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 18. Interests in other entities (continued)

(b) Movement in Investment in Joint Venture or Associate

	Highbury Landfill Authority Inc.		Eastern Waste Management Authority Inc.		Eastern Health Authority Inc.		ERA Water	
\$	2026	2025	2026	2025	2026	2025	2026	2025
Opening Balance	(741,209)	(969,875)	146,000	111,750	250,523	221,269	2,713,559	2,841,926
Share in Operating Result	(35,657)	119,702	(31,000)	34,250	90,305	53,956	(186,743)	(195,034)
Share in Other Comprehensive Income	—	—	—	—	19,763	(24,702)	66,667	66,667
New Capital Contributions	100,893	108,964	—	—	—	—	—	—
Council's equity share in the joint venture or associate	(675,973)	(741,209)	115,000	146,000	360,591	250,523	2,593,483	2,713,559

(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 2026

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 Key Management Personnel of the Council include Mayor, Councillors, Chief Executive Officer and Executive Leadership Team. In all, 22 persons were paid the following total compensation.

\$	2026	2025
The compensation paid to key management personnel comprises:		
Short-term employee benefits	2,189,828	2,073,449
Post-employment benefits	188,488	181,592
Total	2,378,316	2,255,041

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 2026

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)	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Functions/Activities										
Community Services	4,207,614	4,124,626	6,492,766	6,050,204	(2,285,152)	(1,925,578)	1,259,220	1,201,517	45,238,867	42,203,588
Culture	1,014,345	869,022	3,850,406	3,797,836	(2,836,061)	(2,928,814)	128,948	119,470	16,491,091	15,384,630
Economic Development	287,418	288,977	964,499	503,058	(677,081)	(214,081)	—	—	1,499,810	1,399,181
Environment	118,965	119,901	10,293,154	9,246,032	(10,174,189)	(9,126,131)	11,767	13,636	102,721,486	95,829,439
Recreation	345,751	393,125	4,389,122	3,944,765	(4,043,371)	(3,551,640)	10,000	10,000	330,294,630	308,133,676
Regulatory Services	2,754,715	2,517,681	4,434,750	3,961,285	(1,680,035)	(1,443,604)	—	—	611,313	570,298
Transport	—	—	1,431,134	1,457,931	(1,431,134)	(1,457,931)	1,073,531	931,924	256,755,959	239,529,046
Plant Hire/Depot Indirect	531	2,875	965,433	802,190	(964,902)	(799,315)	—	—	3,699,360	3,451,153
Council Administration	55,076,910	50,833,535	29,837,522	27,085,081	25,239,388	23,748,454	1,419,981	1,566,520	50,072,642	46,723,831
Total Functions/Activities	63,806,249	59,149,742	62,658,786	56,848,382	1,147,463	2,301,360	3,903,447	3,843,067	807,385,158	753,224,842

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

Financial Statements 2026

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 22(b). Components of functions

The activities relating to Council functions are as follows:

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.

Plant hire and depot

Maintenance of Internal Plant and Equipment, Depot Operations

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.

City Of Norwood Payneham & St Peters

Financial Statements 2026

General Purpose Financial Statements

for the year ended 30 June 2026

Independent Auditor's Report - Financial Statements

City Of Norwood Payneham & St Peters

Financial Statements 2026

General Purpose Financial Statements

for the year ended 30 June 2026

Independent Auditor's Report - Internal Controls

City Of Norwood Payneham & St Peters

Financial Statements 2026

General Purpose Financial Statements for the year ended 30 June 2026

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The City Of Norwood Payneham & St Peters for the year ended 30 June 2026, 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*.

Mario Barone
Chief Executive Officer

Cate Hart
Presiding Member, Audit and Risk Committee

Date: 19 October 2026

City Of Norwood Payneham & St Peters

Financial Statements 2026

General Purpose Financial Statements for the year ended 30 June 2026

Statement by Auditor

I confirm that, for the audit of the financial statements of The City Of Norwood Payneham & St Peters for the year ended 30 June 2026, 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*.

Mr Tim Muhlhausler

Galpins Accountants Auditors and Business Consultants

Date: 19 October 2026

Galpins

Accountants, Auditors & Business Consultants

2025/26 Audit Completion Report

City of Norwood Payneham & St Peters



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City of Norwood Payneham & St Peters

EXECUTIVE SUMMARY

To the members of the audit and 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 2026. 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 2026 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: 16 September 2026



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
<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> 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. <p>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.</p> <p>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.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> 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
<p>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.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> 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
<p>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.</p> <p>Due to the unique characteristics of Council's assets a number of considerations are taken into account when an expenditure is capitalised which include:</p> <ul style="list-style-type: none"> 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. 	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> 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 Revenue Recognition

Why the matter is significant	How the matter will be addressed
<p>AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities provide the framework for determining the timing of revenue recognition for councils.</p> <p>Income from capital and other specific purpose grants may require recognition over time as performance obligations are met (where these obligations are sufficiently specific and arise from enforceable contracts), and a liability recognised for unspent monies. Analysis of funding agreements and some level of professional judgement is required in making such determinations.</p>	<p>Our audit includes but is not limited to the following activities:</p> <ul style="list-style-type: none"> performing analytical procedures to identify any variance that would represent a risk or incorrect application of AASB 15 and/or AASB 1058 reviewing a sample of grant agreements and assessing whether agreements contain sufficiently specific performance obligations evaluating the accounting policies used by Council to account for grants in accordance with AASB 15 and AAB 1058 testing a sample of financial transactions for compliance with Australian Accounting Standards.

2.5 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.	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ 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.

2.6 Other High and Moderate Risk Areas

The other high and moderate 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 or moderate 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/Moderate	Overall audit response
Rates and charges	<ul style="list-style-type: none"> - largest revenue item - often used as a reference point for analysing expenditure decisions - politically sensitive - reputational risk involved if rates are raised incorrectly. 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - one of the largest expense items - high volume of transactions / data – subject to error - errors impact individuals financially. 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - one of the largest expense items - high volume of transactions, inherently higher risk of error - fraud risk area (procurement, payments and credit cards) 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders,



City of Norwood, Payneham & St Peters

Account balance	Why the risk is High/Moderate	Overall audit response
	<ul style="list-style-type: none"> - procurement and contracting are key focus areas for ICAC and the Auditor-General's Department. 	<ul style="list-style-type: none"> subsequent payments, etc) for a sample of expenses.
Cash and cash equivalents	<ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - one of the largest liabilities - material balance - opportunity for understatements - poor use of accrual basis of accounting may be indicative of poor culture related to financial reporting - payments represent an opportunity for fraud. 	<ul style="list-style-type: none"> - 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.

2.7 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				2026 Findings			
		2026	2025	2024	2023	H	M	L	BP
General Ledger	11	11	11	11	8	-	-	-	-
Fixed Assets	16	15	16	13	13	-	1	-	-
Purch&Proc/Contracting	10	9	7	8	7	-	1	-	-
Accounts Payable (AP)	13	13	13	13	12	-	-	-	-
Rates / Rates Rebates	10	10	10	10	8	-	-	-	-
Banking	5	4	5	5	4	-	1	-	-
Accts Receivable (AR)	6	6	6	6	5	-	-	-	-
Credit Cards	5	4	5	4	1	-	-	1	-
Payroll	19	19	19	19	19	-	-	-	-
Receipting	5	5	5	5	5	-	-	-	-
Total	100	96	97	94	82	-	3	1	-

Overall the Council demonstrated a **high 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 (96 out of 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 June 2026.

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.



City of Norwood, Payneham & St Peters

4. Immaterial Uncorrected Misstatements

There are no immaterial uncorrected misstatements to be reported.



City of Norwood, Payneham & St Peters

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 18 employees with annual leave balances in excess of 300 hours (approximately 2 years of entitlement). In 2024/25, Audit identified 21 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 2026-27 Annual Business Plan, indicates that Council is projected to present a net financial liability ratio of 143.98% in 2026/27.

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 143.98% in 2026/27.

2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/26
133.62%	121.43%	112.17%	100.85%	89.29%	77.28%	63.36%	48.13%	33.41%

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% in the first three years and 4% in the last seven years)
- compound effect of annual 2% increases in user charges and statutory charges over the next 10 years
- maintaining annual asset renewal expenditure at \$14–15 million for the first five years, approximately \$16 million for the following four years, and \$18 million in the tenth year (resulting in asset renewal ratio above 85-90% over the next 10 years)
- limiting annual expenditure on new and upgraded assets to \$1.8 million in the first year and approximately \$1.1 million per year over the following nine years
- reduction in annual finance costs from \$3.912 million in 2026/27 to \$1.076 million in 2035/36
- significant improvement in the net operating result, from a deficit of \$1.759 million in 2026–27 to a surplus of \$9.423 million in 2035–36.

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 comprehensively updated every 4 years.
- Ensure capital works per updated AMPs feed directly into the Annual Business Plan and LTFP.
- Ensure that capital expenditure programs detailed within AMPs are reviewed annually, updated for material changes to planned expenditure, and the LTFP updated accordingly.
- Ensure that assumptions and figures provided by the LTFP are reviewed annually.
- 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 2026, 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 2026, 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



City of Norwood, Payneham & St Peters

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:



City of Norwood, Payneham & St Peters

Appendix 2 – Proposed Independent Auditor’s Report on the Internal Controls

To the members of City of Norwood Payneham & St Peters

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 2025 to 30 June 2026 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 2025 to 30 June 2026.

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 2025 to 30 June 2026. 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 ASQM 1 *Quality Management for Firms that Performs Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* in undertaking this assurance engagement.



City of Norwood, Payneham & St Peters

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 2025 to 30 June 2026. 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.

5.2 REGIONAL SUBSIDIARIES - AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

REPORT AUTHOR: Chief Financial Officer
APPROVED BY: Chief Executive Officer
ATTACHMENTS: A - D

PURPOSE OF THE REPORT

The purpose of this report is to present the 2025-2026 Audited Financial Statements for the various 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 (Member) 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 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:

- 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**.

STRATEGIC DIRECTIONS

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, are 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 Loss associated with its Regional Subsidiaries of \$163,095 (2024-2025: \$12,874 Net Income).

RISK MANAGEMENT

Not Applicable.

CONSULTATION

Elected Members

Cr Piggott is a Board Member of East Waste Management Authority, ERA Water.

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 2026, together with the Council's share of the Operating Result which has been accounted for in the Council's 2025-2026 Audited Financial Statements.

TABLE 1: REGIONAL SUBSIDIARY NET SURPLUS/ (DEFICIT)

Regional Subsidiary	Net Surplus/ (Deficit)	Council's Share of Net Surplus / (Deficit)	
	\$	Percentage	\$
Eastern Health Authority	297,680	30.34%	90,305
Eastern Waste Management Authority	(248,000)	12.50%	(31,000)
ERA Water	(560,228)	33.33%	(186,743)
Highbury Landfill Authority	(88,355)	40.36%	(35,657)

Important points to highlight resulting from the 2025-2026 Financial year are:

Eastern Health Authority	<p>The Eastern Health Authority Inc. reported an Operating Surplus of \$297,680 in 2025-2026 (\$199,496 in 2024-2025). The Authority reported higher Council contributions, higher user charges due to an increase in worksite vaccinations and higher investment income as a result of an increase in their cash deposits. This increase in income was partially offset by an increase in employment costs due to staff vacancies filled during the year and increase in IT licences and support costs.</p> <p>EHA does not currently have borrowing facilities to access cash. Cash and cash equivalents are the sole means for managing finances. The Authority's cash and cash equivalents is sufficient to maintain the current level of expenditure.</p> <p>As a result of the audit, the Building and Motor Vehicle lease modification calculation was prepared to reflect changes to the lease arrangement and Employee provision balances and their classification within the financial statements were accurately stated.</p>
--------------------------	---

Eastern Waste Management Authority	<p>The Operating Income Statement shows a year end Net Deficit of \$248,000 (\$274,000 in 2024-2025) which is primarily attributed to higher Materials, contracts and other expenses due to fleet Maintenance expenses as a result of breakdowns and urgent repairs to heavy fleet, higher software and licencing costs, education expenditure, registration and insurance costs and expenditure on consultants.</p> <p>The cash balance at the end of the 2026 financial year period, shows a net increase of approximately \$1.0 million compared with the 2025 financial year closing balance, with Cash and Cash Equivalents increasing from \$1.72 million at 30 June 2025 to \$2.70 million at 30 June 2026. The improved cash position was also supported by a reduction in Trade and Other Receivables from \$1.82 million at 30 June 2025 to \$1.20 million at 30 June 2026, reflecting improved debtor management and cash collection outcomes during the year.</p>
ERA Water	<p>ERA Water reported a Net Deficit of \$560,228 for the 2025-2026 financial year (Net Deficit 2024-2025 \$585,102). This was predominantly due to amounts received specially for new or upgraded assets (\$147,803) which was partially offset by a decrease in user charges.</p> <p>During 2025-2026 irrigation season, South Australia experienced significant rain events in late spring and early summer (November and December) and again in late summer and early autumn (February and March), which impacted the need for irrigation. The relatively humid conditions during much of the irrigation season and heavy dew late in the season were also identified as reasons for less water being used. Interruptions to supply and onsite irrigation problems further impacted on consumption.</p>
Highbury Landfill Authority Inc.	<p>The Highbury Landfill Authority Inc. reported an Operating Deficit of \$88,355 in financial year 2025-2026, compared to an Operating Surplus of \$296,607 in 2024-2025 which was primarily due to reduced Provisions released to the Profit & Loss Statement as a result of remeasurement adjustment provisions.</p> <p>The Authority has an ongoing obligation to manage the post-closure phase for the former Highbury landfill in accordance with the South Australian Environment Protection Authority (SA EPA) Guidelines and approved Closure Plan. 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 3.8% per annum (2.1% in 2024-2025) and the discount rate used is equivalent to the 10-year Commonwealth Bond indicative rates as at 30 June 2026. 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.</p>

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 loss associated with its Regional Subsidiaries of \$163,095 (2024-2025: \$12,874 net income).

RECOMMENDATION

That the report be received and noted.



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ABN 52 535 526 438

Our Ref: D26/11977

27 August 2026

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 2026

Please find enclosed a copy of Eastern Health Authority (EHA) General Purpose Financial Reports for the year ended 30 June 2026. The reports have been audited by EHA's Auditor, Dean Newbery.

The statements were considered by EHA's Audit Committee at its meeting on 12 August 2026 and referred to the Board of Management for adoption.

The statements were subsequently adopted by the Board of Management at its meeting on 26 August 2026.

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

local councils working together to protect the health of the community

Eastern Health Authority

General Purpose Financial Reports

for the year ended 30 June 2026

**Eastern Health Authority
General Purpose Financial Reports
for the year ended 30 June 2026**

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EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

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 2026 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 Kester Moorhouse
**ACTING CHAIRPERSON
EHA BOARD OF MANAGEMENT**

Date: 26/08/2026

Eastern Health Authority
Statement of Comprehensive Income
for the year ended 30 June 2026

		2026	2025
	Notes	\$	\$
INCOME			
Council Contributions	3	2,201,000	2,094,100
Statutory charges	3	171,093	164,917
User charges	3	368,294	338,543
Grants, subsidies and contributions - Operating	3	258,648	248,910
Investment income	3	63,311	52,777
Other income	3	7,071	20,971
Total Income		3,069,417	2,920,218
EXPENSES			
Employee costs	4	1,879,848	1,823,552
Materials, contracts & other expenses	4	665,049	649,271
Depreciation, amortisation & impairment	4	182,185	183,012
Finance costs	4	44,655	64,887
Total Expenses		2,771,737	2,720,722
OPERATING SURPLUS / (DEFICIT)		297,680	199,496
Asset disposal & fair value adjustments	5	-	(7,604)
NET SURPLUS / (DEFICIT)		297,680	191,892
transferred to Equity Statement		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		297,680	191,892

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

Eastern Health Authority
Statement of Financial Position
as at 30 June 2026

		2026	2025
ASSETS	Notes	\$	\$
Current Assets			
Cash and cash equivalents	6	1,467,121	1,113,745
Trade & other receivables	6	160,622	146,035
Total Current Assets		1,627,743	1,259,780
Non-current Assets			
Property, plant & equipment	7	156,352	169,880
Right of Use Assets	7,11	964,708	1,075,035
Total Non-current Assets		1,121,060	1,244,915
Total Assets		2,748,803	2,504,695
LIABILITIES			
Current Liabilities			
Trade & other payables	8	107,783	80,132
Borrowings	8	-	-
Lease Liabilities	8,11	141,058	126,237
Provisions	8	315,043	285,472
Total Current Liabilities		563,884	491,841
Non-current Liabilities			
Lease Liabilities	8, 11	981,029	1,093,202
Provisions	8	15,245	28,687
Total Non-current Liabilities		996,274	1,121,889
Total Liabilities		1,560,158	1,613,730
NET ASSETS		1,188,645	890,965
EQUITY			
Accumulated surplus		1,188,645	890,965
TOTAL EQUITY		1,188,645	890,965

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 2026

	Notes	Acc'd Surplus	TOTAL EQUITY
		\$	\$
2026			
Balance at end of previous reporting period		890,965	890,965
Restated opening balance		890,965	890,965
Net Surplus / (Deficit) for Year		297,680	297,680
Balance at end of period		1,188,645	1,188,645
2025			
Balance at end of previous reporting period		699,073	699,073
Restated opening balance		699,073	699,073
Net Surplus / (Deficit) for Year		191,892	191,892
Balance at end of period		890,965	890,965

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 2026

		2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
<i>Receipts:</i>			
Council contributions		2,201,000	2,282,569
Fees & other charges		171,093	164,917
User charges		344,507	384,115
Investment receipts		61,311	52,357
Grants utilised for operating purposes		258,648	248,910
Reimbursements		-	-
Other revenues		6,905	521
<i>Payments:</i>			
Employee costs		(1,863,719)	(1,923,959)
Materials, contracts & other expenses		(626,031)	(844,973)
Finance payments		(44,655)	(67,473)
Net Cash provided by (or used in) Operating Activities		509,059	296,984
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(20,180)	(24,609)
Net Cash provided by (or used in) Investing Activities		(20,180)	(24,609)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayment of principal portion of lease liabilities		(135,503)	(113,512)
Net Cash provided by (or used in) Financing Activities		(135,503)	(113,512)
Net Increase (Decrease) in cash held		353,376	158,863
Cash & cash equivalents at beginning of period	9	1,113,745	954,882
Cash & cash equivalents at end of period	9	1,467,121	1,113,745

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 2026

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 the EHA's direct operations and all entities through which EHA controls resources to carry on its functions. In the process of reporting on the 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 the 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 the EHA to acquire or construct a recognisable non-financial asset that is to be controlled by the EHA. In this case, the 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 2026

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 10.

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.

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.

5.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Material uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 9.

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 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.

5.5 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 2026

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:

The 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.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 1 - Material Accounting Policies

9 Leases

The 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

The 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

The 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 5.5 - Impairment of non-financial assets above.

ii) Lease liabilities

At the commencement date of the lease, the 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, the 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 2026

Note 2 - UNIFORM PRESENTATION OF FINANCES

The following is a detailed summary of both operating and capital investment activities of the 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 EHA's finances.

	2026	2025
	\$	\$
Income		
<i>Council Contributions</i>	2,201,000	2,094,100
<i>Statutory charges</i>	171,093	164,917
<i>User charges</i>	368,294	338,543
<i>Grants, subsidies and contributions` - Operating</i>	258,648	248,910
<i>Investment income</i>	63,311	52,777
<i>Other income</i>	7,071	20,971
	<u>3,069,417</u>	<u>2,920,218</u>
Expenses		
<i>Employee costs</i>	(1,879,848)	(1,823,552)
<i>Materials, contracts and other expenses</i>	(665,049)	(649,271)
<i>Depreciation, amortisation and impairment</i>	(182,185)	(183,012)
<i>Finance costs</i>	(44,655)	(64,887)
	<u>(2,771,737)</u>	<u>(2,720,722)</u>
Adjusted Operating Surplus / (Deficit) before Capital amounts	297,680	199,496
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(20,180)	(24,609)
Finance Lease Payments for Right of Use Assets		
Add back Depreciation, Amortisation and Impairment	182,185	183,012
Grants Subsidies and Contributions - Capital Renewal		
Proceeds from Sale of Replaced Assets	-	-
	<u>162,005</u>	<u>158,403</u>
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	-	-
Finance Lease Payments for Right of Use Assets		175,381
Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	-	-
	<u>-</u>	<u>175,381</u>
Adjusted Annual Net Impact to Financing Activities surplus/ (deficit)	459,685	533,280

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 3 - INCOME

	Notes	2026 \$	2025 \$
COUNCIL CONTRIBUTIONS			
City of Burnside		628,812	588,959
Campbelltown City Council		577,522	530,383
City of Norwood, Payneham & St Peters		667,700	641,814
City of Prospect		243,028	248,997
Town of Walkerville		83,938	83,947
		<u>2,201,000</u>	<u>2,094,100</u>
STATUTORY CHARGES			
Inspection Fees: Food		143,974	131,505
Inspection Fees: Legionella		9,032	8,256
SRF Licences		1,932	1,636
Fines & Expiation Fees		16,155	23,520
		<u>171,093</u>	<u>164,917</u>
USER CHARGES			
Immunisation: Clinic Vaccines		99,211	100,566
Immunisation: Service Provision		80,000	77,422
Immunisation: Worksite Vaccines		97,620	74,355
Immunisation: Clinic Service Fee		7,913	3,560
Food Auditing		83,550	82,640
		<u>368,294</u>	<u>338,543</u>
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		63,311	52,777
Banks & other			
		<u>63,311</u>	<u>52,777</u>
OTHER INCOME			
Sundry		7,071	20,971
		<u>7,071</u>	<u>20,971</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
<i>Grants, subsidies and contributions - Operating</i>			
Immunisation: School Programme		236,232	226,452
Immunisation: ACIR		22,416	22,458
Total Grants all sources		<u>258,648</u>	<u>248,910</u>
Sources of grants			
State government		258,648	248,910
Other		-	-
		<u>258,648</u>	<u>248,910</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 4 - EXPENSE

	Notes	2026 \$	2025 \$
EMPLOYEE COSTS			
Salaries and Wages		1,613,624	1,589,097
Employee leave expense		46,495	24,887
Superannuation - defined contribution plan contributions	12	179,127	160,152
Superannuation - defined benefit plan contributions	12	13,012	21,086
Workers' Compensation Insurance		16,470	18,806
Other: Agency Staff and Medical Officer		11,120	9,524
Total Operating Employee Costs		1,879,848	1,823,552
 Total Number of Employees		14	14
<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		8,280	8,000
Bad and Doubtful Debts		9,189	47,361
Governance expenses		9,592	7,755
Lease Expenses - short term leases	11	9,900	9,018
Subtotal - Prescribed Expenses		36,961	72,134
<u>Other Materials, Contracts & Expenses</u>			
Accounting		21,252	7,193
Contractors		57,751	61,688
Energy		10,883	11,880
Fringe benefits tax		22,440	26,175
Human Resources		21,120	16,602
Income Protection		28,697	21,679
Insurance		52,782	50,994
IT licensing and support		178,060	146,242
Legal Expenses		13,853	15,075
Motor vehicle expenses		14,441	22,607
Parts, accessories & consumables		100,784	114,521
Printing and stationery		22,416	16,048
Staff Training		19,928	18,127
Sundry		38,451	25,097
Telephone		14,737	16,742
Work health & safety		10,493	6,467
Subtotal - Other Materials, Contracts & Expenses		628,088	577,137
		665,049	649,271

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 5 - EXPENSE con't

		2026	2025
	Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		23,642	23,642
Office Equipment, Furniture & Fittings		10,066	10,862
Right of use assets	11	148,477	148,508
		<u>182,185</u>	<u>183,012</u>
FINANCE COSTS			
ATO interest		-	6,266
Interest on Leases		44,655	58,621
		<u>44,655</u>	<u>64,887</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 5 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2026	2025
Notes	\$	\$
PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	7,604
Gain (Loss) on disposal	<u>-</u>	<u>(7,604)</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>-</u>	<u>(7,604)</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 6 - CURRENT ASSETS

		2026	2025
CASH & EQUIVALENT ASSETS	Notes	\$	\$
Cash on Hand and at Bank		92,001	99,936
Deposits at Call		1,375,120	1,013,809
		<u>1,467,121</u>	<u>1,113,745</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		5,754	3,754
Debtors - general		154,868	131,081
Prepayments		-	11,200
		<u>160,622</u>	<u>146,035</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 7 - PROPERTY, PLANT & EQUIPMENT (PP&E)

	2025 \$				2026 \$			
	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Buildings & Other Structures	-	472,846	(333,932)	138,914	-	472,846	(357,574)	115,272
Office Equipment, Furniture & Fittings	-	277,889	(246,923)	30,966	-	298,069	(256,989)	41,080
Right of use assets	-	1,826,373	(751,338)	1,075,035	-	1,864,523	(899,815)	964,708
Total PP&E	-	2,577,108	(1,332,193)	1,244,915	-	2,635,438	(1,514,378)	1,121,060
Comparatives		2,179,029	(1,179,283)	999,746	-	2,577,108	(1,332,193)	1,244,915

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 2026

Note 7 - PROPERTY, PLANT & EQUIPMENT

	2025 \$	Carrying Amounts Movement During the Year \$								2026 \$
	Carrying Amount	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals				In	Out		
Buildings & Other Structures	138,914	-	-	-	(23,642)	-	-	-	-	115,272
Office Equipment, Furniture & Fittings	30,966	-	20,180	-	(10,066)	-	-	-	-	41,080
Right of use assets	1,075,035	-	-	-	(148,477)	-	-	-	38,150	964,708
Total PP&E	1,244,915	-	20,180	-	(182,185)	-	-	-	38,150	1,121,060
Comparatives	999,746	-	24,609	(7,604)	(183,012)	-	-	-	-	1,244,915

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 2026

Note 8 - LIABILITIES

		2026		2025	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		107,783		79,966	
GST Payable		-		166	
		<u>107,783</u>	<u>-</u>	<u>80,132</u>	<u>-</u>
BORROWINGS					
Leases Liabilities	11	141,058	981,029	126,237	1,093,202
		<u>141,058</u>	<u>981,029</u>	<u>126,237</u>	<u>1,093,202</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
LSL Employee entitlements (including oncosts)		145,009	15,245	114,246	28,687
AL Employee entitlements (including oncosts)		170,034	-	171,226	-
		<u>315,043</u>	<u>15,245</u>	<u>285,472</u>	<u>28,687</u>
<i>Amounts included in provisions that are not expected to be settled within 12 months of reporting date.</i>		-		-	

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 9 - 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	2026	2025
		\$	\$
Total cash & equivalent assets	6	<u>1,467,121</u>	<u>1,113,745</u>
Balances per Cash Flow Statement		<u>1,467,121</u>	<u>1,113,745</u>

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

Net Surplus (Deficit)	297,680	191,892
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	182,185	183,012
Net increase (decrease) in unpaid employee benefits	16,129	(100,407)
Net (Gain) Loss on Disposals	<u>-</u>	<u>7,604</u>
	495,994	282,101
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(14,753)	42,039
Net increase (decrease) in trade & other payables	<u>27,818</u>	<u>(27,156)</u>
Net Cash provided by (or used in) operations	<u>509,059</u>	<u>296,984</u>

(c) Financing Arrangements

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

Corporate Credit Cards	5,000	5,000
------------------------	--------------	-------

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 10 - 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% and 5% (2025: 4% and 5%).

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 the 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 the 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 2026

Note 10 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2026	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	1,467,121	-	-	1,467,121	1,467,121
Receivables	160,622	-	-	160,622	160,622
Total	1,627,743	-	-	1,627,743	1,627,743
<u>Financial Liabilities</u>					
Payables	107,783	-	-	107,783	107,783
Lease Liabilities	180,931	602,870	676,194	1,459,995	1,122,087
Total	288,714	602,870	676,194	1,567,778	1,229,870

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 10 - 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 the 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 the 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 Note 6 in relation to individual classes of receivables, exposure is concentrated within the 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 2026

Note 11 - LEASES

Council as a Lessee

Right of Use Assets

(include description of assets which are leased)

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 (Carrying Value)	Building & Other Structures	Plant, Machinery & Equipment	Office Equipment	Total
At 1 July 2025	989,631	85,404		1,075,035
Additions	(13,186)	51,336		38,150
Depreciation Charge	(97,644)	(50,833)		(148,477)
At 30 June 2026	878,801	85,907	-	964,708

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

	2026
Opening Balance 1 July 2025	1,219,439
Additions	38,151
Payments	(135,503)
Closing Balance 30 June 2026	1,122,087
Current	141,058
Non Current	981,029

The maturity analysis of lease liabilities is included in Note 10.

The following are amounts recognised on profit or loss:

Depreciation expense right of use assets	148,477
Interest expense on lease liabilities	44,655
Expenses relating to short term leases	9,900
Total amount recognised in profit and loss	203,032

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

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 (12.0% in 2025-26; 11.5% in 2024-25). No further liability accrues to the 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 2024-25) 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 the EHA.

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2026**

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 2026.

Note 14 - EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There are no events subsequent to 30 June 2026 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 2026

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, 11 persons were paid the following total compensation:

	2026	2025
	\$	\$
Salaries, allowances & other short term benefits	390,514	223,826
TOTAL	390,514	223,826

Amounts received from Related Parties during the financial year.

	2026	2025
	\$	\$
City of Burnside	628,812	588,959
Campelltown Council	577,522	530,383
City of Norwood, Payneham & St Peters	667,700	641,814
City of Prospect	243,028	248,997
Town of Walkerville	83,938	83,947
TOTAL	2,201,000	2,094,100

Amounts paid to Related Parties during the financial year.

	2026	2025
	\$	\$
City of Norwood, Payneham & St Peters	125,888	119,138
TOTAL	125,888	119,138

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 2026**

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 2026, 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*.


Michael Livori
CHIEF EXECUTIVE OFFICER


Natalie Caon
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 12/8/2026



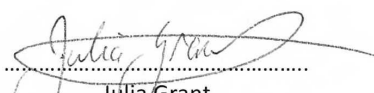
EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

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 2026, 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*.


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

Date: 14/07/26



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

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 2026, 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*.

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

Date: 15.7.2026



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

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 Bayone
CHIEF EXECUTIVE OFFICER
CITY OF NORWOOD, PAYNEHAM & ST PETERS

Date: 15.07.2026.



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

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

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

Date: 16/07/2026



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

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 2026, 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*.

Muhammad Jawad
**ACTING CHIEF EXECUTIVE OFFICER
CORPORATION OF THE TOWN OF WALKERVILLE**

Date: 16 /07 / 2026

EASTERN WASTE MANAGEMENT AUTHORITY INC

General Purpose Financial Report for the year ended 30 June 2026

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EASTERN WASTE MANAGEMENT AUTHORITY INC

Annual Financial Statements
for the financial year ended 30 June 2026

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 2026 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: 29/09/26

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Comprehensive Income for the year ended 30 June 2026

	Notes	2026 \$'000	2025 \$'000
Income			
User charges	2	28,484	25,178
Investment income	2	154	133
Other	2	2,363	2,085
Total Income		31,001	27,396
Expenses			
Employee costs	3	9,549	8,894
Materials, contracts & other expenses	3	18,292	15,081
Finance costs	3	709	612
Depreciation & amortisation	3	2,834	2,590
Total Expenses		31,384	27,177
Operating Surplus / (Deficit)		(383)	219
Asset disposal & fair value adjustments	4	135	55
Net Surplus / (Deficit)		(248)	274
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		(248)	274

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Financial Position as at 30 June 2026

	Notes	2026 \$'000	2025 \$'000
Assets			
Current Assets			
Cash and cash equivalents	5	2,702	1,722
Trade & other receivables	5	1,196	1,824
Inventory		47	38
Total Current Assets		3,945	3,584
Non-current Assets			
Property, Plant & Equipment	6	11,879	10,904
Right-of-Use Assets	6	2,065	2,317
Total Non-current Assets		13,944	13,221
Total Assets		17,889	16,805
Liabilities			
Current Liabilities			
Trade & Other Payables	7	1,742	1,555
Provisions	7	1,049	1,015
Borrowings	7	2,253	1,962
Lease Liabilities	11	185	165
Total Current Liabilities		5,229	4,697
Non-current Liabilities			
Borrowings	7	9,600	8,636
Provisions	7	87	65
Lease Liabilities	11	2,053	2,239
Total Non-current Liabilities		11,740	10,940
Total Liabilities		16,969	15,637
Net Assets		920	1,168
EQUITY			
Accumulated Surplus		920	1,168
Total Equity		920	1,168

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Changes in Equity for the year ended 30 June 2026

	Accumulated Surplus \$'000	Total Equity \$'000
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	-	-
	1,168	1,168
Balance at start of period - 1 July 2025	1,168	1,168
Net Surplus for Year	(248)	(248)
Other Comprehensive Income		
Contributed Equity	-	-
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2026	920	920

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Cash Flows for the year ended 30 June 2026

	Notes	2026 \$'000	2025 \$'000
Cash Flows from Operating Activities			
Operating receipts		31,475	26,521
Investment receipts		154	133
Employee costs		(9,500)	(8,933)
Materials, contracts & other expenses		(18,125)	(14,710)
Finance payments		(691)	(632)
Net cash provided by operating activities	8	3,313	2,379
Cash Flows from Investing Activities			
Sale of replaced assets	4	135	77
Expenditure on renewal/replacement of assets	6	(3,378)	(2,236)
Expenditure on new/upgraded assets	6	(179)	(32)
Net cash used in investing activities		(3,422)	(2,191)
Cash Flows from Financing Activities			
Proceeds from Borrowings		3,216	2,178
Repayments of Borrowings		(1,961)	(2,078)
Repayment of lease liabilities		(166)	(200)
Net cash provided by (used in) financing activities		1,089	(100)
Net Increase (Decrease) in cash held		980	88
Cash & cash equivalents at beginning of period	5	1,722	1,634
Cash & cash equivalents at end of period	5	2,702	1,722

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

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.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

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 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.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

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.

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.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

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.

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 (12% in 2025/26; 11.5% in 2024/25). 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 2024/25) 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.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

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.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

	Notes	2026 \$'000	2025 \$'000
Note 2 - Income			
User Charges			
Waste Collection Income		18,585	17,586
Waste Processing Income		9,601	7,301
Administration		298	291
		28,484	25,178
Investment Income			
Interest on investments			
Local Government Finance Authority		154	133
		154	133
Other Income			
Bin Supply		1,094	983
Replacement Bins		1,251	970
Sundry		18	132
		2,363	2,085
Note 3 - Expenses			
Employee Costs			
Salaries and Wages		7,896	7,384
Employee leave expense		55	13
Superannuation		811	729
Wages Casual Agency		536	520
Workers' Compensation Insurance		209	209
Other		42	39
Total Employee Costs		9,549	8,894
Number of FTE Employees as at reporting date		81	77

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

Note 3 - Expenses (cont.)

	Notes	2026 \$'000	2025 \$'000
Materials, Contracts & Other Expenses			
Auditor's Remuneration		14	13
Additional Bin Service Costs		1,094	983
Board Expenses		35	40
Waste Processing Costs		9,598	7,303
Electricity		19	16
Fuel, Gas & Oil		2,024	1,794
Legal Expenses		20	28
Licences & Telecommunications Costs		326	266
Maintenance		3,737	3,321
Parts, Accessories & Consumables		3	3
Printing, Stationery & Postage		53	58
Professional Services		561	534
Registration & Insurance - Trucks		587	528
Sundry		221	194
		18,292	15,081
Finance Costs			
Interest on Loans		581	497
Interest on Leases		128	115
		709	612
Depreciation & Amortisation			
Buildings & Other Structures	6	61	81
Plant, Machinery & Equipment	6	2,521	2,234
Right-of-use assets	6	252	275
		2,834	2,590
Note 4 - Asset Disposals			
Proceeds from disposal		135	77
Less: Carrying amount of assets sold		-	(22)
Gain (Loss) on disposal		135	55
Note 5 - Current Assets			
Cash & Cash Equivalents			
Cash on Hand and at Bank		132	937
Deposits at Call		2,570	785
		2,702	1,722
Trade & Other Receivables			
Debtors - general		1,113	1,824
Accrued Income		12	-
Prepayments		71	-
		1,196	1,824

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

	2026 \$'000	2025 \$'000
Note 6 - Property, Plant & Equipment		
Buildings & Other Structures - At Cost	660	640
Accumulated Depreciation	(437)	(376)
	223	264
Plant, Machinery & Equipment - At Cost	25,290	23,322
Accumulated Depreciation	(13,634)	(12,682)
	11,656	10,640
Right-of-use-assets	2,528	2,528
Accumulated Depreciation	(463)	(211)
	2,065	2,317
Total Property, Plant & Equipment	13,944	13,221

	2025 \$'000							2026 \$'000
	Carrying Value	Additions New/Upgrade	Renewal	Disposal - Cost	Disposal - Accumulated Depreciation	Depreciation	Adjustment	Carrying Value
Buildings & Other Structures	264	20	-	-	-	(61)	-	223
Plant, Machinery & Equipment	10,640	159	3,378	(1,569)	1,569	(2,521)	-	11,656
Right-of-use-asset	2,317	-	-	-	-	(252)	-	2,065
	13,221	179	3,378	(1,569)	1,569	(2,834)	-	13,944
2025 (\$'000)	11,038	32	4,763	(2,659)	2,637	(2,590)	-	13,221

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

	2026 \$'000		2025 \$'000	
Note 7 - Liabilities				
	Current	Non-current	Current	Non-current
Trade & Other Payables				
Goods & Services	1,570	-	1,337	-
Payments received in advance	80	-	80	-
Accrued expenses - other	92	-	138	-
	1,742	-	1,555	-
Borrowings				
Loans	2,253	9,600	1,962	8,636
	2,253	9,600	1,962	8,636
Provisions				
Annual Leave	591	-	522	-
Rostered-Day-Off (RDO)	20	-	16	-
Long Service Leave	438	87	477	65
	1,049	87	1,015	65

Note 8 - Cash Flow Reconciliation

	2026 \$'000	2025 \$'000
Total cash & equivalent assets	2,702	1,722
Balances per Cash Flow Statement	2,702	1,722
(a) Reconciliation of Change in Net Assets to Cash Flows from Operating Activities		
Net Surplus (Deficit)	(248)	274
Non-cash items in Statement of Comprehensive Income		
Depreciation	2,834	2,590
Net increase (decrease) in employee benefits	54	46
Net increase (decrease) accrued expenses	25	(13)
(Gain) / Loss on Disposal	(135)	(55)
Lease liability adjustment	-	-
	2,530	2,842
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables & inventory	619	(717)
Net increase (decrease) in trade & other payables	162	339
Net increase (decrease) in other provisions	2	(85)
Net Cash provided by (or used in) operations	3,313	2,379
(b) Financing Arrangements		
Corporate Credit Cards	15	15

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

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 4.65% (2025: 4.1%). 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% (2025: 1.7% - 5.88%).
Liabilities - Leases	Accounting Policy: accounted for in accordance with AASB 16 as stated in Note

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.

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.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

Note 9 (cont) - Financial Instruments

Liquidity Analysis

	Maturity			Non- interest bearing	Total
	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
2026	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash & Equivalents	2,702	-	-	-	2,702
Receivables	-	-	-	1,113	1,113
Total	2,702	-	-	1,113	3,815
Financial Liabilities					
Payables	-	-	-	1,570	1,570
Borrowings	2,811	8,914	2,049	-	13,774
Total	2,811	8,914	2,049	1,570	15,344
	Maturity			Non- interest bearing	Total
	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
2025	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash & Equivalents	1,722	-	-	-	1,722
Receivables	-	-	-	1,824	1,824
Total	1,722	-	-	1,824	3,546
Financial Liabilities					
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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

Note 10 - Capital Expenditure Commitments

The Authority has committed expenditure of \$3.4 million relating to the replacement of Fleet Trucks scheduled to occur in FY27.

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 2025	2,317	2,317
Additions of right-of-use-assets	-	-
Depreciation Charge	(252)	(252)
Adjustment to right-of-use-assets	-	-
At 30 June 2026	2,065	2,065

Set out below are the carrying amounts of lease liabilities and the movements during the period:

At 1 July 2025	2,404
Additions	-
Accretion of interest	128
Payments	(294)
Adjustment to lease liability	-
At 30 June 2026	2,238
Current	185
Non-Current	2,053

Note 12 - Post Balance Date Events

There were no events after reporting date that occurred that require to be reported.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2026

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:

	2026	2025
	\$'000	\$'000
Salaries, allowances & other short term benefits	735	649
Total	735	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	4,415	97	Provision of kerbside waste collection and hardwaste collection services
City of Burnside	3,774	84	Provision of kerbside waste collection and hardwaste collection services
City of Mitcham	4,141	237	Provision of kerbside waste collection and hardwaste collection services
City of Norwood, Payneham & St Peters	5,236	249	Provision of kerbside waste collection and hardwaste collection services
City of Prospect	2,617	121	Provision of kerbside waste collection and hardwaste collection services
City of Unley	5,460	254	Provision of kerbside waste collection and hardwaste collection services
Corporation of the City of Campbelltown	3,502	60	Provision of kerbside waste collection and hardwaste collection services
Corporation of the Town of Walkerville	604	11	Provision of kerbside waste collection and hardwaste 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.



ERA Water Regional Subsidiary

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2026

*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 2026

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ERA Water Regional Subsidiary

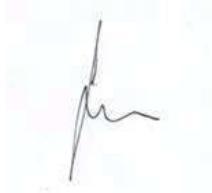
General Purpose Financial Statements for the year ended 30 June 2026

Certification of Financial Statements

I have been authorised by ERA Water Regional Subsidiary to certify the financial statements in their final form. In

my opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2026* and Australian Accounting Standards,
- the financial statements present a true and fair view of ERA Water Regional Subsidiary's financial position at 30 June 2026 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: 24 September 2026

ERA Water Regional Subsidiary

Statement of Comprehensive Income for the year ended 30 June 2026

\$	Notes	2026	2025
Income			
User Charges	3a	950,550	1,149,666
Investment Income	3b	454	14
Other Income	3c	40,960	59,966
Total Income		991,964	1,209,646
Expenses			
Employee Costs	4a	-	20,724
Materials, Contracts & Other Expenses	4b	658,102	676,199
Depreciation, Amortisation & Impairment	4c	416,995	417,475
Finance Costs	4d	624,898	680,349
Total Expenses		1,699,995	1,794,747
Operating Surplus / (Deficit)		(708,031)	(585,102)
Amounts Received Specifically for New or Upgraded Assets		147,803	-
Net Surplus / (Deficit)		(560,228)	(585,102)
Other Comprehensive Income			
Changes in Revaluation Surplus - I,PP&E	9a	-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		(560,228)	(585,102)

ERA Water Regional Subsidiary

Statement of Financial Position for the year ended 30 June 2026

\$	Notes	2026	2025
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	6,881	26,869
Trade & Other Receivables	5b	22,936	21,488
Prepayments		13,151	23,392
Subtotal		42,968	71,749
Total Current Assets		42,968	71,749
Non-Current Assets			
Other Non-Current Assets	6	21,146,370	21,393,684
Total Non-Current Assets		21,146,370	21,393,684
TOTAL ASSETS		21,189,338	21,465,433
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7a	1,779,914	255,364
Subtotal		1,779,914	255,364
Total Current Liabilities		1,779,914	255,364
Non-Current Liabilities			
Borrowings	7b	11,629,014	13,069,431
Total Non-Current Liabilities		11,629,014	13,069,431
TOTAL LIABILITIES		13,408,928	13,324,795
Net Assets		7,780,410	8,140,638
EQUITY			
Accumulated Surplus		2,482,078	3,042,306
Asset Revaluation Reserves	8a	2,498,332	2,498,332
Capital Contributed - Constituent Councils		2,800,000	2,600,000
Total Council Equity		7,780,410	8,140,638

ERA Water Regional Subsidiary

Statement of Changes in Equity for the year ended 30 June 2026

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Capital Contributed	Other Reserves	Total Equity
2026						
Balance at the end of previous reporting period		3,042,306	2,498,332	2,600,000	-	8,525,740
Restated Opening Balance		3,042,306	2,498,332	2,600,000	-	8,525,740
Contributed / (Reduction) in Equity		-	-	200,000	-	200,000
a. Net Surplus / (Deficit) for Year		(560,228)	-	-	-	(560,228)
b. Other Comprehensive Income	8a	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income		(560,228)	-	-	-	(560,228)
Balance at the end of period		2,482,078	2,498,332	2,800,000	-	7,780,410

\$	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

ERA Water Regional Subsidiary

Statement of Cash Flows for the year ended 30 June 2026

\$	Notes	2026	2025
Cash Flows from Operating Activities			
<u>Receipts</u>			
User Charges		955,063	1,169,234
Investment Receipts		454	14
Other Receipts		40,960	59,966
<u>Payments</u>			
Payments to Employees		-	(33,392)
Payments for Materials, Contracts & Other Expenses		(555,009)	(650,108)
Finance Payments		(642,040)	(680,349)
Net Cash provided by (or used in) Operating Activities	9	(200,572)	(134,635)
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,590,681	-
<u>Payments</u>			
Expenditure on New/Upgraded Assets		(169,680)	(1,557)
Net Cash provided by (or used in) Investing Activities		1,421,001	(1,557)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		-	-
Contributions from Constituent Councils		200,000	200,000
<u>Payments</u>			
Repayments of Borrowings		(1,440,417)	(125,691)
Net Cash provided by (or used in) Financing Activities		(1,240,417)	74,309
Net Increase (Decrease) in Cash Held		(19,988)	(61,883)
plus: Cash & Cash Equivalents at beginning of period	9	26,869	88,752
Cash & Cash Equivalents at end of period	9	6,881	26,869
Total Cash, Cash Equivalents & Investments	9	6,881	26,869

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Contents of the Notes accompanying the Financial Statements

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ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

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 FY2026 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 4, and the amount (if any) of interest revenue offset again borrowing costs in Note 3.

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.

5.7 Water

While the Authority recognises the physical assets involved in water collection, treatment and distribution, including its pipe network, mechanical and electrical assets and tanks, in accordance with Australian Accounting Standards [AASB 116 Property, Plant and Equipment](#), it does not recognise water itself as an asset.

As water is a naturally occurring resource, it is considered that due to inherent difficulties in establishing control, the uncertainty of future economic benefits as well as issues in measurement it does not readily meet the criteria for recognition of an asset under Australian Accounting Standards.

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 2026

Note 2. Uniform Presentation of Finances

\$	2026	2025
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	950,550	1,149,666
Investment Income	28,103	31,026
Other Income	13,311	28,954
	<u>991,964</u>	<u>1,209,645</u>
Expenses		
Employee Costs	-	20,724
Materials, Contracts & Other Expenses	646,428	676,198
Depreciation, Amortisation & Impairment	416,995	417,475
Finance Costs	624,898	680,349
	<u>1,688,321</u>	<u>1,794,747</u>
Operating Surplus / (Deficit)	(696,357)	(585,102)
<i>less Net Outlays on Existing Assets</i>		
Capital Expenditure on Renewal and Replacement of Existing Assets	-	-
Add back Depreciation, Amortisation and Impairment	(416,995)	(417,475)
Proceeds from Sale of Replaced Assets	-	-
Subtotal	(416,995)	(417,475)
<i>less Net Outlays on New and Upgraded Assets</i>		
Capital Expenditure on New and Upgraded Assets	169,980	1,557
Amounts Received Specifically for New and Upgraded Assets	(147,803)	-
Proceeds from Sale of Surplus Assets	-	-
Subtotal	22,177	1,557
Net Lending / (Borrowing) for Financial Year	(301,539)	(169,184)

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 3. Income

\$	Notes	2026	2025
(a). User Charges			
Water Sales including annual supply charges		950,550	1,149,666
Total User Charges		950,550	1,149,666
(b). Investment Income			
Interest Income		454	14
Total Investment Income		454	14
(c). Other Income			
Insurance Claim		12,482	28,615
Special Distribution (Including LGFA)		27,649	31,351
Other Income		829	-
Total Other Income		40,960	59,966

Note 4. Expenses

(a). Employee Costs

Salaries and Wages	-	18,448
Superannuation	-	2,276
Total Operating Employee Costs	-	20,724

(b). Materials, Contracts and Other Expenses

Auditor's Remuneration		
- Auditing the Financial Reports	12,167	21,752
Electricity	135,675	148,267
Insurance	58,349	57,316
Maintenance and Repairs	246,515	247,895
Professional Services	136,624	135,500
Other	68,772	65,469
Total Materials, Contracts and Other Expenses	658,102	676,199

(c). Depreciation, Amortisation and Impairment

Depreciation	416,995	417,475
Total Depreciation, Amortisation and Impairment	416,995	417,475

(d). Finance Costs

Interest Expense	624,898	680,349
Total Finance Costs	624,898	680,349

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 5. Current Assets

(a). Cash & Cash Equivalents

Cash at Bank	6,872	26,806
Local Government Finance Authority	9	63
Total Cash & Cash Equivalents	6,881	26,869

(b). Trade & Other Receivables

Trade debtors	5,055	9,568
GST Receivable	17,881	11,920
Subtotal	22,936	21,488
Total Trade & Other Receivables	22,936	21,488

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 6. Non-Current Assets

	as at 30/6/2025				Asset Movements during the Reporting Period					as at 30/6/2026			
					Asset Additions		Depreciation	WDV of Asset Disposals	Revaluation Increments to Equity (ARR) (Note 9)				
	Fair Value	Cost	Acc. Dep'n	Written Down Value	New / Upgrade	Renewals				Fair Value	Cost	Acc. Dep'n	Written Down Value
\$													
System Infrastructure Assets	24,241,010	52,931	2,501,444	21,392,497	164,225	-	416,129	-	-	24,241,010	217,156	3,317,573	21,140,593
IT - Computer Hardware	-	1,557	370	1,187	5,455	-	866	-	-	-	7,012	1,236	5,776
Total Infrastructure, Property, Plant & Equipment	24,241,010	54,488	2,901,814	21,393,684	169,680	-	416,995	-	-	24,241,010	224,168	3,318,809	21,146,370
Comparatives	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

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 2026

Note 7. Liabilities

		2026	2026	2025	2025
\$	Notes	Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Trade and Other Payables		157,954	-	61,358	-
Accrued Expenses - Finance Costs		151,305	-	168,447	-
Accrued Expenses - Other		27,776	-	25,559	-
Amounts Received in Advance		1,442,879	-	-	-
Total Trade and Other Payables		1,779,914	-	255,364	-

Amounts Received in Advance relates to the balance of the first milestone payment of \$1,590,682 received from the Department for Environment and Water for an Alternative Water Supply Measures (AWSEM) Grant not yet expended. The Grant will replace approximately 105-110 ML of potable water used for irrigation with harvested stormwater. It is expected that the project will be completed by October 2027 with a total of \$3,976,705 in grant funding to be received.

(b). Borrowings

Loans	-	11,629,014	-	13,069,431
Total Borrowings	-	11,629,014	-	13,069,431

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

	2026	2025
LGFA Cash Advance Debenture Facility	11,629,014	13,069,431
Undrawn balance	3,670,986	2,230,569

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 \$2,800,000 from Constituent Councils to ensure that ERA Water has sufficient capital to meet its future liabilities, at least for a further 12 months.

Note 8. Reserves

\$ '000	1/7/2025	Increments (Decrements)	Transfers	Impairments	30/06/2026
(a). Asset Revaluation Reserve					
Infrastructure	2,498,332	-	-	-	2,498,332
Total Asset Revaluation Reserve	2,498,332	-	-	-	2,498,332
Comparatives	2,498,332	-	-	-	2,498,332

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 2026

Note 9. Reconciliation to Statement of Cash Flows

\$	2026	2025
(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	6,881	26,869
Balances per Statement of Cash Flows	6,881	26,869
(b). Reconciliation of Change in Net Assets to Cash from Investing Activities		
Net Surplus/(Deficit)	(708,031)	(585,102)
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	416,995	417,475
Net increase (decrease) in unpaid employee benefits	-	(12,668)
	(291,036)	(180,295)
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(1,448)	20,040
Net (Increase)/Decrease in Other Current Assets	10,241	(14,768)
Net Increase/(Decrease) in Trade & Other Payables	81,671	40,388
Net Cash provided by (or used in) operations	(200,572)	(134,635)

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

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 2026 (4.15% and 4.65% as at 30 June 2025).

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 4.48% to 5.85% as at 30 June 2026 (2.90% to 6.15% as at 30 June 2025)

Carrying Amount:

Approximates fair value.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2026

Note 10. Financial Instruments

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
2026					
Financial Assets					
Cash & Equivalents	6,881	-	-	6,881	6,881
Receivables	22,936	-	-	22,936	22,936
Total Financial Assets	29,817	-	-	29,817	29,817
Financial Liabilities					
Trade and other payables	1,779,914	-	-	1,779,914	1,779,914
Non-Current Borrowings	-	-	11,629,014	11,629,014	11,629,014
Total Financial Liabilities	1,779,914	-	11,629,014	13,408,927	13,408,927
\$					
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					
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	13,324,795	13,324,795
The following interest rates were applicable to Council's Borrowings at balance date:					
	30 June 2026		30 June 2025		
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value	
Other Variable Rates	5.37%	11,629,014	5.16%	13,069,431	
		11,629,014		13,069,431	

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 2026

Note 11. 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.

CAPITAL CONTRIBUTIONS FROM CONSTITUENT COUNCILS

ERA Water's Charter requires any financial contributions to the Subsidiary by the Constituent Councils to be in equal amounts unless the Constituent Councils agree otherwise.

After an initial capital injection of \$200k by each of the Constituent Councils in 2022-23, it was agreed in 2023-24 that an equity injection of \$800k would be made by each Constituent Council timed as follows:

- For Burnside and Norwood Payneham St Peters, \$800k each to be contributed in 2023-24.
- For the Town of Walkerville, \$200k to be contributed each year from 2023-24 to 2026-27 inclusive, reflecting Walkerville's more limited financial capacity relative to the other Constituent Councils.

The equity injection had been sought to enable ERA Water's operations to stabilise and become more financially sustainable over time, being applied to:

- Pay down debt;
- Meet operating cash deficits over the recapitalisation period;
- Expand the ERA Water network with an objective of reaching a level of scale where revenue can meet ERA Water's cash costs;
- Invest in assets to increase and/or improve the reliability of supply in step with additional demand requirements

As at 30 June 2026:

- Burnside and Norwood Payneham St Peters Councils have paid their capital injections as agreed
- Town of Walkerville has contributed \$600k out of \$800k in line with the agreed timing with a further \$200k per year to be paid in 2026-27 as agreed.

As the inflow of economic benefits from the Town of Walkerville contribution is considered probable, but is reliant on future events not wholly within the control of ERA Water, the \$200k is considered a Contingent Asset.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2026

Note 12. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2026, 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.

ERA Water is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 13. 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 14. 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 \$50,400 for the financial year.

Key Management Personal Remuneration	2026	2025
Salaries, allowances & other short term benefits	\$ -	\$ 22,110
Post-employment benefits	\$ -	\$ -
Long-term benefits	\$ -	\$ 11,324
Termination benefits	\$ -	\$ -
TOTAL	\$ -	\$ 33,434

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 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	\$ 118,994	\$ -	Water Sales
City of Norwood, Payneham and St Peters	\$ 325,960	\$ -	Water Sales
City of Burnside	\$ 428,980	\$ -	Water Sales
TOTAL	\$ 873,934	\$ -	

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of ERA Water

Opinion

We have audited the accompanying financial report of ERA Water (the Authority), which comprises the statements of financial position as at 30 June 2026, 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 statement by the General Manager and the Chairperson.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2026, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, the *Local Government Act 1999* and the *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 Authority 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.

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: 28 September 2026

Galpins

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROLS

To the members of ERA Water

Independent Assurance Report on the Internal Controls of ERA Water

Opinion

We have audited the compliance of ERA Water (the Authority) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Authority 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 2025 to 30 June 2026 have been conducted properly and in accordance with the law.

In our opinion, the Authority has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to internal controls established by the Authority 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 Authority have been conducted properly and in accordance with law for the period 1 July 2025 to 30 June 2026.

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 Authority 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 2025 to 30 June 2026. 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.

Responsibility for Internal Controls

The Authority 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 Authority's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Authority 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 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 Authority 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 2025 to 30 June 2026. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

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.

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 Authority 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 Authority, 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: 28 September 2026

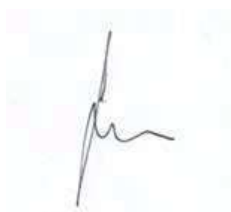
ERA Water Regional Subsidiary

General Purpose Financial Statements for the year ended 30 June 2026

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 2026, 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 2026* made under that Act

This statement is prepared in accordance with the requirements of Regulation 25(3) *Local Government (Financial Management) Regulations 2026*.



Jeff Tate
Independent Chairperson



Wally Iasiello
**Acting Presiding Member, Audit
& Risk Committee**

OFFICIAL



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2026**

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 2026, the Subsidiary'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 25(3) *Local Government (Financial Management) Regulations 2026*.

A handwritten signature in black ink, appearing to read "Julia Grant".

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

Date: 17 September 2026



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2026**

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 2026, the Subsidiary'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 25(3) *Local Government (Financial Management) Regulations 2026*.

A handwritten signature in black ink, appearing to read "Mario Barone", with a horizontal line extending to the right.

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

Date: 16 September 2026



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2026**

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 2026, the Subsidiary'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 25(3) *Local Government (Financial Management) Regulations 2026*.

A handwritten signature in black ink, appearing to read "Muhammad Jawad".

.....
Muhammad Jawad
Acting Chief Executive Officer
TOWN OF WALKERVILLE

Date: 16 September 2026

Galpins

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ERA WATER

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2026

Statement by Auditor

I confirm that, for the audit of the financial statements of ERA Water for the year ended 30 June 2026, 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

A handwritten signature in blue ink, appearing to read 'T. Muhlhausler'.

Tim Muhlhausler CA, Registered Company Auditor
Partner

Date: 28 September 2026

HIGHBURY LANDFILL AUTHORITY

General Purpose Financial Reports for the year ended 30 June 2026

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HIGHBURY LANDFILL AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2026

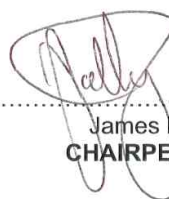
CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Authority 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 2026 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.



Michael Lorenz
GENERAL MANAGER



James Kelly
CHAIRPERSON

Date: 17 September 2026

HIGHBURY LANDFILL AUTHORITY			
STATEMENT OF COMPREHENSIVE INCOME			
for the year ended 30 June 2026			
	Notes	2026 \$	2025 \$
INCOME			
Sundry Income	2	20,976	20,166
LGFA Investment Income	2	222	321
Highbury Closure Provision Movement	2	50,853	474,187
Total Income		72,051	494,674
EXPENSES			
Materials, contracts & other expenses	3	3,948	3,466
Depreciation, amortisation & impairment	3	75,479	86,951
Finance Payments	3	649	2,940
Finance Costs - Unwinding of Provision	3	80,330	104,710
Total Expenses		160,406	198,067
OPERATING SURPLUS / (DEFICIT)		(88,355)	296,607
Other Comprehensive Income - Revaluation gain			-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		(88,355)	296,607
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 2026			
		2026	2025
ASSETS	Notes	\$	\$
Current Assets			
Cash and cash equivalents	4	34,346	9,000
Trade & other receivables	4	28,975	31,259
Total Current Assets		63,321	40,259
Non-current Assets			
Infrastructure, property, plant & equipment	5	19,954	95,433
Total Non-current Assets		19,954	95,433
Total Assets		83,275	135,692
LIABILITIES			
Current Liabilities			
Trade & other payables	6	3,909	14,940
Borrowings	6	15,835	30,802
Provisions	6	199,058	238,691
Total Current Liabilities		218,802	284,433
Non-current Liabilities			
Borrowings	6	-	15,836
Provisions	6	1,537,662	1,670,257
Total Non-current Liabilities		1,537,662	1,686,093
Total Liabilities		1,756,464	1,970,526
NET ASSETS		(1,673,189)	(1,834,834)
EQUITY			
Accumulated Surplus		(1,673,189)	(1,834,834)
TOTAL EQUITY		(1,673,189)	(1,834,834)
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 2026

	Notes	Accumulated Surplus \$	TOTAL EQUITY \$
2026			
Balance at end of previous reporting period		(1,834,834)	(1,834,834)
Net Surplus / (Deficit) for Year		(88,355)	(88,355)
Member Council Contributions - Recurrent Funding of Provision			
- City of Burnside		126,015	126,015
-City of Norwood Payneham & St. Peters		100,893	100,893
-Corporation of the Town of Walkerville		23,093	23,093
Balance at end of period		(1,673,189)	(1,673,189)
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)

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 2026

	Notes	2026 \$	2025 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating Receipts		44,062	34,008
Investment receipts		222	321
<u>Payments</u>			
Operating Payments to Suppliers		(236,673)	(301,418)
Finance payments		(1,463)	(2,586)
Net Cash provided by (or used in) Operating Activities	7	(193,852)	(269,675)
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Payments</u>			
Expenditure on renewal/replacement of assets		-	-
Net Cash provided by (or used in) Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Member Council Contributions		250,000	270,000
Proceeds from borrowings		-	-
<u>Payments</u>			
Repayments of borrowings		(30,802)	(29,679)
Net Cash provided by (or used in) Financing Activities		219,198	240,321
Net Increase (Decrease) in cash held		25,346	(29,354)
Cash & cash equivalents at beginning of period	7	9,000	38,354
Cash & cash equivalents at end of period	7	34,346	9,000

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 2026

NOTE 1: STATEMENT OF MATERIAL 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

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.

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 2026

NOTE 1: STATEMENT OF MATERIAL 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 reported 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 Authority.

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 2026

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (Cont'd)

(j) Going Concern Basis

The Board of Management of HLA notes the accumulated deficit of \$1,673,189. 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

The Authority applied all new and amended accounting standards and interpretations that became effective during the year. The Authority has reviewed standards issued but not yet effective and does not expect them to have a material impact.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2026

Note 2 - INCOME

	Notes	2026 \$	2025 \$
OPERATING INCOME			
Sundry Income		20,976	20,166
LGFA Investment Income		222	321
Movement in Provision	6	50,853	474,187
		<u>72,051</u>	<u>494,674</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2026

Note 3 - EXPENSES

	Notes	2026 \$	2025 \$
Materials, Contracts and Other Expenses			
Auditor's Remuneration			
- Auditing the financial reports		3,948	3,466
Finance Costs - Unwinding of Provision	6	80,330	104,710
Depreciation			
Plant & Equipment		75,479	86,951
Finance Costs			
Interest on Loans		649	2,940
Total Expenses		<u>160,406</u>	<u>198,067</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2026

Note 4 - CURRENT ASSETS

	2026	2025
	\$	\$
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	31,945	6,825
LGFA Investment Account	2,401	2,175
	<u>34,346</u>	<u>9,000</u>
 TRADE & OTHER RECEIVABLES		
Trade Receivables	20,492	20,213
GST Receivable	6,212	9,234
Prepayments	2,260	1,800
Interest Receivable	11	12
Total	<u>28,975</u>	<u>31,259</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2026

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2025	CARRYING AMOUNT MOVEMENTS DURING YEAR								2026
	\$	\$								\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Adjustments & Transfers		Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals				In	Out		
Land	1,800	-	-	-	-	-	-	-	-	1,800
Plant & Equipment	93,633	-	-	-	75,479	-	-	-	-	18,154
TOTAL PROPERTY, PLANT & EQUIPMENT	95,433	-	-	-	75,479	-	-	-	-	19,954
<i>Comparatives</i>	183,179	-	-	-	86,951	-	-	-	-	95,433

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 2026

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2025				2026			
	\$				\$			
	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	-	467,449	(373,816)	93,633	-	467,449	(449,295)	18,154
TOTAL PROPERTY, PLANT & EQUIPMENT	1,800	467,449	(373,816)	95,433	1,800	467,449	(449,295)	19,954
Comparatives		467,064	(286,865)	181,999	1,800	467,449	(373,816)	95,433

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2026

Note 6 - LIABILITIES

	Notes	2026		2025	
		\$		\$	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Trade Payables		9	-	10,575	-
Accrued Expenses - other		3,900	-	4,365	-
		<u>3,909</u>	<u>-</u>	<u>14,940</u>	<u>-</u>
BORROWINGS					
Loans		15,835	-	30,802	15,836
		<u>15,835</u>	<u>-</u>	<u>30,802</u>	<u>15,836</u>
PROVISIONS					
Provision for Highbury Post Closure		199,058	1,537,662	238,691	1,670,257
		<u>199,058</u>	<u>1,537,662</u>	<u>238,691</u>	<u>1,670,257</u>
Movements in Provisions (current & non-current)					
			2026		2025
Opening Balance			1,908,948		2,489,146
(Less) Payments recorded & accrued			(201,705)		(210,721)
Add (Less) Remeasurement Adjustments			(50,853)		(474,187)
Add (Less) Unwinding of Present value			80,330		104,710
Closing Balance			<u>1,736,720</u>		<u>1,908,948</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 3.8% per annum (2025:2.1%) and the discount rate used is equivalent to the 10 year Commonwealth Bond indicative rates as at 30 June 2026. 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 2026

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	2026 \$	2025 \$
Total cash & equivalent assets	4	34,346	9,000
Balances per Cash Flow Statement		34,346	9,000

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

Net Surplus (Deficit)	(88,355)	296,607
Non-cash items in Income Statement		
Movement in Post Closure Provision	29,477	(369,477)
Depreciation, amortisation & impairment	75,479	87,746
	16,601	14,876
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	2,284	(8,068)
Net increase (decrease) in trade & other payables	(11,032)	(65,762)
Net increase (decrease) in other provisions	(201,705)	(210,721)
Net Cash provided by (or used in) operations	(193,852)	(269,675)

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2026

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	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates of 3.90% - 4.65% (2025:4.40%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>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.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>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.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable; interest is charged at a fixed rate of 3.75% (2025:3.75%).</p> <p>Carrying amount: approximates fair value.</p>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2026

Note 8 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2026	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	34,346	-	-	34,346	34,346
Receivables	28,975	-	-	28,975	28,975
Total	63,321	-	-	63,321	63,321
Financial Liabilities					
Payables	3,909	-	-	3,909	3,909
Current Borrowings	15,835	-	-	15,835	15,835
Non-Current Borrowings	-	-	-	-	-
Total	19,744	-	-	19,744	19,744

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

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 2026

Note 9 - UNIFORM PRESENTATION OF FINANCES

	2026 \$	2025 \$
Income		
Sundry Income	20,976	20,166
LGFA Investment Income	222	321
Highbury Closure Provision	50,853	474,187
	72,051	494,674
Expenses		
Materials, contracts & other expenses	3,948	3,466
Depreciation, amortisation & impairment	75,479	86,951
Finance Payments	649	2,940
Highbury Closure Provision	80,330	104,710
	160,406	198,067
Operating Surplus / (Deficit)	(88,355)	296,607
Net Outlays on Existing Assets		
Add back Depreciation, Amortisation and Impairment	75,479	86,951
	75,479	86,951
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	-	-
Amounts received specifically for New and Upgraded Assets	-	-
	-	-
Annual Net Impact to Financing Activities Surplus/(Deficit)	(12,876)	383,558

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2026

Note 10 - CONTINGENT ASSETS & CONTINGENT LIABILITIES

There were no contingent assets or liabilities to 30 June 2026 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 2026**

Note 11 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events subsequent to 30 June 2026 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 2026

Note 12 - 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, two entities (TJH Management Services Pty Ltd and Value Add Ventures) were paid the following total compensation management and administrative services:

	2026
Contractor Payments	\$ 90,745.97
Post-employment benefits	\$ -
Long term benefits	\$ -
Termination benefits	\$ -
TOTAL	\$ 90,745.97

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	-	126,015	-	Rehabilitation of landfill site
City of Norwood, Payneham & St.Peters	-	100,893	-	Rehabilitation of landfill site
Corporation of the Town of Walkerville	-	23,093	-	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.



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Independent Auditor's Report

To the members of the Highbury Landfill Authority

Opinion

We have audited the accompanying financial report of the Highbury Landfill Authority (the Authority), which comprises the statement of financial position as at 30 June 2026, statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of the Authority as at 30 June 2026, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as 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 auditor independence requirements of 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 other 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.

Authority's 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 to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Authority either intends to liquidate the Authority 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 Responsibilities 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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the 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 decisions of users taken on the basis of financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks 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, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not 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 the Authority.
- 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease 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.

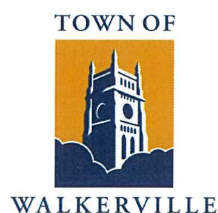
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DEAN NEWBERY



SAMANTHA CRETEN
Director

22 September 2026



The Corporation of the Town of Walkerville

ABN 49 190 949 882

66 Walkerville Terrace, Gilberton SA 5081

PO Box 55, Walkerville SA 5081

File Number: 40.98.2.12

Please Quote Ref: OLT202682810

Contact Officer: Executive Assistant (EA)

(08) 8342 7100

walkerville@walkerville.sa.gov.au

www.walkerville.sa.gov.au

8 September 2026

Michael Lorenz
General Manager
Highbury Landfill Authority
PO Box 194
BURNSIDE SA 5066

via email: m.lorenz@hla-sa.com.au

Dear Michael,

RE: Auditor Independence Highbury Landfill Authority

I, Muhammad Jawad, Acting CEO of the Town of Walkerville, Member Council of the Highbury Landfill Authority, state that to the best of my knowledge and belief, Dean Newbery, the Auditor of the Highbury Landfill Authority, has complied with Regulation 22(3) in that the Auditor has not undertaken any services to the Highbury Landfill Authority outside of the scope of the Auditor's functions under the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

If you require any further information, please feel free to contact me at mjawad@walkerville.sa.gov.au or on 08 8342 7100.

Yours sincerely,

Muhammad Jawad
Acting Chief Executive Officer

OFFICIAL



16 September 2026

Mr Michael Lorenz
General Manager
Highbury Landfill Authority
PO Box 194
BURNSIDE SA 5066

By email: m.lorenz@hla-sa.com.au

Dear Mr Lorenz,

Subject: Highbury Landfill Authority Financial Statements Year Ending 30 June 2026

I, Julia Grant, CEO of the City of Burnside, Member Council of the Highbury Landfill Authority, state that to the best of my knowledge and belief, Dean Newbery, the Auditor of the Highbury Landfill Authority, has complied with Regulation 22(3) in that the Auditor has not undertaken any services to the Highbury Landfill Authority outside of the scope of the Auditor's functions under the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Julia Grant', with a stylized flourish at the end.

Julia Grant
Chief Executive Officer

Post PO Box 9, Glenside SA 5065 **Civic Centre** 401 Greenhill Road, Tasmore SA 5065
Phone (08) 8366 4200 **Email** burnside@burnside.sa.gov.au **Web** www.burnside.sa.gov.au **ABN** 66 452 640 504

File Number: qA171780
Enquiries To: Mario Barone
Direct Telephone: 8366 4520



**City of
Norwood
Payneham
& St Peters**

16 September 2026

Michael Lorenz
General Manager
Highbury Landfill Authority
PO Box 194
BURNSIDE SA 5066

Via email: m.lorenz@hla-sa.com.au

**CHIEF
EXECUTIVE'S
OFFICE**

Dear Michael

I, Mario Barone, Chief Executive Officer of the City of Norwood Payneham & St Peters, Member Council of the Highbury Landfill Authority, state that to the best of my knowledge and belief, Dean Newbery, the Auditor of the Highbury Landfill Authority, has complied with Regulation 22(3) in that the Auditor has not undertaken any services to the Highbury Landfill Authority outside of the scope of the Auditor's functions under the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Yours sincerely

Mario Barone PSM
CHIEF EXECUTIVE OFFICER

175 The Parade,
Norwood SA 5067

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Website
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Cultural Vitality
Economic Prosperity
Environmental
Sustainability



HIGHBURY LANDFILL AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2026

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Highbury Landfill Authority for the year ended 30 June 2026, the Authority's Auditor, Dean Newbery & Partners, 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*.



Michael Lorenz
GENERAL MANAGER



Corinne Garrett
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 17 September 2026



Chartered
Accountants

HEAD OFFICE
214 Melbourne Street
North Adelaide SA 5006

PO Box 755
North Adelaide SA 5006

T: (08) 8267 4777
www.deannewbery.com.au

Dean Newbery
ABN: 48 007 865 081

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Highbury Landfill Authority for the year ended 30 June 2026, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, 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*.

A handwritten signature in black ink, appearing to read 'S. Creten'.

SAMANTHA CRETEN

Director

DEAN NEWBERY

22 September 2026

5.3 PAYNEHAM MEMORIAL SWIMMING CENTRE REDEVELOPMENT PROJECT - LOCAL GOVERNMENT FINANCE AUTHORITY PROGRESS REPORT

REPORT AUTHOR: Chief Financial Officer
APPROVED BY: Chief Executive Officer
ATTACHMENTS: A

PURPOSE OF THE REPORT

The purpose of this report is to provide an update that has been provided to the Local Government Finance Authority (LGFA) regarding the Payneham Memorial Swimming Centre Redevelopment Project.

BACKGROUND

As Committee Members are aware, the Council has entered into a Loan Arrangement with the Local Government Finance Authority (LGFA) for the Payneham Memorial Swimming Centre Project.

As part of the Special Conditions of the loan, the Council is required to provide the LGFA with information regarding the status of the Project.

On 1 October 2026, the *Payneham Memorial Swimming Centre Redevelopment Project Progress Report* (the Project Progress Report), was forwarded to the LGFA, in accordance with the Special Conditions of the loan.

A copy of the Progress Report dated 30 September 2026, that has been provided to the LGFA, is contained in **Attachment A**.

Following this, on 12 October 2026, the Chief Executive Officer of the LGFA acknowledged receipt of the Council's letter and confirmed that the Special Condition set out in Section 2.2.1 of *Annexure A to Convertible Cash Advance Debenture No. 5 – Special Conditions* dated 1 November 2024 and *Annexure A to Convertible Cash Advance Debenture No. 30 – Special Conditions* dated 8 May 2026, had been satisfied.

A copy of the LGFA's response dated 12 October 2026, is contained in **Attachment B**.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

Elected Members

Not Applicable.

Community

Not Applicable.

Staff

Not Applicable.

Other Agencies

Not Applicable.

DISCUSSION

In accordance with the Special Conditions imposed by the Local Government Finance Authority (LGFA) on the loan approval for this Project, the Council is required to provide the LGFA, with information on the status of the Project.

The update that has been provided to the LGFA is for the period ending 30 September 2026.

As stated in the Progress Report which has been provided to the LGFA, the Payneham Memorial Swimming Centre Redevelopment Project reached Practical Completion on Monday, 24 August 2026. The Project is now in its final stage, with financial billing and minor defect works being finalised.

The official Opening of the new Payneham Memorial Swimming Centre was on 9 October 2026.

It is expected that the Project will be completed within the Council-endorsed budget of \$63.9 million. The final instalment of the State Government Grant of \$5.7 million is expected to be received following the finalisation of the Project charges. All funding milestones have been met, with grant income and expenditure remaining aligned with expectations. Overall, the Project remains on track for finalisation, with the remaining activities focused on closing out financial matters, minor defects and the final Grant requirements.

A copy of the *Payneham Memorial Swimming Centre Redevelopment Project Progress Report* dated 30 September 2026 that has been provided to the LGFA South Australia, is contained in **Attachment A**.

As set out in the letter dated 12 October 2026, from the Chief Executive Officer of the LGFA, receipt of the Council's letter has been confirmed as well as confirmation that the Special Condition outlined below has also been satisfied:

2.2 The Corporation must provide to LGFA:

2.2.1 on a quarterly basis aligned with the Council's budget review cycle reporting that shows the PMSC Redevelopment budget versus actual and lists any material approved variations with the report signed by the NPSP CEO.

All other Terms and Conditions, including Special Conditions, contained within *Debenture No. 5 and Debenture No. 30* remain in force and effect. The LGFA acknowledges the actions that have been taken by the Council to ensure it remains within the approved debt limit of \$110 million and appreciates the Council's continued commitment to meeting the agreed Special Conditions.

A copy of the LGFA's Chief Executive Officer's letter dated 12 October 2026, to the Council on the *Payneham Memorial Swimming Centre Redevelopment Project Progress Report* is contained in **Attachment B**.

OPTIONS

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

RECOMMENDATION

That the report be received and noted

File Number: qA181672
Enquiries To: Natalia Axenova
Direct Telephone: 8366 4548



**City of
Norwood
Payneham
& St Peters**

30 September 2026

Mr Davin Lambert
Local Government Finance Authority of South Australia
147 Pirie Street
ADELAIDE SA 5000

Email: davin.lambert@lgfa.com.au

Dear Davin

**PROGRESS REPORT
PAYNEHAM MEMORIAL SWIMMING CENTRE REDEVELOPMENT PROJECT**

In accordance with the Special Conditions of the loan approval for the Payneham Memorial Swimming Centre, the purpose of this letter is to provide information regarding progress of the Payneham Memorial Swimming Centre Redevelopment Project.

EXECUTIVE SUMMARY

Project Name: Payneham Memorial Swimming Centre Redevelopment

Project Objective: Redevelopment of the Payneham Memorial Swimming Centre to modernize facilities, improve community accessibility and enhance sustainability.

Project Status: Complete

Financial Impacts: Stage Government grant approved: \$5,600,000

Total cost to build budget: \$63,980,000 (*revised from \$60,222,958, due to revised design of the Design & Construct Items*).

175 The Parade,
Norwood SA 5067

PO Box 204
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Telephone
8366 4555

Email
townhall@npss.sa.gov.au

Website
www.npsa.gov.au



TABLE 1: KEY MILESTONES

Milestone Name	Target Completion Date	Actual Completion Date	Status	Comments
Construction Start	5-Feb-24	5-Feb-24	Completed	NIL
Practical Completion	27-Jan-26	24-Aug-26	Completed	Approved Extension
Centre Opening	Mar-26	27-Sep-26	On Track	Revised

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Cultural Vitality
Economic Prosperity
Environmental Sustainability

TABLE 2: DETAILED MILESTONES

Key Milestone	Completion Date
Works Commenced on Site	5-Feb-24
Demolition of Existing Centre	22-Mar-24
Bulk Civil & Remediation Works	1-Aug-24
Structural Piling Mobilisation #1 (Building, Balance Tank & Pool Piling)	30-Sep-24
Pool Balance Tank Substructure	23-Oct-24
Indoor 25m & Learn to Swim Pool Shells	1-Nov-24
Outdoor 50m Pool Shell	13-Dec-24
Erection of Structural Steel Roof Framing for Pool Hall Building	20-Dec-24
Hydrostatic Testing of Indoor Pools	15-Jan-25
Pool Hall Building Roof Sheetting	31-Jan-25
Pavilion Building Concrete Slab	3-Mar-25
Piling Mobilisation #2 (Zero Depth)	27-May-25
Structural Steel and Roofing to Southern Plant Room	19-May-25
Aquatic Plant Room Fit Out	5-Aug-25
Pavilion Roof Sheetting	19-Sep-25
Pool Hall Timber Ceiling	25-Nov-25
Water Slide Drainage & Services	9-Dec-25
50m Pool Tiling	19-Dec-25
Building Watertight Milestone	15-Jan-26
25m Pool Tiling	22-Jan-26
LTS Pool Tiling	9-Feb-26
Pool Hall Concourse Concrete	2-Feb-26
Zero Depth Water Play Subsurface Works	5-Mar-26
Water Slide Balance Tank (Walls & Floor)	17-Mar-26
25m Pool Filled	8-May-26
LTS Pool Filled	12-May-26
Building Fit Out & Finishes	17-Jun-26
50m Pool Filled	24-Jul-26
Zero Depth Water Play	24-Jul-26
Water Slide & Tower	14-Aug-26
Practical Completion	24-Aug-26

FINANCIAL OVERVIEW

Funding Sources for Expenditure:

- State Government Grant \$5,600,000
- Borrowings \$58,380,000 (*revised from \$54,622,958*)

Project Status and Financial Position

The contract works component of the Project has been completed, with all Key Milestones being met in accordance with the Project Schedule and/or revised approved timeframes. Grant funding has been received as planned and costs that have been incurred are in line with budget forecasts.

Overall, the project works have been completed both in terms of timeline and financial performance, as per the revised project budget. Expenditure mainly includes costs from the Construction Contractor, Badge Construction (S.A.) Pty Ltd (Badge), costs in relation to Utility Services and Design Consultant Fees.

Ongoing minor works will continue over the coming weeks, including carpark resealing, footpath renewal, minor civil works, signage installation and Council fit out at the facility.

TABLE 3: FINANCIAL POSITION AS AT SEPTEMBER 2026

Amounts in thousands (000) k

	Actuals 2023- 2024	Actuals 2024- 2025	Actuals 2025- 2026	Actuals 2026- 2027	Total Actuals to date	Full Budget	Balance to complete
Grants received	\$ 560	\$ 2,240	\$ -	\$ -	\$ 2,800	\$ 5,600	\$ 2,800
Expenditure	\$ 4,257	\$ 32,709	\$ 20,168	\$ 4,697	\$ 61,831	\$ 63,980	\$ 2,149
	\$ 3,697	\$ 30,469	\$ 20,168	\$ 4,697	\$ 59,031	\$ 58,380	\$ (651)

Cost Variations:

The approved construction contract included Provisional Sums for Design & Construct (D&C) items, namely:

- the 50-metre pool shade structure;
- zero-depth play area;
- water slides and tower; and
- connections for feature timber ceiling in the Pool Hall.

A report was considered by the Council at its meeting held 7 October 2025, noting that the revised final cost to complete the Project and endorsed a Budget Revision of \$3.05m to the original project allocation of \$60,931,400, to allow completion of the Project, as scoped. This Revision relates to the new design of the Design & Construct Items.

Approved cost variations mainly relate to savings in Demolition and on-site soil repository, an alternative timber ceiling supplier and revised epoxy grout treatments.

Miscellaneous variation items include minor design changes and project scope updates that have progressively approved as the project evolves. Miscellaneous latent variations largely include unknown findings uncovered during initial demolition and excavation works at the site.

The current list of variations by Badge Construction (S.A.) Pty Ltd (Badge), as confirmed by WT (Cost Consultant), the Claim Assessment Report (dated August 2026) is summarised in Table 4 below:

TABLE 4: VARIATIONS SUMMARY

Contract Schedule Items	Approved Variations
Demolition and soil repository works	-297,652.91
Updates to feature ceiling and Pool wall design	-947,652.53
Epoxy Grout Treatment	-1,049,304.66
Electrical Updates	184,910.62
Roof Safety Updates	121,412.76
Project Scope Change	-248,540.41
Design Updates	1,482,735.92
Latent Conditions	190,765.86
Contract Credit for Zero Depth Play Area	-888,430.00
	- \$ 1,451,755.35

Risk Management

As with any major complex project, a comprehensive risk assessment has been conducted for the Payneham Memorial Swimming Centre Project and a detailed Risk Register is in place. This Register is regularly reviewed and updated to identify, assess, and mitigate potential risks that may impact project timelines, costs, or deliverables. Ongoing monitoring ensures that emerging risks are proactively managed and appropriate mitigation strategies are implemented to minimize disruptions. Regular reviews by the Project Team and key stakeholders, assists in maintaining a structured approach to risk management, ensuring the project remains on track while addressing any challenges that may arise.

Next Steps and Timeline

Practical Completion was achieved on Monday 24 August 2026. Badge remains under contract for a Defects Liability Period (DLP) of 52 weeks. At the end of the DLP, the Project will achieve Final Completion and the remaining Bank Guarantee will be returned to Badge.

Summary:

The Payneham Memorial Swimming Centre Redevelopment Project reached Practical Completion on Monday 24 August 2026. The Project is now in its final stage, with financial billing and minor defect works being finalised. It is expected that the Project will be completed within the Council-endorsed construction budget of \$63.9 million. The final Grant instalment is expected to be received following finalisation of the project charges. Funding milestones have been met, with Grant income and expenditure remaining aligned with expectations. Overall, the Project remains on track for finalisation, with the remaining activities focused on closing out financial matters, minor defects and the final grant requirements.

Yours sincerely


Mario Barone RSM
CHIEF EXECUTIVE OFFICER


Robert Bria
MAYOR



12 October 2026

Mr. Mario Barone
Chief Executive Officer
City of Norwood Payneham & St Peters

via email: mbarone@npsa.gov.au

Dear Mario

Re: Payneham Memorial Swimming Centre (PMSC) Progress Report – September 2026

The Local Government Finance Authority (LGFA) acknowledges receipt from Norwood, Payneham & St Peters (NPSP) of the PMSC progress report September 2026.

Following our review, we note that the overall project reached practical completion on 24 August 2026, with the final stages including final billing and finalisation of any minor defect works. We note that the project has been completed within the council endorsed construction budget of \$63.9 million. You have advised that there is a Defects Liability Period (DLP) of 52 weeks under which the construction contractor, Badge Constructions, remains under contract. At the end of this period the project will achieve Final Completion.

As per *Annexure A to Convertible Cash Advance Debenture No 5 Special Conditions* dated 1 November 2024, and *Annexure A to Convertible Cash Advance Debenture No 30 – Special Conditions* dated 8 May 2026 LGFA is pleased to advise that the Special Condition outlined below has now been satisfied:

- 2.2 *The Corporation must provide to LGFA:*
2.2.1 *on a quarterly basis aligned with the Council's budget review cycle reporting that shows the PMSCR budget versus actual and lists any material approved variations with the report signed by the NPSP CEO*

All other Terms and Conditions, including Special Conditions, contained within Debenture No. 5 and Debenture No. 30 remain in full force and effect.

LGFA acknowledges the actions taken by the council to ensure it remains within the approved debt limit of \$110 million.

LGFA appreciates the Council's continued commitment to meeting the agreed Special Conditions and looks forward to this being maintained at our next review.

Can this letter please be shared with your Council and Audit & Risk Committee.

Should you have any further questions or require additional information, please do not hesitate to reach out.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Davin Lambert'.

Davin Lambert
CHIEF EXECUTIVE OFFICER

Cc NPSP CFO, Natalia Axenova (naxenova@npsa.gov.au)

Local Government Finance Authority of South Australia

Suite 1205, 147 Pirie Street, Adelaide SA 5000

P: 08 8223 1550 E: admin@lgfa.com.au W: www.lgfa.com.au ABN: 80 189 672 209

INTERNAL

5.4 REPORT FOR THE 2026-2027 FIRST BUDGET REVIEW

REPORT AUTHOR: Chief Financial Officer
APPROVED BY: Chief Executive Officer
ATTACHMENTS: A

PURPOSE OF THE REPORT

The purpose of this report is to present the 2026-2027 First Budget Update report to the Audit & Risk Committee (the Committee), that was considered at the Council Meeting held on Tuesday, 6 October 2026.

BACKGROUND

This report is provided to assist the Committee to meet the requirements of Section 126(4)(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 2027, following the First Budget Review. The forecast is based on the year-to-date 30 June 2026 results.

Pursuant to Section 123(13) of the Act, the Council must, as required by Regulation 9 of the *Local Government (Financial Management) Regulations 2026*, 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 2026-2027 First Budget Update as presented to the Council is contained in **Attachment A**.

RECOMMENDATION

That the report be received and noted.

13.7 2026-2027 FIRST BUDGET UPDATE

REPORT AUTHOR: Chief Financial Officer
APPROVED BY: Chief Executive Officer
ATTACHMENTS: A - C

PURPOSE OF THE REPORT

The purpose of this report is to provide the Council with the First Budget Update a summary of the forecast Budget position for the year ended 30 June 2027.

BACKGROUND

Regulation 9 of the *Local Government (Financial Management) Regulations 2026* (the Regulations) provides the mandatory requirements for the Council's review of the Annual Business Plan or Budget during the financial year.

The Regulations provide that the Council must consider 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 2026-2027 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*.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

The First Budget Update for the 2026-2027 Financial Year, provides an opportunity to amend the 2026-2027 Adopted Budget, to reflect any changes in projections based on;

- audited results to 30 June 2026 (if available); and
- new decisions by the Council, subsequent to the adoption of the Budget on 7 July 2026.

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

RISK MANAGEMENT

The report 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

Budget Update

In determining the Adopted Operating Budget, 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 expectations.

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 2026–2027 Adopted Operating Budget reflects an Operating Deficit of \$1,759,082. Following the First Budget Update, the Operating Deficit is projected to be \$1,715,848, representing a decrease of \$43,234.

Given that the majority of recurrent and operating projects for 2026–2027, are still in the early stages of delivery, no cost variances are recommended to the 2026–2027 Adopted Project Budget as part of the First Budget Review, other than confirmed changes arising from 2025–2026 carry forwards and other definitive changes occurring subsequent to the adoption of the 2026–2027 Budget. A further reassessment of project expenditure will be undertaken as part of the Mid-Year Budget Review.

A. Recurrent Operating Budget changes to the Adopted Budget (\$228,000).

It is proposed that the 2026–2027 Adopted Recurrent Operating Budget Deficit of \$ 281,382 be reduced by \$228,000 resulting Recurrent Operating Budget Deficit to be \$53,382.

The changes to the Adopted Recurrent Operating Budget are provided in Table 1 below.

TABLE 1: MOVEMENT IN RECURRENT BUDGET FROM THE ADOPTED BUDGET

Service Initiative	Increase/ (Decrease) \$
Norwood Swimming Centre – Budget re-allocation between expenditure lines to reflect the change in the operating model from Council-operated to an externally operated facility through BlueFit. Net costs are recognised under Materials, Contracts and Other Expenses. The re-allocation has no net impact on the Operating Surplus/(Deficit).	
Reallocation of User Charges Income to Materials, Contracts & Other Expenses	\$140,560
Reallocation of Employee Costs to Materials, Contracts & Other Expenses	(\$493,236)
Materials, Contracts & Other Expenses	\$352,676
Additional income arising from the quarterly allocations under the 2026–2027 Financial Assistance State Grant, with the funding information released subsequent to the preparation of the 2026–2027 Budget.	(\$228,000)

B. Operating Projects Budget changes to the Adopted Budget \$184,766

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 2026–2027 Adopted Operating Projects Budget, originally set at \$1,477,700 will be increased by \$184,766 to accommodate the Carry Forwards from the 2025–2026 financial year. As a result, the revised total estimated expenditure for Operating Projects is now \$1,662,466.

Details of the Operating Projects that are proposed to be carried forward to the 2026–2027 Financial Year are contained in **Attachment A**.

Changes to the adopted Operational Projects Budget are 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 2025- 2026)	\$184,766
Tree Planting and Irrigation on OG Road – Grant funding has been secured, resulting in an increase in Grants, Subsidies and Contributions, with a corresponding increase in Materials, Contracts and Other Expenses. The net impact on the Operating Surplus/(Deficit) is \$0.	
Grants, Subsidies and Contributions	(\$160,000)
Materials, Contracts & Other Expenses	\$160,000

C. Capital Projects changes to the Adopted Budget \$14,784,286

The Council approved a Capital Expenditure Budget of \$15,799,328 for the 2026-2027 Financial year, encompassing funding for new capital projects (\$1.8 million) and upgrades to existing assets (\$ 14 million). Subsequent to the First Budget Update, the forecasted capital expenditure is \$30,583,613, representing an increase of \$14,784,286 due to Carry Forward Works in Progress from 2025-2026.

A summary is provided in Table 3 below.

Details of the Capital Projects which have been carried forward from the 2025-2026 Financial Year, are contained in **Attachment B**.

The change to the Adopted Capital Projects Budget is provided in Table 3 below.

Capital Project	Increase/ (Decrease) \$
Work in progress (Carry forwards from 2025-2026)	\$14,784,286

The increase is a result of timing of previously approved expenditure and therefore 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. This report is provided for information purposes.

CONCLUSION

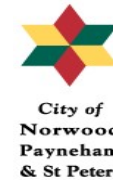
The proposed budget review adjustments reflect additional Financial Assistance Grant funding, the carry forward of Operational projects and Capital Works from 2025–2026.

The additional grant funding reduces the Recurrent Operating Budget Deficit by \$228,000, from \$281,382 to \$53,382. Operating Projects increase by \$184,766 to \$1,662,466, while forecast Capital Expenditure increases by \$14,784,286 to \$30,583,613, primarily due to works carried forward from 2025–2026.

These adjustments provide an updated forecast of the Council's financial position and planned expenditure for 2026–2027.

RECOMMENDATION

1. *That the First Budget Update Report be received and noted.*
2. *That the 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 2026, the Budgeted Uniform Presentation of Finances as contained within **Attachment C**, be noted.*



FINANCIAL YEAR 2026-2027 BUDGET REVIEW OPERATING PROJECTS PROGRESS

Project Name	2026-2027 Budget	First Budget Review Carry Forward Budget	FIRST BUDGET REVIEW REQUEST	2026-2027 TOTAL	Current YTD Spending as at 31 August 2026	Has Project Commenced? (Y/N)
TOUR DOWN UNDER	60,000	-		60,000	48	Yes
RAISING THE BAR ADELAIDE	25,000	-		25,000	7,833	Yes
AFL GATHER ROUND	100,000	-		100,000	-	No
PUBLIC HEALTH PLAN		13,000		13,000	-	Yes
LIBRARY EVENTS & PROGRAMS	10,000	-		10,000	600	Yes
LOCAL GOVERNMENT ELECTIONS	295,000	-		295,000	-	No
IT STRATEGY	882,700	38,380		921,080	43,418	Yes
ST PETERS BILLABONG		34,775		34,775	-	Yes
BIODIVERSITY STRATEGY	10,000	-		10,000	-	No
DEVELOPMENT OF TREE INVENTORY	20,000	-		20,000	-	No
HERITAGE PROTECTION OPPORTUNITIES		30,841		30,841	-	Yes
TRAFFIC MANAGEMENT - NINTH AVENUE CHRISTMAS LIGHTS DISPLAY	10,000	-		10,000	9	No
ON STREET PARKING POLICY IMPLEMENTATION	50,000	-		50,000	3,141	Yes
40KPH SPEED LIMIT IMPEMETATION IN KENSINGTONAND FELIXSTOW		37,600		37,600	-	Yes
CITY WIDE 40 KMP SPEED LIMIT	15,000	-		15,000	-	No
PUBLIC CONSULTATION FOR TRAFFIC MANAGEMENT CONCEPT		30,170		30,170	-	Yes
	1,477,700	184,766	-	1,662,466	55,032	



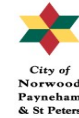
City of
Norwood
Payneham
& St Peters

FINANCIAL YEAR 2026-2027 BUDGET REVIEW CAPITAL PROJECTS PROGRESS

Project Name	2026-2027 Budget	First Budget Review Carry Forward Budget	FIRST BUDGET REVIEW REQUEST	2026-2027 TOTAL	Current YTD Spending as at 31 August 2026	HAS PROJECT COMMENCED (Y/N)
RENEWAL PROGRAMM - ROAD RESEALING	3,623,886	1,761,757		5,385,643	22,350	Yes
RENEWAL PROGRAMM - KERB	2,226,626	743,566		2,970,192	291,623	Yes
RENEWAL PROGRAMM - FOOTPATH	438,276	172,122		610,398	69,131	Yes
RENEWAL PROGRAMM - DRAINAGE	2,045,500	2,817,786		4,863,286	100,747	Yes
RENEWAL PROGRAMM - BUILDING	2,795,000	950,000		3,745,000	482,244	Yes
RENEWAL PROGRAMM - REC & OPEN SPACE	1,592,800	522,748		2,115,548	343,131	Yes
RENEWAL PROGRAMM - CIVIL CAPITAL UPGRADE	346,299	434,032		780,331	3,131	Yes
RENEWAL PROGRAMM - OTHER	957,583	312,275		1,269,858	12,762	Yes
QUADRENNIAL ART PROJECT	-	48,900		48,900	12,150	Yes
MINOR TRAFFIC IMPROVEMENTS	20,000			20,000	-	No
K9 KUBE ANIMAL MANAGEMENT WHS UPGRADE	53,000			53,000	-	No
ANN ST PEDESTRIAN CROSSING	380,000			380,000	-	No
REGENT STREET EMU CROSSING CONSTRUCTION WORKS	45,000			45,000	-	No
STEPHEN STREET UPGRADE DETAILED DESIGN WORKS	45,000			45,000	-	No
GLYNDE, PAYNEHAM, FIRLE, TRINITY GARDENS TRAFFIC D	150,000			150,000	-	No
PAYNEHAM MEMORIAL SWIMMING CENTRE UPGRADE	-	6,067,644		6,067,644	4,150,507	Yes
TRAFFIC MANAGEMENT PAYNEHAM SOUTH, FIRLE & TRINITY GARDENS	-	43,162		43,162	-	No
IMPLEMENTATION OF THE PARADE MASTER PLAN	-	839,581		839,581	52,480	Yes
ADEY RESERVE PLAYGROUND SHADE SAIL STRUCTURE		70,713		70,713	-	No
	14,718,970	14,784,286	-	29,503,256	5,540,256	
CAPITALISATION OF PROJECT MANAGEMENT ON-COST	1,080,358			1,080,358	180,058	
	15,799,328	14,784,286	-	30,583,614	5,720,314	

City of Norwood Payneham & St Peters

UNIFORM PRESENTATION OF FINANCES - FIRST BUDGET REVIEW



	Adopted Budget	Carry Forwards	New Recurring budget requests	New Operational projects requests	New Capital projects requests	1st budget revision
	2026/27	2026/27	2026/27	2026/27	2026/27	2026/27
	\$	\$	\$	\$	\$	\$
Income						
Rates	54,947,025					54,947,025
Statutory Charges	2,349,065					2,349,065
User Charges	4,752,960		(140,560)			4,612,400
Grants, Subsidies and Contributions - operating	2,868,077		228,000	160,000		3,256,077
Grants, Subsidies and Contributions - capital	688,369					688,369
Investment Income	10,500					10,500
Other Income	720,892					720,892
Net gain - equity accounted Council businesses	-					-
Total Income	66,336,888	-	87,440	160,000	-	66,584,328
Expenses						
Employee Costs	21,539,886		(493,236)			21,046,650
Materials, Contracts & Other Expenses	25,795,499	184,766	352,676	160,000		26,492,941
Depreciation, Amortisation & Impairment	16,654,050					16,654,050
Finance Costs	3,912,209					3,912,209
Net loss - Equity Accounted Council Businesses	194,326	-	-	-	-	194,326
Total Expenses	68,095,970	184,766	(140,560)	160,000	-	68,300,176
Operating Surplus / (Deficit)	(1,759,082)	(184,766)	228,000	-	-	(1,715,848)
Timing adjustment for grant revenue - Capital	(688,369)	-	-	-	-	(688,369)
Adjusted Operating Surplus / (Deficit)	(2,447,451)	(184,766)	228,000	-	-	(2,404,217)
Net Outlays on Existing Assets						
Capital Expenditure on Renewal and Replacement of Existing Assets	(14,025,970)	(7,714,286)				(21,740,256)
add back Grants, subsidies and contributions – Capital New/Upgraded	688,369	-		-	-	688,369
add back Depreciation, Amortisation and Impairment	16,654,050	-				16,654,050
add back Proceeds from Sale of Replaced Assets	35,601	-			-	35,601
Total Net Outlays on Existing Assets	3,352,051	(7,714,286)	-	-	-	(4,362,235)
Net Outlays on New and Upgraded Assets						
Capital Expenditure on New and Upgraded Assets						
(including Investment Property & Real Estate Developments)	(1,773,358)	(7,070,000)			-	(8,843,358)
add back Amounts Received Specifically for New and Upgraded Assets	242,260					242,260
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	(1,531,098)	(7,070,000)	-	-	-	(8,601,098)
Annual Net Impact to Financing Activities -surplus / (deficit)	(626,499)	(14,969,052)	228,000	-	-	(15,367,551)

5.5 PREVIOUS AUDIT ACTIONS - PROGRESS REPORT

REPORT AUTHOR: Manager, Governance
APPROVED BY: General Manager, Governance & Civic Affairs
ATTACHMENTS: A

PURPOSE OF THE REPORT

The purpose of this report is to provide an update on the status of matters identified in previous Internal Audits that have been undertaken since the commencement of the term of the current Council in 2022.

BACKGROUND

The Council's Audit & Risk Committee (the Committee) has been established in accordance with Section 126 of the *Local Government Act 1999* (the Act) to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.

Pursuant to Section 126(4)(c) of the Act one of the functions of the Committee is to monitor the responsiveness of the Council to recommendations for improvement based on previous audits, including those raised by the Council's Auditor.

To assist the Committee with this monitoring function, a summary of the progress on implementing the recommendations for improvement from previous Internal and External Audits that have been undertaken since the commencement of this Council term in November 2022, has been prepared and is contained within **Attachment A**.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

Elected 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

The preparation of this report has been informed by collaboration with the relevant staff who are charged with the responsibility of implementing the recommendations.

Other Agencies

Not Applicable.

DISCUSSION

In accordance with the Committee's Work Plan, the Committee receives a biennial review of the progress of matters that have been identified in various Internal and External Audits.

Attachment A provides the consolidated findings from the various audits that have been undertaken since November 2022. A standardised summary of the status of the various matters has been used based on the implementation of the recommendation for improvement being 'In progress', 'Completed' or 'Not yet started'.

Internal Audit

Three (3) Internal Audits have been undertaken and the Committee has been provided with the final report arising from each of the Internal Audits as follows:

- Human Resources – final report presented to the Committee on 1 November 2023;
- Business Continuity Management (BCM) framework – final report presented to the Committee on 13 October 2025; and
- Contractor Management – final report presented to the Committee on 25 February 2026.

The Human Resource Internal Audit identified six (6) areas for improvement with two (2) recommendations and one (1) opportunity for improvement remaining in progress.

The BCM Internal Audit identified 22 recommendations for improvement. As identified at the time the final report was presented to the Committee, there is a significant amount of work required by a number of staff across the organisation to implement the recommendations. This work commenced in early 2026 and five (5) of the recommendations have since been completed following the Business Impact Analysis workshops that have been held with Senior staff and facilitated by Bentleys.

Seven (7) recommendations for improvement are in progress and it is envisaged these actions will be largely completed by the end of 2026.

The Contractor Management Internal Audit identified 20 recommendations for improvement, 14 of which are in progress. Similar to the findings of the BCM Internal Audit report, there is a significant amount of work required to implement the recommendations for improvement in terms of creating the processes required and then embedding them with Contract Managers across the Council.

External Audit

Unlike Internal Audits which are scoped in consultation with the Committee, the conduct of the External Audit is prescriptive and must be undertaken in accordance with Section 129 of the Act, which includes that the Council's Auditor must undertake an audit of:

- (a) the Council's financial statements within a reasonable time after the statements are referred to the auditor for the audit (and, in any event, unless there is good reason for a longer period, within 2 months after the referral); and
- (b) 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.

The timing of the above is that the final report of the audit of the internal (financial) controls is presented mid-calendar year and referred to as the 'Interim Audit' and the final report of the audit of the Council's Financial Statements is provided to the Committee in October before being presented to the Council in November and referred to as the Audit Completion Report.

Regulation 22 of the *Local Government (Financial Management) Regulations 2026*, prescribes that both audits must be conducted by a qualified Auditor (who meets the requirements of Section 128 of the Act) and be undertaken in accordance with the *Australian Auditing Standards and Auditing Guidance Statements* established under the *Commonwealth Australian Securities and Investments Commission Act 2001*.

In addition, the Council's Auditor must provide to the Council with the following:

- (a) an audit opinion with respect to the financial statements and the Auditor must give due consideration to the adequacy of the Council's policies, practices and procedures of internal control under Section 125 of the Act; and
- (b) an audit opinion as to whether the controls audited under subsection 129(1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law. In forming this opinion, the Audit must assess the internal controls of the Council referred to in Section 129(1)(b) of the Act based on the criteria in the *Better Practice Model – Internal Financial Controls*.

All of the above requirements have been met in respect to the External Audit.

Of the recommendations raised through the External Audit process, one (1) recommendation from the *2024-2025 Review of Financial Controls (Interim Audit)* and one (1) recommendation from the *2025-2026 Review of Financial Controls (Interim Audit)* remain outstanding.

OPTIONS

Not Applicable. This report is provided for information purposes.

CONCLUSION

Monitoring the progress and status of the recommendations for improvements, is an important legislated function of the Audit & Risk Committee.

RECOMMENDATION

That the report be received and noted.

INTERNAL AUDITS

Internal Audit title	Audit & Risk Committee Meeting date
Human Resources	1 November 2023
Business Continuity Management	13 October 2025
Contractor Management	25 February 2026

Key: In Progress Completed Not yet started

Update on progress of recommendations arising from the Internal Audits – October 2026

HUMAN RESOURCES INTERNAL AUDIT (NOVEMBER 2023)					
No.	Internal Audit Recommendations	Status	Expected Completion Date	Responsibility	Comments
1.	<p>Establish an HR Delegations Register to clearly address the following but not limited to:</p> <ul style="list-style-type: none"> Position management, including creation and abolishment of a position, reclassification, and additional duties etc. Selection and recruitment Termination and resignation of employment Performance matters Various types of leave Training and development. 	In progress	January 2027	Manager, Chief Executive's Office	<p>An separate HR Delegations Register is not required as the Council has an established Delegations Framework that is managed by the Governance Unit.</p> <p>In terms of specific responsibilities, these are captured in position descriptions and will be collated into an HR Responsibility Register. Development of the Register is progressing, with finalisation subject to approval by the Chief Executive Officer.</p>
2.	<p>Perform succession planning to</p> <ul style="list-style-type: none"> Consider all key roles including the CEO functions and ELT members 	In progress	July 2027	Manager, Chief Executive's Office	<p>Formal succession planning is not required. The Council's Workforce Strategy will be progressed following the preparation of the Corporate Plan. The Workforce Strategy will address the points made in the recommendation.</p>

HUMAN RESOURCES INTERNAL AUDIT (NOVEMBER 2023)					
No.	Internal Audit Recommendations	Status	Expected Completion Date	Responsibility	Comments
	<ul style="list-style-type: none"> Identify functions within each existing management role and if applicable, name a suitable delegate or successor Identify any gaps of successors in experience and skills, any internal support needed, and risk implications etc. and provide relevant training and development opportunities to ensure the successors are capable of delivering the duties. 				
3.	Establish a competency framework to <ul style="list-style-type: none"> Align the workforce with the Council's current and future goals Take into account its operating environment Include a set of competencies that describe the essential qualities and attributes needed for organisational success, including culture and collaboration, strategy and growth, innovation and agility, solutions focus, and people leadership etc. Identify any gaps between the workforce it has and the workforce it needs, and design initiatives to address the gaps. 	Completed	N/A	Manager, Chief Executive's Office	Competency framework has been established, with training needs analysis ongoing and embedded through the EMPOWER performance management framework.
4.	Management: <ul style="list-style-type: none"> Address the control gaps identified Further to Finding 1, consider introducing a General Manager(s) 	Completed	N/A	Manager, Chief Executive's Office	Recruitment guidelines updated to address control gaps, ICAC Local Government requirements formalised, endorsement processes clarified and refresher guidance provided to Selection Panel members. Ongoing oversight is provided by the HR Unit.

HUMAN RESOURCES INTERNAL AUDIT (NOVEMBER 2023)					
No.	Internal Audit Recommendations	Status	Expected Completion Date	Responsibility	Comments
	<p>endorsement of the Employment Selection Report</p> <ul style="list-style-type: none"> Formalise the ICAC requirements in the relevant Guideline where relevant and ensure consistent implementation • Provide fresh training of Guideline for selection panel members. 				
5.	<p>Management:</p> <ul style="list-style-type: none"> Address the control gaps identified in line with the other findings relevant Once the HRIS system is implemented, investigate and formalise the EMPOWER automated controls Establish and implement regular monitoring and reporting mechanisms to keep stakeholders informed of the progress and outcomes of training and development. 	Completed	N/A	Manager, Chief Executive's Office	Training governance, record keeping and reporting have been strengthened with the employment of an additional HR Advisor as approved by the Council. EMPOWER is used to capture personal and professional development needs and monitor training. Further enhancements are dependent on system capability and resourcing.
Opportunity					
1.	<p>Management:</p> <ul style="list-style-type: none"> Address critical questions as outlined throughout this report and make sure the adjacent fundamentals are in place Understand the current state of the EVP Baseline what Management believe Council's current EVP to be against employee perceptions Identify the dominant demographics of the current 	In progress	July 2027	Manager, Chief Executive's Office	The Employee Value Proposition is being progressed as part of the Workforce Strategy.

HUMAN RESOURCES INTERNAL AUDIT (NOVEMBER 2023)					
No.	Internal Audit Recommendations	Status	Expected Completion Date	Responsibility	Comments
	<ul style="list-style-type: none"> workforce, and the cohorts the organisation is most interested in attracting in the future Adjust the EVP to make the organisation more attractive to the employees. 				

BUSINESS CONTINUITY MANAGEMENT INTERNAL AUDIT (OCTOBER 2025)					
No.	Internal Audit Recommendations	Status	Expected Completion Date	Responsibility	Comments
Finding 1 - Business Impact Analysis (BIA) & Critical Function Mapping Bentleys have been engaged to facilitate these recommendations for this finding. In progress					
1	Establish a consistent BIA methodology and conduct initial comprehensive BIAs across all units.	Completed	N/A	General Manager, Governance & Civic Affairs	Following a series of workshops that were facilitated by Bentleys and included all senior Managers, a consistent BIA methodology has been developed and BIAs have been completed across all units.
2	Validate critical functions, Maximum Allowable Outage (MAO), Recovery Time Objectives (RTO), Recovery Point Objectives (RPO), and key interdependencies	Completed	N/A	General Manager, Governance & Civic Affairs	This recommendation was implemented as part of the BIA and Critical Function Mapping components which informed the draft BCP.
3	Integrate BIA results directly into recovery strategies and assign specific owners for critical functions and their associated recovery plans.	Completed	N/A	General Manager, Governance & Civic Affairs	As above
4	Revise the template for critical function sub-plans, focusing on clarity, user-friendliness, and thoroughness.	Completed	N/A	General Manager, Governance & Civic Affairs	As above
5	Once the enhanced template is finalised, systematically develop tailored sub-plans for each newly identified critical function emerging from the latest BIA.	Completed	N/A	General Manager, Governance & Civic Affairs	As above
6.	Update the BCP document with the critical functions.	In progress	November 2026	General Manager, Governance & Civic Affairs	The BCP document has been updated and is currently being reviewed prior to final adoption by the Executive Leadership Team (ELT) and the Chief Executive Officer.

Finding 2. Business Continuity Planning (BCP) Development					
1	Develop a standardised BCP template including version control, RTOs, RPOs, and contact lists.	In progress	November 2026	General Manager, Governance & Civic Affairs	This has been developed and pending adoption by Executive Leadership Team (ELT).
2	Establish and maintain updated internal/external contact lists and call trees.	In progress	November 2026	General Manager, Governance & Civic Affairs	This is included in the BCP document.
3	Establish a BCP review process.	In progress	January 2027	Executive Leadership Team	The staff internal committee to oversee improvements to and the implementation of the BCM framework, has not yet been established and will likely be incorporated into ELT functions and responsibilities. External facilitation may be sought to assist with the BCP review process.
4	Conduct structured walkthroughs of BCPs to validate completeness, usability, and alignment with operational realities.	Not yet started	TBD	Executive Leadership Team	
5	Test the BCP review process to ensure the team can handle it going forward.	Not yet started	TBD	Executive Leadership Team	
6.	Update the BCP document as required to ensure all the identified improvements are adopted	Not yet started	TBD	Executive Leadership Team	
Finding 3. Stakeholder & Communication Readiness					
1	Create and maintain a dynamic stakeholder register, involving them in BIA validation and recovery strategy selection via workshops.	In progress	December 2026	General Manager, Governance & Civic Affairs	The compilation of a stakeholder register has commenced through the BIA process. Once the register is finalised, the process for the stakeholder involvement in the BCP review process needs to be determined.
2	Develop a comprehensive communication matrix detailing channels, message templates, escalation paths, and legal liability considerations.	In progress	November 2026	General Manager, Governance & Civic Affairs	These elements are included in the draft BCP.

3	Identify all key BCM linkages with risk, emergency, and IT disaster recovery (ITDR) frameworks etc	In progress	January 2027	General Manager, Governance & Civic Affairs	Some of the BCM linkages are clear but need to be captured from a process and document consistency perspective.
4	Test initial communication protocols during tabletop exercises	Not yet started	TBD	Executive Leadership Team	
Finding 4. Training & Awareness and Finding 5. Framework Integration & Compliance					
1	Deliver initial BCM training and awareness programs for designated roles and new staff, including an introduction to their BCM responsibilities.	Not yet started	TBD	TBD	
2	Support the development of a role-based competency matrix, assessing current staff capabilities and identifying training gaps.	Not yet started	TBD	Manager, Chief Executive's Office	
3	Integrate staff mental health and wellbeing support into BCM training and response protocols.	Not yet started	TBD	Manager, Chief Executive's Office	
4	Develop comprehensive handover and succession plans for key roles beyond the Business Continuity Management Team.	Not yet started	TBD	General Manager, Governance & Civic Affairs	
5	Conduct facilitated tabletop exercises focused on critical functions.	Not yet started	TBD	Executive Leadership Team	
6.	Conduct annual BCP simulation tests, identify recommendations based on lessons learned and continuous improvement opportunities.	Not yet started	TBD	Executive Leadership Team	

CONTRACTOR MANAGEMENT INTERNAL AUDIT (JANUARY 2026)					
No.	Internal Audit Recommendations	Status	Expected Completion Date	Responsibility	Comments
Finding 1 – Disparate maturity levels in contractor management across the Council Recommendation - Establish a council-wide Contractor Management Framework\					
1	Develop and implement a centralised Contractor Management Policy and Procedure or similar that: <ul style="list-style-type: none"> - Defines roles, responsibilities, and processes for engagement, induction, monitoring, and compliance. - Aligns with ISO 45001:2018 clauses 4–10 (context, leadership, planning, support, operation, performance evaluation, and improvement). - Incorporates requirements from the NPSP WHS PWP Program 5 – WHS Contractor Management, including risk-based contractor oversight and shared WHS arrangements. 	In progress	December 2026	Manager, Chief Executive's Office	The Council's 2024-2027 WHS Plan with Programs (PWP) which was approved by the Executive Leadership Team (ELT) in 2024, contains five (5) programs and five (5) projects. Program 5 in the PWP is <i>WHS Contractor Management</i> . A consultant has been engaged to assist with this work, and this recommendation is included in the scope of work that is being undertaken.
2	Ensure the framework is communicated across all Departments and embedded into operational practices.	In progress	December 2026	Manager, Chief Executive's Office	As above.
3	Develop a risk-tiering, performance-based model to apply proportionate controls, such as: <ul style="list-style-type: none"> - High-risk contractors (eg., construction, electrical) for full WHS system review, frequent audits. - Low-risk contractors (e.g office cleaning) for streamlined checks. – People-based contractors (eg relief educators, on site trades, construction workers, cleaners) 	In progress	December 2026	Manager, Chief Executive's Office	This work is being discussed with the consultant who has been engaged to deliver Program 5 of the PWP and will be included in an updated scope of work.

CONTRACTOR MANAGEMENT INTERNAL AUDIT (JANUARY 2026)					
No.	Internal Audit Recommendations	Status	Expected Completion Date	Responsibility	Comments
	for personal safety, site hazards, supervision, PPE, SWMS, permits. - Service-based contractors (eg consultants, software providers) for health and safety systems and documentation.				
Finding 2. No centralised contractor register					
Recommendation - Implement a centralised contractor register					
1	Create a single source of truth for all contractor information, accessible to relevant staff. Include: - Contractor entity and personnel details. - Compliance documentation (insurance, licences, certifications). - Induction status and site access permissions. - Incident history and monitoring rec	In progress	December 2026	Manager, Chief Executive's Office	The Council's 2024-2027 WHS Plan with Programs (PWP) contains five (5) programs and five (5) projects. Program 5 is <i>WHS Contractor Management</i> . This recommendation has been included in the scope of work for the consultant who has been engaged to deliver Program 5.
2	Integrate the register within the system to leverage existing functionalities and reduce duplication.	In progress	December 2026	Manager, Chief Executive's Office	As above
Finding 3. Lack of Automated Workflow for Contractor Management					
Recommendation – Optimise and mandate the use of automated workflow					
1	Explore and configure a well-functioning system to: - Manage contractor records and compliance workflows. - Automate expiry notifications for insurance licences, and certifications. - Track inductions and link them to site access control (QR code or ID scanning).	Not yet started	TBD	Manager, Chief Executive's Office	This recommendation will be progressed where applicable, either through an updated scope of works for the consultant who has been engaged to deliver on Program 5 of the PWP or scheduled as a future enhancement.

CONTRACTOR MANAGEMENT INTERNAL AUDIT (JANUARY 2026)					
No.	Internal Audit Recommendations	Status	Expected Completion Date	Responsibility	Comments
	<ul style="list-style-type: none"> - Real-time dashboards for contractor presence. - Enable real-time incident and hazard repo 				
2	Develop standard operating procedures (SOPs) for system use and make them mandatory across all business units.	In progress	December 2026	Manager, Chief Executive's Office	<p>The Council's 2024-2027 <i>WHS Plan with Programs</i> (PWP) contains five (5) programs and five (5) projects.</p> <p>Program 5 is <i>WHS Contractor Management</i>.</p> <p>This recommendation has been included in the scope of work for the consultant who has been engaged to deliver Program 5.</p>
3	Conduct data migration from spreadsheets and other systems into the designated system.	Not yet started	TBD	TBD	This recommendation relates to recommendation 1 and will be progressed where applicable, either through an updated scope of works for the contractor engaged to deliver on Program 5 of the PWP or scheduled as a future enhancement.
Finding 4. Inconsistent Contractor Induction Process Recommendation – Standardise contractor induction processes					
1	Design and implement a formal induction program for all contractors, covering: <ul style="list-style-type: none"> - WHS obligations. - Site-specific hazards and emergency procedures. - Safety, including PPE, requirements. 	In progress	February 2027	Manager, Chief Executive's Office	<p>The Council's 2024-2027 <i>WHS Plan with Programs</i> (PWP) contains five (5) programs and five (5) projects.</p> <p>Program 5 is <i>WHS Contractor Management</i>.</p> <p>This recommendation has been included in the scope of work for the consultant who has been engaged to deliver Program 5.</p>
2	Use a system induction module for online pre-arrival inductions and on-site verification.	In progress	March 2027	Manager, Chief Executive's Office	This recommendation will be progressed through an updated scope of works for the consultant who has been engaged to deliver on Program 5 of the PWP.
3	Apply QR code or ID scanning for sign-in/sign-out linked to induction completion.	In progress	March 2027	Manager, Chief Executive's Office	As above

CONTRACTOR MANAGEMENT INTERNAL AUDIT (JANUARY 2026)					
No.	Internal Audit Recommendations	Status	Expected Completion Date	Responsibility	Comments
Finding 5. Lack of Contractor Safety Monitoring					
Recommendation - Strengthen Contractor monitoring and safety oversight					
1	Introduce a scheduled monitoring program using tools such as: - LG Safe Contractor Monitoring Tool. - Drive-by Visual Inspection Tool. - Annual Contractor Evaluation Form.	In progress	February 2027	Manager, Chief Executive's Office	The Council's 2024-2027 WHS Plan with Programs (PWP) contains five (5) programs and five (5) projects. Program 5 is <i>WHS Contractor Management</i> . This recommendation has been included in the scope of work for the consultant who has been engaged to deliver Program 5.
2	Ensure compliance documents are reviewed periodically, not just at onboarding.	In progress	February 2027	Manager, Chief Executive's Office	As above
3.	Implement real-time visibility of contractors on-site via system dashboards.	In progress	March 2027	Manager, Chief Executive's Office	This recommendation will be progressed through an updated scope of works for the consultancy who has been engaged to deliver on Program 5 of the PWP.
4	Establish KPIs for contractor safety performance, such as: - % of contractors inducted before site entry. - % of scheduled inspections completed. - % of corrective actions closed within the timeframe.	Not yet started	TBD	Manager, Chief Executive's Office	As above
5	Include these KPIs in quarterly ELT and WHS Committee reports.	Not yet started	TBD	Manager, Chief Executive's Office	As above
Finding 6. Lack of training and communication in contractor management					
Recommendation - Enhance training and communication					
1	Incorporate contractor management and system training into: - Employee induction programs.	In progress	March 2027	Manager, Chief Executive's Office	The Council's 2024-2027 WHS Plan with Programs (PWP) contains five (5) programs and five (5) projects.

CONTRACTOR MANAGEMENT INTERNAL AUDIT (JANUARY 2026)					
No.	Internal Audit Recommendations	Status	Expected Completion Date	Responsibility	Comments
	- Annual refresher training.				Program 5 is <i>WHS Contractor Management</i> . This recommendation has been included in the scope of work for the consultant who has been engaged to deliver Program 5.
2	Provide role-specific training for Contract Managers and Responsible Officers.	In progress	February 2027	Manager, Chief Executive's Office	As above
3.	Ensure contractors are included in: - Site-specific emergency drills. - Communication protocols for after-hours work.	Not yet started	TBD	TBD	This recommendation will be progressed through an updated scope of works for the consultant who has been engaged to deliver on Program 5 of the PWP.
4	Implement contractor safety forums or toolbox talks to: - Share lessons learned from incidents. - Reinforce Council's WHS expectations.	Not yet started	TBD	TBD	As above

EXTERNAL AUDITS

External Audit title	Audit & Risk Committee Meeting date
2025-2026 Review of Financial Controls – Interim Audit	13 July 2026
2025-2026 Audit Completion report	Separate report 19 October 2026
2024-2025 Review of Financial Controls – Interim Audit	14 July 2025
2024-2025 Audit Completion report	13 October 2025
2023-2024 Review of Financial Controls	19 August 2024 and 28 October 2024
2023-2024 Audit Completion Report	28 October 2024

Update on progress of recommendations arising from the Internal Audits – October 2026

Key: In Progress Completed Not yet started

2025-2026 REVIEW OF FINANCIAL CONTROLS – INTERIM AUDIT (Section 129(1)(b) of the <i>Local Government Act 1999</i>)					
No.	Recommendations	Status	Expected Completion Date	Responsibility	Comments
Purchase and Procurement/Contracting					
1.	<p>Review the purchasing thresholds table to ensure that the inconsistencies identified are addressed.</p> <p>Provide additional detail in the Procurement Policy Guidelines to guide the decision of when to use a purchase order and when to enter into a formal agreement.</p> <p>Establish a list of Purchase Order Exemptions, and consider introducing a threshold for the use of purchase orders.</p>	Completed	N/A	Chief Financial Officer	<p>Updated Procurement Guidelines have been approved and provided to relevant staff. The Guidelines ensure that procurement thresholds are clearly defined, consistently applied and aligned with best practice and internal control requirements.</p> <p>A list of procurement exemption categories has also been incorporated into the Guidelines.</p>

Fixed Assets					
2.	<p>Investigate the feasibility of implementing an automated integration between Conquest and the GIS system to ensure asset information is consistently recorded across both systems.</p> <p>Alternatively, implement a process to identify and investigate inconsistencies between Conquest and the GIS system, including exception reporting identifying assets recorded in Conquest but not in GIS, and assets recorded in GIS but not in Conquest.</p>	Not yet started	TBD	General Manager, Infrastructure & Major Projects	<p>Asset records are not automatically integrated with the Geographic Information System (GIS). Instead, asset data is checked and verified annually at financial year-end by an external contractor and Council's Finance Unit. Although ongoing, real-time reconciliation is not undertaken, the annual process ensures that reconciled balances are accurately reflected in the financial statements.</p> <p>The implementation of an upgraded GIS system would require a material financial investment, together with additional ongoing resources to support system administration, data maintenance and the associated service-level requirements. Given current budget constraints and the costs associated with implementation and ongoing maintenance, proceeding with this initiative is not considered feasible at this time.</p> <p>The current process, together with the potential for a GIS system upgrade or further investment in asset data integration, will be considered as part of the IT strategy which is currently being implemented.</p>
Banking					
3.	<p>Bank reconciliations are securely signed by both the preparer and reviewer.</p> <p>This can be achieved through a number of methods, including physical 'wet ink' signatures, secure electronic signatures (e.g. via Adobe, Docusign, etc), or by recording preparation and review within the Objective Management System (e.g. the preparer files the reconciliation and notes as prepared, and the reviewer logs into the system and notes as reviewed, providing a digital audit trail).</p> <p>Council may also consider applying a consistent approach to the signing of other reconciliations.</p>	Completed	N/A	Chief Financial Officer	<p>Recommendation has been implemented and this action has been completed.</p> <p>It was achieved through a secure electronic workflow via Gravity Internal form with the record and digital audit trail.</p>

Credit Cards					
4	Ensure the Purchase Card Policy is reviewed and updated as required.	Completed	N/A	Chief Financial Officer	The Council's Credit Card Policy has been reviewed and presented to the Audit & Risk Committee at its meeting held on 13 July 2026. The Council subsequently adopted the updated Credit Card Policy at its meeting held on 4 August 2026.

2024-2025 REVIEW OF FINANCIAL CONTROLS – INTERIM AUDIT (Section 129(1)(b) of the <i>Local Government Act 1999</i>)					
No.	Recommendations	Status	Expected Completion Date	Responsibility	Comments
Purchase and Procurement/Contracting					
1.	Review the purchasing thresholds table to ensure that the inconsistencies identified are addressed. Provide additional detail in the Procurement Policy Guidelines to guide the decision of when to use a purchase order and when to enter into a formal agreement. Establish a list of Purchase Order Exemptions and consider introducing a threshold for the use of purchase orders.	Completed	N/A	Chief Financial Officer	Updated Procurement Guidelines have been approved and provided to staff. The Guidelines ensure that procurement thresholds are clearly defined, consistently applied, and aligned with best practice and internal control requirements. A list of procurement exemption categories has also been incorporated into the Guidelines.
2.	Ensure that there are formal signed agreements in place with suppliers with significant cumulative spend, and that contracts are formally extended when required.	Completed	N/A	Chief Financial Officer	At the time of the audit, one contract was in the process of 'contract extension' review (delay of the project for more than 1 year: George Street Redevelopment Project). The extension was signed on 15 May 2025 until June 2026.
3.	Ensure that documentation evidencing the procurement procedures undertaken to engage suppliers is consistently maintained in the records management system, in accordance with Council's Procurement policy and record keeping requirements. Ensure that there are formal signed agreements in place with suppliers with significant cumulative spend, and that contracts are formally extended when required.	In Progress	January 2027	Chief Financial Officer	The process to address these recommendations has already commenced. Procurement documentation is being progressively strengthened and records management practices are being enhanced to ensure that evidence of procurement processes and supplier engagement is consistently maintained in accordance with the Procurement Policy and Corporate record-keeping requirements. A review of supplier arrangements with significant cumulative spend has also commenced.

Better Practice Recommendations					
1.	<p>Council formally documents the principles and methodology applied in determining the capitalisation of salaries and wages. These principles could, for example, be incorporated within the existing Asset Capitalisation and Depreciation Policy Guideline.</p> <p>Calculations supporting the actual capitalised wages are reviewed by an appropriate independent person to ensure the capitalisation is consistent with the policy principles / methodology.</p> <p>These calculations could, for example, be in the form of a summary schedule of the percentage applied to each relevant employee or role, along with the basis for those allocations. This approach will help ensure clarity, consistency, and transparency in applying salary and wages capitalisation practices.</p>	Completed	N/A	Chief Financial Officer	<p>The importance of clearly documenting the principles and methodology applied in determining the capitalisation of salaries and wages is acknowledged. These principles are now incorporated into the existing Asset Capitalisation and Depreciation Policies.</p>

2024-2025 AUDIT COMPLETION REPORT (Section 129(1)(a) of the <i>Local Government Act 1999</i>)					
No.	Recommendations	Status	Expected Completion Date	Responsibility	Comments
1.	Implement strategies to systematically reduce excessive leave balances and prevent employees from accumulating excessive balances.	Completed	N/A	Chief Executive Officer	<p>Strategies have been implemented in a manner that suits the Council's operations in terms of the size of the organisation and the complexity of work required to be undertaken.</p> <p>There is a concerted effort to remind staff to take leave and individual cases are appropriately managed.</p>

2023-2024 REVIEW OF FINANCIAL CONTROLS – INTERIM AUDIT (Section 129(1)(b) of the <i>Local Government Act 1999</i>)					
No.	Recommendations	Status	Expected Completion Date	Responsibility	Comments
1.	Roads, River Torrens Linear Park, off-road carparks and traffic control assets, require updated condition assessments.	Completed	N/A		The Condition Assessment works for transport related assets was completed at the end of June 2024.
2.	Buildings, civil infrastructure, stormwater and recreation and open space assets, require updated Asset Management Plans.	Completed	N/A		Incorporated into updated Asset Management Plans that were adopted by the Council in November 2024.
3.	Inconsistencies in the Procurement Policy Guidelines document and opportunities to improve its contents.	Completed	N/A		<p>The Council's Procurement Policy has been reviewed and updated following the endorsement by the Council at its October 2024 Council meeting.</p> <p>Guidelines and instructions supporting the various procurement processes are being prepared to address inconsistencies and provide clear directions.</p>
4.	Assets included in Conquest Asset are not directly linked to the GIS system.	Completed	N/A		Reconciliation process exists and as such, no further action required without significant additional spend and resources.

2023-2024 REVIEW OF FINANCIAL CONTROLS – INTERIM AUDIT (Section 129(1)(b) of the <i>Local Government Act 1999</i>)					
No.	Recommendations	Status	Expected Completion Date	Responsibility	Comments
5.	Two instances of credit card statements not being reviewed by an independent officer	Completed	N/A		The approval process has been updated to include an additional level of approvals where required.

2023-2024 AUDIT COMPLETION REPORT (Section 129(1)(a) of the <i>Local Government Act 1999</i>)	
No.	Recommendations
1.	Nil

5.6 AUDIT & RISK COMMITTEE 2027 MEETINGS AND WORK PLAN

REPORT AUTHOR: Manager, Governance
APPROVED BY: General Manager, Governance & Civic Affairs
ATTACHMENTS: A - B

PURPOSE OF THE REPORT

The purpose of this report is to present to the Audit & Risk Committee (the Committee), the proposed meeting dates for 2027 and the *2027 Audit & Risk Committee Work Plan* for approval.

BACKGROUND

The proposed meeting dates for 2027 meet the requirements of Section 126(5) of the Local Government Act 1999 (the Act), which requires that the Committee must meet at least once every quarter.

To support the Committee to achieve its legislated function and activities, the *2027 Audit & Risk Committee Work Plan* has been prepared and is contained in **Attachment A**.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Independent Members of the Committee are paid a Sitting Fee following each meeting of the Committee. The Chair receives \$650 per meeting and the other Independent Members receive \$450 per meeting.

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's meeting dates for 2027, are based on the mandatory requirement for the Committee to meet at least once every quarter.

It is proposed that Committee meet on a similar cycle to that which occurred in 2026. Meetings will continue to be held on a Monday evening commencing at 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 at the Norwood Town Hall.

The proposed dates for the 2027 meetings of the Committee are:

- Monday, February 8 2027;
- Monday, April 12 2027;
- Monday, July 12 2027; and
- Monday, October 18 2027.

The 2027 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** (which have been updated to correctly reference the *Local Government (Financial Management) 2026 Regulations* which superseded the previous 2011 version).

There are some additions to the Work Plan recognising recommendations that have been made in the Council's response to the *Essential Services Commission of South Australia's (ESCOSA) Local Government Advice-City of Norwood Payneham & St Peters February 2026*. These items are:

- the Quarterly Business Unit Reports for the St Peters Child Care Centre & Preschool, the Norwood Concert Hall, the Payneham Memorial Swimming Centre and the Norwood Swimming Centre; and
- a report on the progress of ESCOSA Recommendations to meeting of the Committee.

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 2027 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 2027 and the attached *2027 Audit and Risk Committee Work Plan* are approved for this purpose.

RECOMMENDATION

1. *That the following Meeting dates and times for 2027, be approved:*
 - *Monday, February 8 2027 at 6:00pm;*
 - *Monday, April 12 2027 at 6:00pm;*
 - *Monday, July 12 2027 at 6:00pm; and*
 - *Monday, October 18 2027 at 6:00pm.*
2. *That the 2027 Audit and Risk Committee Work Plan as contained in Attachment A, be approved.*

2027 Audit and Risk Committee Work Plan							
Function and activity	LG Act Reference	Responsibility for agenda item	Supporting documents / Summary of process	Meetings			
				February	April	July	October
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 Audit recommendations		✓		✓
Review External Audit Reports	126(4)(f)	Finance	Internal Financial Controls Report Audit Completion Report			✓	✓
Strategic Management and Business Plans							
Review of City Plan against legislated requirements - Council to review every 4 years (within 2 years of Local Government Election)	126(4)(b)	Chief Executive's Office	City Plan Review - as required				
Review of Long Term Financial Plan (LTFP) against legislated requirements - annual review required by Council (Section 122(4)(a)	126(4)(b)	Finance	LTFP reviewed and updated as part of Draft ABP&B in April and 'final' updated LTFP (after adoption of ABP) presented in October		✓		✓
Review of Annual Business Plan (ABP&B) against legislated requirements - reviewed prior to Council endorsement for consultation; budget attached based on draft ABP; LTFP review will be included	126(4)(b)	Finance	Draft Annual Business Plan and Budget		✓		
Review of Infrastructure and Asset Management Plan(s) (IAMPs) against legislated requirements	126(4)(b)	Infrastructure	IAMPs reviewed and included as part of ABP in April and presented separately when full review undertaken and then will be presented in October		✓		✓
ESCOSA Recommendations Update Report	126(4)(b)	Finance	Summary Report containing ESCOSA recommendations; Council's response (LGiQ); Status; staff response and expected delivery date	✓	✓	✓	✓
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							
Review External Audit Reports	126(4)(f)	Finance	Internal Financial Controls Report Audit Completion Report			✓	✓
Regional Subsidiary Audited Financial Statements	126(4)(f)	Finance					✓
Budget Review reports (after Council)	126(4)(f)	Finance	Budget Review Reports	✓			✓
Quarterly Business Unit Reports (after Council)			St Peters Child Care Centre & Preschool, Norwood Concert Hall; Payneham Memorial Swimming Centre and Norwood Swimming Centre	✓	✓	✓	✓
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	✓		✓	
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	✓		✓	
Internal Audit							
Oversight of planning and scoping of Internal Audit Work Plan	126(4)(g)(i)(A)	Governance	Internal Audit Work Plan - as required				
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)	Governance				✓	
Monitor responsiveness to recommendations for improvement based on previous Internal Audits	126(4)(c)	Governance	Report on previous Audit recommendations			✓	✓
Audit & Risk Committee Performance							
Report to Council after each meeting	126(8)(a)	Governance	Governance prepare after each 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							
Review any Prudential Report obtained by Council under Section 48(1) of the LG Act	126(4)(i)	Governance	As required				
Review any reports prepared due to section 130A examinations (investigations)	126(4)(d)	Governance	As required				



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. The current wording of Clause 8.3 was approved by the Council on 3 March 2026.

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)

Audit & Risk Committee – Terms of Reference

- 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 18(1) of the *Local Government (Financial Management) Regulations 2026*, 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)

Audit & Risk Committee – Terms of Reference

- 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 25 of the *Local Government (Financial Management) Regulations 2026*, 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 2026*, Regulation 20(a)

Audit & Risk Committee – Terms of Reference

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. The Committee will evaluate its performance annually, 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)

5.7 PRUDENTIAL MANAGEMENT POLICY

REPORT AUTHOR: Manager, Governance
APPROVED BY: General Manager, Governance & Civic Affairs
ATTACHMENTS: A - B

PURPOSE OF THE REPORT

The purpose of this report is to present the Draft Prudential Management Policy to the Audit & Risk Committee for review, prior to its adoption by the Council.

BACKGROUND

Policies are important components of the Council's governance framework and set directions, guide decision making and inform the community about how the Council will normally respond and act in relation to various issues.

Section 126(1a) of the *Local Government Act 1999* (the Act) provides that the purpose of the Council's Audit & Risk Committee (the Committee) is to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.

Amongst other functions prescribed for Council Audit & Risk Committees, Section 126(4)(f) and (h) of the Act respectively provides that the Committee:

- review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis; and
- review and evaluate 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.

It is therefore appropriate that the Committee review the updated Prudential Management Policy prior to the Council's adoption.

The Draft Prudential Management Policy (the Draft Policy) is contained within **Attachment A**.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

Elected 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

The Draft Policy has been reviewed by the Council's Chief Executive Officer, Chief Financial Officer and the General Manager, Infrastructure & Major Projects.

Other Agencies

Not Applicable.

DISCUSSION

The Draft Policy is based on an existing Council policy that was originally adopted in 2018 and reviewed and updated regularly since its adoption.

The purpose of a Prudential Management Policy is to provide guidance to the Council and all staff regarding the Council's prudential management practices.

A Prudential Management Policy is mandatory policy as required by Section 48(aa1) of the Act, which requires that the Council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the Council:

- (a) *acts with due care, diligence and foresight; and*
- (b) *identifies and manages risks associated with a project; and*
- (c) *makes informed decisions; and*
- (d) *is accountable for the use of council and other public resources.*

As Committee Members will be aware, a review of all finance related policies has recently been undertaken to ensure that all of the policies are relevant, contemporary and legislatively compliant.

As a result of this review, the Council's Prudential Management Policy has been updated to meet contemporary governance and best practice requirements, while ensuring that the requirements of Section 48(1aa) are met, particularly in terms of how due diligence is considered in respect to Council projects.

As the changes to the content of the existing Policy are not of a material nature, track changes have not been used as there were significant formatting changes which makes reviewing the Policy difficult. For comparison, the current Prudential Management Policy is contained in **Attachment B**.

OPTIONS

Not Applicable. The Council is required to have a Prudential Management Policy in accordance with the Act.

CONCLUSION

The Draft Policy has been prepared following an internal review of the current Prudential Management Policy and reference to the Local Government Association of South Australia *Financial Sustainability Information Paper No. 27 – Prudential Management (with Model Policy)*.

The Draft Policy meets both the legislative requirements and provides the appropriate guidance, particularly for Council decision-making in terms of the Prudential Report requirements for Council projects.

RECOMMENDATION

The Audit & Risk Committee recommends to the Council that the Draft Prudential Management Policy, as contained in Attachment A, be adopted.



City of
Norwood
Payneham
& St Peters

NAME OF POLICY: Prudential Management Policy

POLICY MANUAL: Governance

1. PURPOSE

- 1.1. The purpose of the Prudential Management Policy (the Policy) is to provide guidance to the Council ~~and all, the community and~~ staff ~~regarding with respect to~~ the Council's prudential management practices in relation to Council projects.
- 1.2. Section 48(aa1) the *Local Government Act 1999* (the Act), requires that the Council must maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the Council:
 - 1.2.1. acts with due care, diligence and foresight;
 - 1.2.2. identifies and manages risks associated with a project
 - 1.2.3. makes informed decision; and
 - 1.2.4. is accountable for the use of Council and other public resources.
- 1.3. The Policy applies to all Council projects undertaken and supports the Council's compliance with Section 48(aa1) of the Act.

2. DEFINITIONS

Due Diligence – *in the context of a Council project, due diligence is the systematic review and assessment of relevant factors, risks, obligations and opportunities throughout the project lifecycle to support informed decision-making, ensure appropriate consideration of potential impacts on project outcomes, and demonstrate that reasonable care has been exercised in the planning, assessment, approval, delivery and completion of the project.*

Due diligence will include:

- *an analysis of the need or demand;*
- *identification and quantification of the expected financial and other benefits;*
- *identification and quantification of the likely whole-of-life financial and other costs, including staffing and project management costs;*
- *assessment of the financial and other risks (including the risks of not proceeding or delaying the proposed project) and consideration of ways the risks can be managed and/or mitigated; and*
- *An evaluation that weighs up all of the factors above.*

Council Project – *is defined in Section 4 of the Act as:*

- (a) any form of activity or enterprise;*
- (b) the provision of facilities or services;*
- (c) any form of scheme, work or undertaking.*

This should not be interpreted to mean that all Council activities are projects. A project is a temporary endeavour with a defined beginning and end, in contrast to 'business-as-usual' operations which are repetitive, ongoing functional activities to provide services.

Simply purchasing an item of plant or equipment (eg a single vehicle) or a parcel of land will constitute a project if the purchase is not part of a wider project or part of ongoing operations (noting these examples would also have to comply with other Council policies including the Procurement Policy). A project will typically involve more resources than merely purchasing.

A project need not entail any expenditure. It may include, for example, receiving land or other assets for free, or granting permission for a private activity on Council land.

Prudential Management - is exercising caution, foresight, and systematic due diligence to identify adverse financial consequences and mitigate risks before committing to projects or investments. It requires managing a project in such a manner as to capture the proposed benefits, while minimising, offsetting or otherwise taking account of the foreseeable risks.

All projects should have a degree of Prudential Management based on the level of financial risk to which the Council may be exposed to by undertaking the project. A risk management approach should be applied based on this Policy and the Council's Risk Management Policy and Procedure.

Prudential Management should be considered as part of the Council's continuous review of services to identify:

- how services could be delivered more efficiently or effectively; and/or
- whether the services may be subject to newly emerging financial risks.

Prudential Project - means a Council project that satisfies the criteria set out in Section 48 of the Act which states that a Prudential Management Report must be prepared by a suitably qualified person for projects where:

- the expected **operating** expenses calculated on an accrual basis over the ensuing five (5) years is likely to exceed 20% of the Council's average annual operating expenses over the previous five years (as shown in the Council's financial statements; or
- the expected **capital** cost of the project over the ensuing five (5) years is likely to exceed \$4.0 million (indexed)¹; or
- the Council considers it necessary or appropriate.

Council staff must consult with the Council's Chief Financial Officer to obtain the most recent values for the above parameters in order to assess whether a Council project meets the threshold for the preparation of a Prudential Report based on whichever criteria is applicable (ie the operating expenses or the capital cost).

Prudential Report - is a formal report with specific due diligence and format requirements prescribed in Section 48(2) of the Act. This report needs to be obtained and considered by the Council for Prudential Projects.

A Prudential Report is regarded as the highest level of Prudential Management and associated due diligence. The Prudential Management Report must address the issues outlined in Section 48(2) of the Act.

Irrespective of the cost and in accordance with Section 48(3) of the Act, a Prudential Report is not required in relation to road construction or maintenance projects or drainage works.

3. POLICY

- 3.1. The Council will undertake projects only after an appropriate level of *due diligence* is applied to the project to ensure informed decisions are made.
- 3.2. The scale and complexity of the Due Diligence that is required for a project, will be determined on an assessment of the risks associated with undertaking the project, the likelihood of the risks occurring and the 'whole of life' costs for the project.
- 3.3. The decision on whether or not to proceed with a proposed project will be based on a threshold 'due diligence test' to ascertain whether:
 - 3.3.1. funding of the whole of life costs of the proposed project will (or might) require additional allocations beyond those already accommodated in the Council's Long Term Financial Plan; and
 - 3.3.2. the proposed project will (or might) generate any additional financial risk for the Council.

¹ The indexed amount is determined by applying a proportion obtained by dividing the Adelaide CPI for the September quarter of the immediately preceding year by the Adelaide CPI for the September quarter of the September quarter, 2009. As at 1 January 2026, the indexed threshold is \$6.147 million

- 3.4. For Prudential Projects, the Council will prepare a Prudential Report which addresses the following prudential issues which are outlined in Section 48(2) of the Act:
- (a). the relationship between the project and relevant strategic management plans;*
 - (b). the objectives of the Development Plan in the area where the project is to occur;*
 - (c). the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;*
 - (d). the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*
 - (e). if the project is intended to produce revenue, revenue projections and potential financial risks;*
 - (f). the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;*
 - (g). the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;*
 - (h). any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);*
 - (i). the most appropriate mechanisms or arrangements for carrying out the project;*
 - (j). if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.*
- 3.5. In accordance with Section 48(4) and (4a) of the Act, the Prudential Report will be prepared by a person who has no interest in the project and whom the Council believes is qualified to address the prudential issues set out in Section 48(2).
- 3.6. The Council will not consider and adopt the Prudential Report until it has been reviewed by the Council's Audit & Risk Committee.²
- 3.7. Members of the public may be excluded from a meeting of the Audit & Risk Committee and/or the Council at the time the Prudential Report is considered. Once adopted, the Prudential Report will be made available to the public on the Council's website. In accordance with Section 91(7) and 48(6) of the Act, the Council may prevent the disclosure of specific information included in the Prudential Report to protect the Council's commercial value or to avoid disclosing the financial affairs of a person (other than the Council).
- 3.8. Prudential Projects will not commence until the Council has considered and adopted the Prudential Report.
- 3.9. For non-Prudential Projects the Council will prepare a report to inform the relevant Council project decision-maker which may take the form of an Annual Business Plan & Budget funding submission, business case or Project plan or brief which, at a minimum, assesses the following from a due diligence perspective:
- the benefits (financial or otherwise) and the needs of the project;
 - identification and quantification of the whole of life financial and other costs, including staffing and project management; and
 - assessment of associated risks (including the risk of delaying or not proceeding) and considerations of ways the risk can be managed or mitigated.
- 3.10. Effective Due Diligence will be considered to have occurred where the Council has applied itself to the assessment and monitoring of:
- compliance
 - public interest benefits or needs, and
 - financial and other relevant risks
- associated with the project (before, during and after completion of the project).

² Local Government Act 1999 – Section 126(4)(i)

INFORMATION

This Policy should be read in conjunction with the Council's Risk Management Policy and Risk Management Procedure, as well as the following:

- Internal Controls Policy; and
- Procurement Policy.

The contact officer for further information at the City of Norwood Payneham & St Peters is the Council's General Manager, Governance & Civic Affairs, telephone 8366 4549.

ADOPTION AND REVIEW

The Council will review this Policy within 36 months of the adoption date of the Policy.

This Policy was reviewed by the Audit & Risk Committee on 19 October 2026 and adopted by the Council.

The Policy will be reviewed by November 2029.



City of
Norwood
Payneham
& St Peters

NAME OF POLICY: Prudential Management Policy

POLICY MANUAL: Finance

PURPOSE

The purpose of this Policy is to provide guidance to the Council, the community and staff, with in respect to the requirements for appropriate due diligence and prudential management of projects.

BACKGROUND

Prudential Management requires financial risks or adverse financial consequences to be considered, minimised or offset to ensure that the proposed benefits are achieved.

LEGISLATIVE CONTEXT

Section 48 of the *Local Government Act 1999* (the Act), requires the Council's to maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the Council;

- acts with due care, diligence and foresight;
- identifies and manages risks associated with a project
- makes informed decision; and
- is accountable for the use of Council and other public resources

A Prudential Management Report must be prepared by a qualified person for projects where;

- the expected expenditure over the ensuring 5 years is likely to exceed 20% of the Council's average annual operating expense for the previous five years;
- the expected capital cost of the project over the ensuring 5 years is likely to exceed \$4.0* million (indexed); or
- the Council considers it necessary or appropriate.

The Prudential Management Report must address the issues outlined in Section 48 (2) of the Act.

PRINCIPLE

The Principles of this Policy are:

- To ensure that the Council undertakes projects only after an appropriate level of 'due diligence' is applied to the proposed projects; and
- Each project is managed during and evaluated after to ensure that the project achieved the identified public benefit and or needs and to minimise financial risk.

POLICY

1. The Council will be guided by the requirements of Section 48 of the Act when assessing projects.
2. For projects greater than \$5.1 million (indexed to Sept 2021), the Council will prepare a Prudential Management Report which complies with the requirements of Section 48(2) of the Act.
3. The Chief Executive Officer will appoint a suitably qualified independent person to prepare the Prudential Management Report.

* Indexed to Sept 2021 Adelaide CPI

* At the date of adoption, the project value requiring a Prudential Management Report is \$5.1 million

4. The suitably qualified independent person may be an employee of the Council, whom is not engaged with the project.
5. Prudential projects will not commence until the Council has considered and adopted the Prudential Management Report.
6. Except where information is required to be protected under Section 48 (5), once adopted Prudential Management Reports will be made available to the public on the Council's website and for inspection at the Council's Principal Office.
7. The Council will not call for the preparation of a Prudential Management Report during the Local Government Election Caretaker Period.
8. For projects less than \$5.1* million (indexed to Sept 2021), the Council will prepare a Due Diligence Report (Funding Submissions) which at a minimum are required to assess the following;
 - the benefits (financial or otherwise) and the needs of the project;
 - identification and quantification of the whole of life financial and other costs, including staffing and project management;
 - assessment of associated risks (including the risk of delaying or not proceeding) and considerations of ways the risk can be managed or mitigated.
9. The Council will manage and evaluate projects with reference to the Due Diligence Report or Prudential Management Report.

REVIEW PROCESS

The Council will review this Policy within 36 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's General Manager, Corporate Services, telephone 8366 4585.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 26 February 2018.

This Policy was adopted by the Council on 5 March 2018.

This Policy was endorsed by the Audit Committee on 25 July 2022.

This Policy was adopted by the Council on 4 July 2022.

TO BE REVIEWED

February 2025

* Indexed to Sept 2021 Adelaide CPI

* At the date of adoption, the project value requiring a Prudential Management Report is \$5.1 million

5.8 DEBT REDUCTION STRATEGY

REPORT AUTHOR: Manager, Governance
APPROVED BY: General Manager, Governance & Civic Affairs
ATTACHMENTS: A

PURPOSE OF THE REPORT

The purpose of this report is to provide the Audit & Risk Committee (the Committee), with the presentation that has been provided to Elected Members and the Independent Members of the Committee regarding the strategic approach to reducing the Council's debt.

BACKGROUND

Section 122 of the *Local Government Act 1999* (the Act) prescribes the requirements for all Councils regarding Strategic Management Plans. To this end, Section 122(1b) -(1k) of the Act, sets out the requirements for the *Local Government Advice Scheme* (the Scheme) for which ESCOSA is the 'designated authority'.

The Scheme covers a review of information relating to the Council's Long Term Financial Plan and Infrastructure & Asset Management Plans.

As Committee Members are aware, ESCOSA published its report, *Local Government Advice City of Norwood Payneham & St Peters February 2026* (the ESCOSA Advice) on 19 February 2026.

Following receipt of the ESCOSA Advice in February 2026, an independent report was commissioned and prepared by Ms Bennetts from LGiQ (Consultants), which was presented to the Council at its Meeting held on 5 May 2026 and subsequently to the Council's Audit & Risk Committee at its Meeting held on 13 July 2026.

One of the recommendations from the ESCOSA Advice was to:

Improve the reporting of debt reduction targets or productivity improvements in its Long-Term Financial Plan and Annual Business Plans (as appropriate), to assure the community of how debt will be reduced.

The LGiQ report included the following recommendation in response to the above ESCOSA recommendation:

Develop and implement a clear debt reduction framework outlining:

- *clear debt reduction targets;*
- *clear timings of when the targets are to be achieved by;*
- *strategies for debt reduction; and*
- *risks associated with strategies.*

Section 126(4)(b) of the Act prescribes that one of the functions of the Council's Audit & Risk Committee is to propose and provide information relevant to, a review of the Council's strategic management plans.

In addition, Section 126(4)(f) of the Act prescribes that the Committee will also review the adequacy of the Council's financial management systems and practices on a regular basis.

To support the Committee to meet its legislative functions the presentation which provides an overview of the Council's proposed sustainable approach to reducing the Council's debt is contained in **Attachment A**.

RECOMMENDATION

That the presentation be received and noted.

CITY OF NORWOOD PAYNEHAM & ST PETERS



City of
Norwood
Payneham
& St Peters

A sustainable approach to reducing Council's debt

Purpose of the review

The Council has experienced a significant increase in debt associated with major approved capital. The current financial planning environment requires greater focus on:

- debt sustainability;
- capacity to fund future infrastructure;
- financial resilience;
- intergenerational equity; and
- affordability for ratepayers.

The Long-Term Financial Plan provides the framework for managing the timing and level of future borrowing. Community feedback and the ESCOSA recommendations reinforce the importance of maintaining a disciplined approach to debt reduction.

The objective is not simply to reduce debt - it is to establish a debt level and repayment path that the Council can sustainably maintain. The Council has a choice between the speed of debt reduction and the amount of funding retained for future investment. The strategy should establish a clear, sustainable and measurable path to reduce debt while maintaining capacity to deliver essential infrastructure.

Community Well-being is...

Social Equity

Cultural Vitality

Economic Prosperity

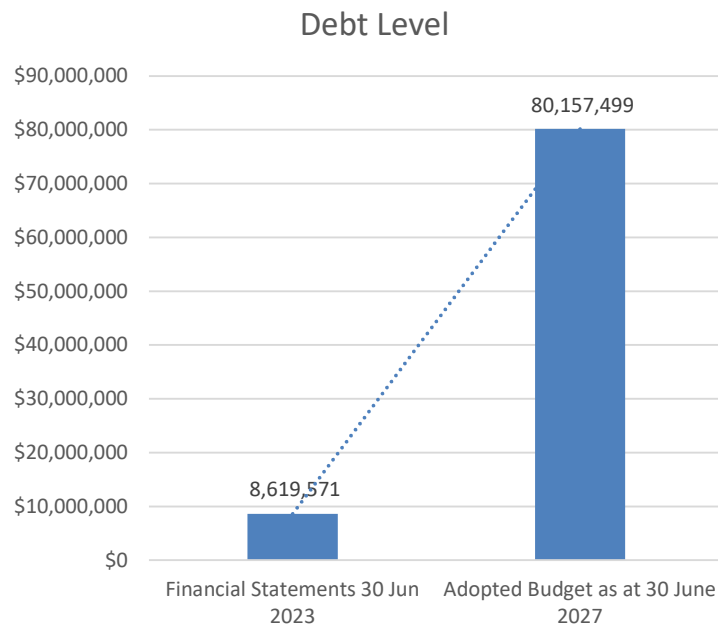
Environmental Sustainability



City of
Norwood
Payneham
& St Peters

A sustainable approach to reducing Council's debt – Why are we here? What happened to debt?

Debt has increased significantly



Council's debt increased substantially as a result of New approved capital projects Including:

- Burchell Reserve
- Dunstan Adventure Playground
- Cruickshank reserve
- Linear Pathway River Torrens
- Private Laneways
- Quadrennial Art
- George Street
- Kent Town Public Realm
- Payneham Memorial Swimming Centre
- Various Traffic related Investments (Langman Cushions, 40km Signs, Traffic management projects etc)

* Some grants and contributions were received towards some of these projects

The challenge is now to transition from a period of significant borrowing to a period of controlled and planned debt reduction.

Community Well-being is...

Social Equity

Cultural Vitality

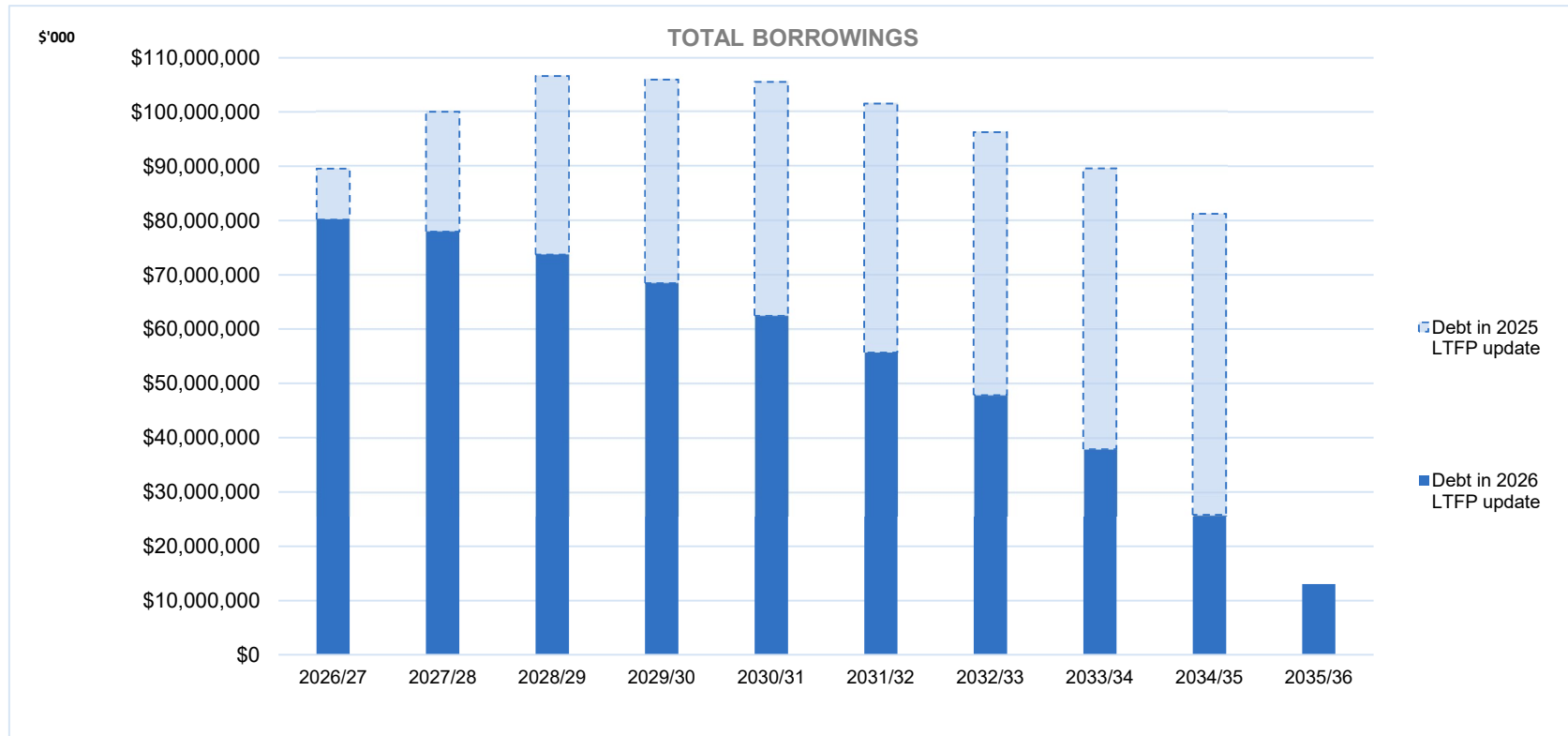
Economic Prosperity

Environmental Sustainability



A sustainable approach to reducing Council's debt – Where is debt heading?

Current Long-Term Financial Plan debt trajectory



Community Well-being is...

Social Equity

Cultural Vitality

Economic Prosperity

Environmental Sustainability



City of
Norwood
Payneham
& St Peters

A sustainable approach to reducing Council's debt

Proposed Debt Management Framework

1. Debt Reduction Strategies

- Cost monitoring and income opportunities
- Maintain operating surpluses

2. Establish a minimum annual debt reduction target

- A clear commitment within the LTFP and annual budget

3. Limit new debt-funded discretionary projects

- New borrowing should only be considered where financially sustainable and supported by Council's long-term financial capacity

4. Prioritise essential capital expenditure

Capital investment should focus on:

- renewal
- compliance
- essential infrastructure
- service continuity
- projects with a clearly demonstrated strategic need

Community Well-being is...

Social Equity

Cultural Vitality

Economic Prosperity

Environmental Sustainability



City of
Norwood
Payneham
& St Peters

A sustainable approach to reducing Council's debt

Proposed Debt Management Framework (Continued)

5. Monitor debt quarterly

- Report as part of Finance actual quarterly reports
- Actual debt and forecast debt

6. Review annually

- The strategy should be reviewed as part of the LTFP and budget cycle.

Community Well-being is...

Social Equity

Cultural Vitality

Economic Prosperity

Environmental Sustainability



City of
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Payneham
& St Peters

A sustainable approach to reducing Council's debt – What does debt reduction mean?

Debt Reduction Strategies

Capital Program Optimisation: Defer non-essential projects, stage major projects over longer periods, reduce project scope where appropriate and prioritise asset renewal over new assets

Increase External Funding: Continue to pursue grant opportunities, advocate for State and Federal funding, seek partnership funding where appropriate

Operating Surplus Improvement: Maintain positive operating surpluses, direct surplus cash toward debt repayment, improve cost recovery for selected services

Productivity and Efficiency Improvements: Contract reviews and renegotiations, reduction in duplicated activities (if identified), Process automation and digitisation

Asset Optimisation: Identify underutilised assets, Repurpose or dispose of non-core assets where appropriate, Reduce ongoing maintenance liabilities

Income Management: Continue annual fees and charges review

Review Service level: assess core and discretionary services and align with community expectations

Productivity Improvements: Cost savings, Cost avoidance, Reduced staff effort, Improved service levels, Reduced processing times

Community Well-being is...

Social Equity

Cultural Vitality

Economic Prosperity

Environmental Sustainability



A sustainable approach to reducing Council's debt

Establish a minimum annual debt reduction target

	Repay More	Repay Less
Debt balance	Falls faster	Remains higher
Interest costs	Lower over time	Higher over time
Available funds	Lower	Higher
New capital capacity	Potentially reduced	Potentially greater
Financial resilience	Improves sooner	Improves more slowly
Future ratepayer burden	Potentially lower	Potentially higher

Debt reduction involves a trade-off

Higher debt reduction



Lower debt



Lower future interest costs



Greater financial resilience

Less cash available in the short term for:

new capital investment;
discretionary projects; and
other service initiatives.

Slower debt reduction



More capacity for investment



Higher debt for longer



Higher cumulative finance costs and financial exposure.

Higher pressure on Surpluses

The less Council repays each year, the more funding remains available for investment - but the longer debt remains higher the greater the cumulative finance cost

Community Well-being is...

Social Equity

Cultural Vitality

Economic Prosperity

Environmental Sustainability



City of
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& St Peters

A sustainable approach to reducing Council's debt – What are the options?

Establish a minimum annual debt reduction target

Option 1 - Flat %

A consistent percentage reduction in debt each year. Debt balance declining progressively.

Advantages

- Simple to understand
- Provides a consistent methodology
- Debt reduces progressively
- Easy to monitor against the annual budget and LTFP

Considerations

- The dollar value of repayment changes as the debt balance changes
- A percentage based approach may not align equally with Council's cash flow requirements each year
- The speed of debt reduction needs to be tested against operating and capital requirements

Option 2 - Fixed \$, Set Dollar Amount per Year

A predetermined annual repayment amount.

Advantages

- Very clear and transparent
- Easy to incorporate into annual financial planning
- Provides certainty over the minimum repayment commitment
- Can be directly linked to the LTFP

Considerations

- Does not automatically adjust for changes in Council's debt level
- A fixed amount represents a larger percentage reduction when debt is lower
- May become either restrictive or insufficient as circumstances change

Option 3 - Committed Target Expectation

Council establishes a specific debt target to be achieved by the end of the LTFP period.

Advantages

- Focuses on the end-state that the Council wants to achieve
- Provides a clear and measurable long-term objective
- Allows flexibility in the timing of repayments during the LTFP
- Provides a clear benchmark for future LTFP reviews

Considerations

- The pathway to the target needs to be established
- A target alone does not determine the annual repayment profile

Community Well-being is...

Social Equity

Cultural Vitality

Economic Prosperity

Environmental Sustainability



City of
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& St Peters

A sustainable approach to reducing Council's debt - What are the consequences of each option?

				Flat %	Set \$ per annum				Target Debt Balance				
Primary focus				Annual reduction			Annual repayment			End-point debt			
Annual repayment certainty				High			Very high			Medium			
Flexibility				Medium			Low			High			
Long-term debt outcome				Variable			Variable			Defined			
Easy to monitor				High			High			Medium			
Long-term strategic focus				Medium			Medium			High			
YEAR	CURRENT LTFP			OPTION 1			OPTION 2			OPTION 3			
	Annual Debt reduction %	Annual Re-Pmt (\$m)	Debt Balance (\$m)	Annual Debt reduction %	Annual Re-Pmt (\$m)	Debt Balance (\$m)	Annual Debt reduction %	Annual Re-Pmt (\$m)	Debt Balance (\$m)	Debt target %	Annual Re-Pmt (\$m)	Debt Balance (\$m)	
	2027/28	3%	\$ 2.2	\$ 78.0	3%	\$ 2.0	\$ 78.2	2%	\$ 2.0	\$ 78.2	98%	\$ 1.6	\$ 78.6
	2028/29	5%	\$ 4.3	\$ 73.7	5%	\$ 3.9	\$ 74.2	4%	\$ 3.0	\$ 75.2	95%	\$ 2.4	\$ 76.1
	2029/30	7%	\$ 5.2	\$ 68.5	5%	\$ 3.7	\$ 70.5	7%	\$ 5.0	\$ 70.2	90%	\$ 4.0	\$ 72.1
	2030/31	9%	\$ 6.0	\$ 62.5	5%	\$ 3.5	\$ 67.0	7%	\$ 5.0	\$ 65.2	85%	\$ 4.0	\$ 68.1
	2031/32	11%	\$ 6.8	\$ 55.7	5%	\$ 3.4	\$ 63.7	8%	\$ 5.0	\$ 60.2	78%	\$ 5.6	\$ 62.5
	2032/33	14%	\$ 7.8	\$ 47.9	5%	\$ 3.2	\$ 60.5	8%	\$ 5.0	\$ 55.2	70%	\$ 6.4	\$ 56.1
	2033/34	21%	\$ 10.0	\$ 37.9	5%	\$ 3.0	\$ 57.5	9%	\$ 5.0	\$ 50.2	60%	\$ 8.0	\$ 48.1
	2034/35	32%	\$ 12.1	\$ 25.8	5%	\$ 2.9	\$ 54.6	10%	\$ 5.0	\$ 45.2	50%	\$ 8.0	\$ 40.1
2035/36	49%	\$ 12.7	\$ 13.0	5%	\$ 2.7	\$ 51.8	11%	\$ 5.0	\$ 40.2	40%	\$ 8.0	\$ 32.1	
\$ 67.1 \$ 28.3 \$ 40.0 \$ 48.1													
Total Interest	\$ 30.63			\$ 42.62			\$ 40.56			\$ 41.24			
Net Financial Liability	33.4%			46.2%			44.0%			44.7%			
Operating Surplus	10.0%			7.9%			8.8%			8.8%			
Interest Cover	1.1%			3.2%			2.3%			2.3%			

Community Well-being is...

Social Equity

Cultural Vitality

Economic Prosperity

Environmental Sustainability

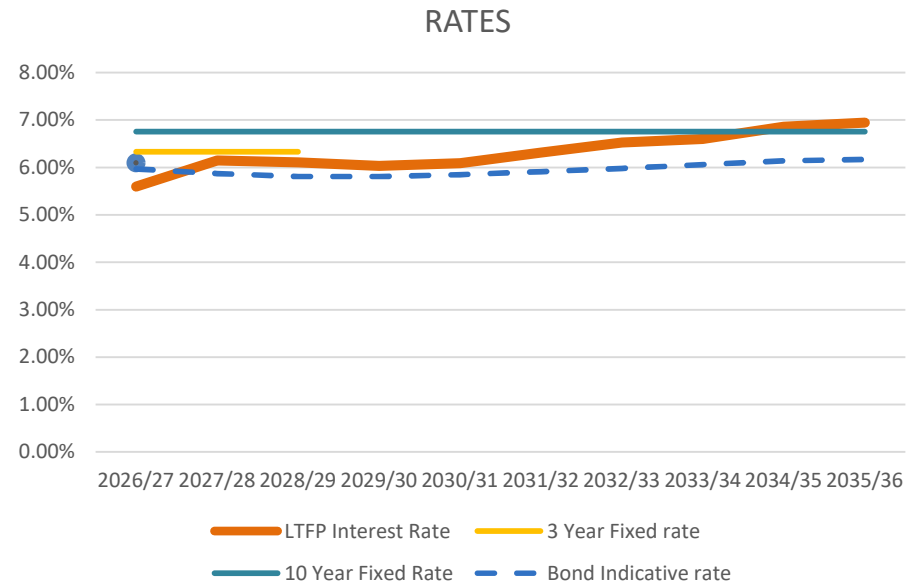


A sustainable approach to reducing Council's debt

FIXED VS VARIABLE

This decision particularly relevant to the debt strategy because **the debt balance and the interest-rate mix are separate decisions**. Council can reduce total debt while also determining how much of the remaining debt should be fixed or variable.

The Council needs to balance **interest rate certainty and protection against rising rates** with **flexibility and the potential benefit of lower variable rates**.



	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
CAD	6.10%									
LTFP Interest Rate	5.60%	6.15%	6.11%	6.04%	6.09%	6.32%	6.52%	6.60%	6.86%	6.95%
3 Year Fixed rate	6.33%	6.33%	6.33%							
10 Year Fixed Rate	6.76%	6.76%	6.76%	6.76%	6.76%	6.76%	6.76%	6.76%	6.76%	6.76%
Bond Indicative rate	5.97%	5.87%	5.81%	5.81%	5.85%	5.91%	5.98%	6.06%	6.14%	6.17%

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A sustainable approach to reducing Council's debt – How would debt be governed?

Prioritise essential capital expenditure and limit new debt-funded discretionary projects

Capital Renewal Program (road resurfacing, kerb and footpath renewal, building capital maintenance and drainage infrastructure) is essential to maintaining Council's assets, services and infrastructure and should continue without interruption. Significant investment is budgeted each year to address renewal requirements across key asset classes. Continued investment is important to ensure these assets remain fit for purpose, manage infrastructure risks and avoid the higher costs associated with deferred renewal.

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Capital Expenditure on Renewal and Replacement of Existing Assets	14,025,970	14,168,366	14,451,957	14,973,261	15,406,215	16,205,232	16,654,457	16,747,717	16,897,180	18,078,523

NEW Capital Projects

The debt reduction target would form part of the financial assessment of any new capital project proposed for inclusion in the LTFP. New borrowing should not be undertaken while the Council remains above its target debt trajectory. Any proposed new capital project that would materially change the current LTFP debt trajectory should demonstrate:

- *strategic alignment and a clear demonstrated community need*
- *affordability and long-term financial sustainability and whole-of-life capital and operating costs*
- *available funding, including grants and other external contributions*
- *the impact on Council's debt and financial sustainability indicators*
- *how the project can be accommodated while maintaining the proposed minimum debt reduction target, or otherwise clearly identify the implications of not achieving the target*

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City of
Norwood
Payneham
& St Peters

A sustainable approach to reducing Council's debt

Key Risks and Mitigation

- The principal risks to achieving the debt reduction trajectory are cost escalation, higher interest rates, lower than anticipated operating results, reduced grant funding, unforeseen asset renewal requirements and the introduction of new major capital projects.
- These risks will be managed through annual review of the LTFP, capital project prioritisation and staging, monitoring of financial sustainability indicators, maintaining appropriate operating results and ensuring any proposed new borrowing is supported by a clear business case and affordability assessment.
- The debt reduction strategy will be reviewed annually as part of the LTFP and budget processes. This will include consideration of the actual debt position against the projected trajectory, progress against the minimum annual debt reduction target, borrowing requirements, interest costs, financial sustainability indicators and any proposed changes to the capital program.

The strategy is intended to ensure that debt reduction remains a clear focus and priority while recognising that the Council must retain the capacity to make prudent and affordable investments where these are demonstrated to be necessary and provide a sustainable long-term benefit to the community while retaining sufficient flexibility to respond to essential infrastructure requirements and changing financial circumstances.

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A sustainable approach to reducing Council's debt

Action	Status	Timing	Potential Risks
Adopt Debt Reduction Framework	✓	Now	Falls outside the established framework
Review and reprioritise capital program - Ongoing	✓	Annually	Community resistance to service or project changes, Delays in strategic New infrastructure delivery
Defer capital projects and reduce new borrowing requirements	✓	Annually	Community potential opposition
Achieve target Net Financial Liabilities Ratio		Year 1	not achieving outcomes of the strategy
Review targets and assumptions		Annually	Costs escalations
Reduce project scope		Years 1–3	Community resistance to service or project changes, Delays in strategic New initiatives delivery
Asset disposal		Year 5	linked to all other risks
Cost reduction measures - Ongoing		Annually	Operating cost pressures exceeding inflation assumptions.
Increased fees and charges		Years 1–3	Reduced service outcomes, community dissatisfaction
Reliance on grants		Years 1–3	Community opposition
Debt repayment from operating surpluses		Annually	Service level impacts
Procurement review linked to Reduced contract costs - Ongoing		Annually	Affordability concerns
Digital forms and workflows linked to Reduced administration time		Annually	Funding uncertainty
Process reviews linked to Faster service delivery		Annually	Surpluses may not be achieved
Deliver Surplus		Annually	Savings may be harder to realise than expected, market uncertainty
Avoid deviation to LTFP		Annually	Construction cost escalation, Higher interest rates, Community resistance to service or project changes
Target to repay xx m of debt per year		Annually	Pressure on cash flow, operating budgets and the delivery of other Council priorities

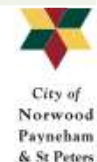
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A sustainable approach to reducing Council's debt – How will success be measured?

Measuring Success

Success is not simply achieving the lowest possible debt balance. Success is achieving a sustainable debt level while maintaining the Council's capacity to provide services and renew its infrastructure.

- ↓ Debt balance
- ↓ Net financial liabilities
- ↓ Finance cost exposure
- ↑ Operating sustainability
- ↑ Capacity to fund future infrastructure

Decision for Council

Council is being asked to provide direction on the preferred debt reduction approach to be incorporated into the Long-Term Financial Plan.

Next steps

- 1) Set Target / Assess Options impact on: debt balances, interest costs, operating results, cash requirements, capital expenditure and financial sustainability indicators
- 2) Discipline: Identify the implications for the Council's future capital capacity. New borrowing should not be undertaken while the Council remains above its target debt trajectory.
- 3) Priority: Available operating cash should first support essential renewal and debt reduction before discretionary new capital initiatives
- 4) Exception: New borrowing may be considered where the Council identifies a compelling strategic or intergenerational investment and the resulting impact remains consistent with the LTFP and financial sustainability objectives
- 5) Incorporate the preferred approach into the LTFP and annual budget
- 6) Establish annual reporting against the adopted debt strategy

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6 OTHER BUSINESS

7 CONFIDENTIAL REPORTS

8 NEXT MEETING

To be advised.

9 CLOSURE