



City of Nedlands

MINUTES

Special Council Meeting

Thursday 5 February 2026

These Minutes are Subject to Confirmation

Prior to acting on any resolution of the Council contained in these Minutes, a check should be made of the Ordinary Meeting of Council following this meeting to ensure that there has not been a correction made to any resolution.



Information

Council Meeting Agenda are run in accordance with the City of Nedlands Standing Orders 2016. If you have any questions in relation to the agenda, procedural matters, addressing the Council or attending these meetings please contact the Governance Officer on 9273 3500 or governance@nedlands.wa.gov.au

Public Question Time

Public question time at an Ordinary Council Meeting is available for members of the public to ask a question about items on the agenda. Questions asked by members of the public are not to be accompanied by any statement reflecting adversely upon any Council Member, Committee Member or Employee.

Questions should be submitted via the online form available on the City's website: [Public question time | City of Nedlands](#)

Questions may be taken on notice to allow adequate time to prepare a response and all answers will be published in the minutes of the meeting.

Disclaimer

Members of the public who attend Council Meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. For example, by reference to the confirmed Minutes of Council meeting. Members of the public are also advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

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1 DECLARATION OF OPENING

I am now pleased to declare this Ordinary Meeting of the Council of the City of Nedlands open at 4:32 pm.

Good evening to everyone in the gallery tonight and those online. As the Commissioners sit as the Council, we are also available to receive feedback from the community. Members of the community can attend Council meetings and can in opening the meeting, I acknowledge the traditional custodians of this land, the Whadjuk people of the Nyoongar Nation, and pay our respects to culture and Elders, past and present. The City of Nedlands also values the contributions made to the community over the years by people of diverse backgrounds and cultures, including those who have served and sacrificed.

This meeting is being live streamed and recorded and I refer you to the disclaimer on page 2 of the agenda.

2 PRESENT AND APOLOGIES AND LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Commissioners

| | |
|-------------|--------------------|
| Mr D Caddy | (Presiding Member) |
| Ms B Sandri | (Deputy) |
| Ms C Hart | |

Staff

| | |
|---------------|--|
| Mr A Kyron | Acting Chief Executive Officer |
| Ms L Driscoll | Interim Director Corporate and Community Performance |
| Ms N Jennings | Director Special Projects Corporate Services |
| Mr B Thompson | Director Planning and Development |
| Mr S Amasi | Director Technical Services |
| Mr S Famiano | Manager Urban Planning and Development |
| Mr J Allen | Manager Governance and Risk |
| Ms T Douglas | Executive Officer to CEO |

Apologies

Nil

Leave of Absence

Nil

Public

16

Media

2



3 PUBLIC QUESTION TIME

Nil

4 DISCLOSURES OF INTERESTS

Nil

5 DECLARATIONS BY MEMBERS THAT THEY HAVE NOT GIVEN DUE CONSIDERATION TO PAPERS

Nil

6 MATTERS FOR WHICH THE MEETING MAY BE CLOSED

Nil



7 DIVISIONAL REPORTS - CHIEF EXECUTIVE OFFICER

7.1 Issues Facing The City of Nedlands

| | |
|-------------------------------|---|
| Report Number | CEO03.02.26 |
| Applicant | City of Nedlands |
| Disclosure of Interest | Nil |
| Voting Requirements | Simple Majority |
| Authority/Discretion | Information |
| Contributing Officer | Arthur Kyron - Acting Chief Executive Officer |
| Responsible Officer | Arthur Kyron - Acting Chief Executive Officer |
| Director | Arthur Kyron - Acting Chief Executive Officer |
| Attachments | Nil |

Purpose

The Commissioners and Chief Executive Officer have been working diligently to identify, mitigate and reduce historical and current risks within the organisation since their appointment.

There are, however a number of outstanding and emerging catastrophic risks, and it is estimated that addressing them, to reduce their likelihood and impact, would cost the City in excess of \$27 million.

As such, an urgent report has been prepared documenting the issues at the City with regard to the ongoing viability.

Officer Recommendation

That Council:

1. **RECEIVES** this report which sets out, the Acting Chief Executive Officer's observations of the many issues facing the City of Nedlands.
2. **PROVIDES** this report to the Minister for Local Government, Local Government Inspector and Director General of the Department of Local Government.
3. **NOTES** the closure of four playgrounds due to safety concerns as a result their poor condition.

Commissioner Sandri proposed an Alternative Motion.

Alternative Motion and Council Decision

That Council:

1. **RECEIVES** this report which sets out, the Acting Chief Executive Officer's observations of the many issues facing the City of Nedlands.



2. **PROVIDES** this report to the Minister for Local Government, Local Government Inspector and Director General of the Department of Local Government.
3. **NOTES** the closure of four playgrounds due to safety concerns as a result their poor condition.
4. **REQUESTS** the Chief Executive Officer to prepare a report for the newly elected Council to consider a Remediation Action Plan and continue with the ongoing investigations to fully understand the issues being faced by the City.

Reason:

We now need to look ahead to how the City can be brought back on track, and it is appropriate for the CEO to provide a further report to Council.

Moved: Commissioner Sandri **Seconded:** Commissioner Caddy

CARRIED UNANIMOUSLY 3-0

For: Commissioner Caddy, Commissioner Sandri and Commissioner Hart
Against: Nil

Background

The Minister for Local Government dismissed the previously elected Council following the resignation of 4 councillors, and therefore the inability of the remaining councillors to form a quorum.

Three Commissioners, David Caddy, Bianca Sandri and Cath Hart were appointed to govern the Council until 28 March 2026 when an extraordinary local government election will be held. The City of Nedlands Commissioners employed Athanasios (Arthur) Kyron to be the acting CEO of the City of Nedlands.

It has become apparent that the City is at a crisis point with long-standing, systemic impacting the majority of the City's operations.

This includes significant financial and operational issues which affects the viability of the City of Nedlands as a going concern. Human resource management issues have also highlighted significant distress being experienced by staff, high staff turnover and low psychological safety.

The Commissioners have requested information on the matters relating to emerging and ongoing catastrophic risks.

The discussion section in this report sets out the observations.



Discussion

Financial Position

Estimated Financial Impact: \$2,850,000

- Multiple errors identified in City's budgets and financial transactions.
- Limited oversight on long term budget and financial decisions.
- Loss of key staff and loss of corporate knowledge.
- Limited system knowledge.
- Lack of system controls.
- Legacy of failed, plus outstanding audit issues.
- Lack of asset management integration with finances.

The City currently faces an estimated \$2.85m deficit for the 2025/26 financial year as of today, a negative variance of \$4.2m compared to the \$1.38m approved budget surplus of.

Systemic and historical deficiencies in the City's financial systems mean however, that it is not possible to have full confidence that this is in fact the true financial position of the City. This includes a lack of adequate systems to forecast its cash flow position as 30 June 2026. The City also does not have an up-to-date long term financial plan, rating and financing strategy, or asset management plan.

While current advice is that the City has the capacity to meet its planned and budgeted creditor obligations for 2025/26, this assumes the receipt of rates revenue in a timely manner however, this leaves limited capacity to fund unforeseen expenditure.

In addition to the potential deficit for the 2025/26 financial year, there are insufficient funds to meet the minimum infrastructure needs. The City needs to be able to add funds to the relevant reserves such that assets can be replaced/renewed before end of life/unsafe condition is reached to ensure community safety and amenity. These funds should be part of the annual budget calculation.

City Infrastructure

Estimated Cost Impact: \$18,000,000 pa

The City's current \$502.8 million infrastructure asset portfolio is significantly larger than it can support under existing funding levels. This is a systemic and long-running issue.

As a result of the prolonged period of underinvestment in staff, planning, maintenance, systems, equipment and asset renewal, the City's infrastructure is now poor, rundown and in some instances, unsafe.

Addressing this deterioration now will require a significantly higher level of investment than would have been required to maintain the assets over time.

It is estimated that the City will require ~\$41.8 million over the coming decade to address unfunded asset renewal. In addition, a further \$24.18 million is required to



address a backlog of asset maintenance and renewal. Current annual capital investment in infrastructure renewal is approximately \$4.3 million.

Addressing the backlog would require the City to spend an additional \$8m capital expenditure per year for the next three years, *in addition* to the existing capital spend of \$10m per year.

This additional activity would also see a rise in the operations budget as a result of costs for associated staffing, equipment, material and contract costs.

The \$24.18m backlog includes:

- ~\$7.1m to address the ageing pavement network, deferred reseals and reconstructions, increasing traffic loading;
- ~\$7.5m to address end-of-life community buildings, compliance upgrades, services and structural renewal ;
- ~\$7.08m to address river wall deterioration, stormwater pipes, pits and headwalls beyond useful life; and,
- ~\$2.5m for playground replacements, park infrastructure, retaining walls, irrigation and hardscape assets.

Unfunded Asset Renewal Liability and Backlog

Analysis of the out-of-date Asset Management Plan against the Long Term Financial Plan (LTFP) identifies a material funding shortfall for asset renewal:

- The estimated cumulative unfunded asset renewal gap over the next 10 years is approximately \$41.8 million.
- Annual funding gaps range from approximately \$5.5 million in 2023/24 to more than \$8.6 million per annum during the mid-term years of the forecast period.

This represents a growing backlog in asset renewal expenditure and increasing risk to asset condition, service levels and financial sustainability.

Asset condition evidence

To better understand the scale of the issue, the City undertook a condition assessment of 38 playgrounds across a range of equipment types.

The assessment found that 9 playgrounds (24%) were rated as Good, indicating they meet minimum service levels with minimal deterioration. A further 25 playgrounds (66%) were assessed as Average, reflecting moderate deterioration and the need for renewal in the medium term in accordance with IPWEA guidelines.

Three playgrounds (8%) were rated as Poor, indicating a reduced level of service, emerging safety risks, and the need for urgent renewal or replacement in the short term. One playground, Charles Court Reserve (3%), was assessed as Very Poor, indicating asset failure and an immediate safety risk requiring urgent renewal or replacement. Four playgrounds, assessed as being in poor or very poor condition, will be closed until funds are allocated to improve them.



Similarly, a condition assessment of the river wall along the foreshore between Charles Court Reserve and the City of Nedlands boundary identified large sections exhibiting material loss behind the structure. This indicates progressive structural deterioration and an increased risk of failure.

The underlying causes of deterioration are likely related to deficiencies in the wall foundation and crest height, making minor maintenance works insufficient to address the issue sustainably. It is recommended that sections of the river wall showing evidence of material loss be replaced in the near future to mitigate safety and asset failure risks. A capital investment of approximately \$1.5 million is required to undertake the necessary restoration works due to the many years of underinvestment.

Next Steps

The City is currently progressing:

- Updated Asset Management Plans for infrastructure asset classes;
- Development of a new Capital Works Program for the next financial year; and
- Alignment of these plans with the LTFP to establish a forward five-year capital and asset renewal program.

This integrated framework will provide Council/Commissioners with clearer visibility of asset renewal priorities, funding requirements, service level trade-offs and long-term financial risks, and will support more informed decision making in future budget cycles.

Staff underpayment

Estimated Cost Impact of staff underpayment: \$1,500,000

Ernst & Young (EY) is of the historical underpayment matters relating the 2020 underpayment of all staff, as well as the underpayment of Tresillian staff, Library staff, and Tresillian tutors.

Preliminary high-level estimates indicate at least \$1.5 million, may be required to address the identified shortfall. This does not include possible fines for not meeting our obligations as an employer

The total number of affected employees will be confirmed once EY has finalised its analysis. These matters are expected to be finalised by late February 2026.

The Australian Taxation Office and the Australian Services Union have been informed.

Workforce and organisational stability

Estimated Cost Impact of staff turnover: \$2,990,000
Cost of Worker Compensation Claims: \$176,000

Staff report having been accused of being biased, directed to write reports contrary to professional judgement, reports being changed without officer input, being unacknowledged for work done, and overall feeling unsafe at the City of Nedlands.



Some reports concern duplicitous dealings with the community, bullying behaviour, , appointments without advertisement, biased treatment (both positive and negative), and fear of.

As such, staff morale has been low and turnover has been high over many years.

In 2024-25 staff turnover (12 months) was 64.4% with as many as 115 have left in 2024-25 financial year. According to the Australian Human Resources Institute, the cost of staff turnover, on average, is \$26,000 per person. For the City of Nedlands, the total cost of the 64.4% annual turnover at the end of 2025 financial year was \$2.99 million ($\$26,000 \times 115 = \$2,990,000$).

However, turnover for the first six months of 2025-26 shows an improvement in stability, tracking at 17.5%, well below the local government staff turnover percentage of 26.8%.

Similarly, the vacancy level in July 2025, was 27.93 full time equivalent (FTE). In January 2026, the FTE vacancy level is 9.50.

Two workers' compensation claims with a combined value of \$176,000 were lodged in 2025, both relating to incidents that occurred during the 2024/2025 period. No claims have been recorded for incidents occurring from July 2025 onwards. Council's insurance premiums will increase as a result of the workers compensation payouts.

Generally, staff do not want to stay at the City and senior staff see the City as a career cul de sac or terminal to future career prospects.

The recent PSI (Psychological Safety Inventory) indicates some of the following top-level findings.

Staff reported that:

1. They did not feel listened to
2. They did not feel safe to make mistakes
3. New ideas were not welcomed
4. Information was not shared
5. They were not encouraged to ask for help
6. They did not feel their effort was equal to the rewards they got from their jobs
7. There were low levels of satisfaction in the work

ICT Systems, Servers and Business Continuity Risk

| | |
|--|-------------------------|
| <u>Estimated Cost Impact of ICT remediation:</u> | <u>\$4,700,000 OPEX</u> |
| <u>Estimated Cost of ICT Remediation:</u> | <u>\$370,000 CAPEX</u> |

Historic under-investment in ICT has left the City's core technology environment under strain.



Over the past year alone, the City experienced approximately 14 significant incidents or systemic failures across its ICT environment as a result of the cumulative impact of ageing systems, modernisation backlogs, and the retirement of older technologies.

These included major service outages affecting key corporate systems and access to online services; failures relating to data-protection; cyber-security risks and asset-related failures caused by ageing equipment

In one instance, data could only be restored up to an earlier point in time, requiring some work to be recreated manually. In another incident, external connectivity was disrupted until service could be progressively restored.

Many of the foundational systems that support day-to-day operations no longer receive full manufacturer support, reducing their reliability and limiting the availability of modern security protections. While some critical security infrastructure has been refreshed recently, most other areas require renewal.

The City does not currently have contemporary network documentation or consistent configuration standards across key platforms. This limits the City's ability to proactively identify issues before they impact services and to maintain systems reliably.

Certain digital tools are also being retired by external vendors over the next 12–24 months, which will require replacement solutions to maintain workflow automation and integration. In addition, some power-protection equipment is significantly aged, and several critical network locations do not yet have secondary power arrangements.

The City maintains formal backup and disaster recovery processes; however, these documents are currently being updated to reflect current risks and organisational changes. The broader business continuity plan also requires revision.

A recent security maturity assessment identified several areas where uplift is required, and the City has commenced a structured improvement program. Organisation-wide cyber-security training is being rolled out, and additional tools for managing cyber risks are being implemented.

Underground Power

A review of the Underground Power project (UGP) has identified errors in the Underground Power project modelling, and 25/26 budgeted figures. The outcome has yet to be finalised.

The project has caused considerable angst in the community. Work will continue to identify if ratepayers have been appropriately charged.

Office of the Auditor General Audits

Estimated Cost Impact of audit remediation: \$113,172

The City of Nedlands is the only metropolitan local government that has consistently not met its audit obligations.



The 24/25 Audit is still in progress. The City has recently been included in the Office of the Auditor General's report 'Status of Local Government Audits 2025', dated 28 January 2026, noting that:

The City provided their 2025 financial report in November 2025, well after the statutory deadline of 30 September 2025.

There are multiple reasons for the delay in the audit of the City, including:

- *late finalisation of the 2024 audit*
- *a system outage issue that impacted revenue transactions during the final quarter of the 2024-25 financial year which required some transactions to be reprocessed*
- *resourcing challenges ongoing since 30 June 2025 with finance staff changes*
- *salary underpayments identified which are still being investigated and will likely require disclosure in the financial report*
- *historical record keeping issues which continue to impact the progress of the 2025 audit.*

The audit is expected to be completed by 31 March 2026 assuming outstanding information is provided and audit issues resolved by early February 2026. The last time the City met the statutory deadline was the 2021 financial year, with the opinion dated 30/11/2021.

No formal findings have been tabled at this date; however, there are several issues carried forward from previous years audits.

Insurance risk

| | |
|--|---------------------|
| <u>Estimated Cost Impact of potential loss of all building assets:</u> | <u>\$24,642,396</u> |
| <u>Estimated Cost of potential loss of all Contents:</u> | <u>\$6,612,899</u> |

Significant deficiencies have been identified in the City's insurance coverage. Due to a lack of systems and processes, the City has had no coverage for any 'contents' in the current financial year, and many of the City's built assets were incorrectly left uninsured.

Now that this issue has been rectified, there is an additional unbudgeted insurance premium of \$33,535.52 to pay Local Government Insurance Scheme (LGIS).

- The City had no insurance for any of its contents (across all City sites) from 1 July 2025 to the 3 December 2026.
 - Coverage is now active and there were no relevant claims during that period.
- A large number of buildings that are leased to communities have been uninsured, despite the City either being required under the lease to provide insurance or where the City has confirmed to the tenant that the City will take on insurance:



- It was identified in November 2025 that 29 properties had been incorrectly removed from the coverage register.
- As at January 2026, 27 of these properties are formally confirmed as included on the register, with coverage backdated to the beginning of the year.
- 2 final properties are awaiting final confirmation from LGIS that they have all the necessary information to backdate the coverage.
- 1 relevant claim has been received for property damage during the period of coverage. LGIS have covered this claim following an application by the City to the LGIS discretionary fund.

Both the Buildings and Contents coverage levels set out in the insurance register are based on outdated information and require complete review. The LGIS have raised concerns in relation to the City's inspection and maintenance of Community tenanted properties. This could have resulted in coverage being voided for those properties.

Officers are now working on inspection regime which will see all properties inspected prior to the end of April 2026.

There are currently no processes in place for conducting insurance renewal.

Absence of and out of date key informing documents

Estimated Cost of developing the plans: \$120,000

The City does not have important up-to-date informing documents. This is unprecedented in contemporary leadership practices.

The effect of the absence of these plans is there is a limited basis to make informed decisions on annual budgets and the resourcing and execution of decisions of Council for the immediate and long term. The dangerous impact is that the decisions taken are based on opinions, beliefs, expedient or populist grounds and nothing to do with responsible leadership.

The informing documents are:

- Asset Management Plan
- Long Term Financial Plan
- Workforce Plan
- Information and Technology Plan
- Services Plan
- Project Management Philosophy and framework

Consultation

The observations incorporated input from the Executive and leadership team, staff engagement and feedback, and a review of internal documents and organisational performance data.



Strategic Implications

This item is strategically aligned to the City of Nedlands Council Plan 2023-33 vision and desired outcomes as follows:

Vision: Sustainable and responsible for a bright future

Performance

11. Effective leadership and governance.

Budget/Financial Implications

There are significant financial implications, including the engagement of consultancy support, investment in systems, workforce capability development, and asset planning. Funding requirements will be considered through the annual budget process, reflected in a revised Long-Term Financial Plan, and subject to staged implementation and Council approval.

In summary, the cost of addressing the issues raised in this report are listed below:

| | |
|--|----------------------------|
| City Budget Deficit | \$2,850,000 |
| Audit Remediation | \$113,172 |
| ICT Remediation | \$5,070,000 |
| City Infrastructure Backlog | \$18,000,000 pa |
| Staff Underpayment | \$1,500,000 |
| Development of Key Informing Documents | \$120,000 |
| <u>TOTAL</u> | <u>\$27,653,172</u> |

Legislative and Policy Implications

Implementation of the recommendations will support the City's compliance with the Local Government Act 1995, the Integrated Planning and Reporting Framework, and statutory obligations relating to recordkeeping, financial management, and governance. While no immediate policy changes are required, policy updates may be recommended as part of the implementation process.

Decision Implications

Implementation of the remedial actions will need to be managed for the City to comply with the Local Government Act 1995, and statutory obligations relating to recordkeeping, financial management, and governance. While no immediate policy changes have been identified, policy updates may be recommended as part of the implementation process.



Conclusion

This report presents a clear and compelling case for change. They provide clear focus areas for immediate attention to strengthen the City of Nedlands' governance, culture, financial sustainability, and service delivery. Inaction on any of the problem areas will further deteriorate the viability and reputation of the City of Nedlands.

Further Information

Nil



8 URGENT BUSINESS APPROVED BY THE PRESIDING MEMBER OR BY DECISION

Nil



9 CONFIDENTIAL ITEMS

Nil



10 DECLARATION OF CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 4:47pm.