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Incorporating

NSX Limited

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Bendigo Stock Exchange Limited

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BSX Services Pty Ltd (t/a) BSX Taxi Markets

ABN 57 084 885 683

The Waterexchange Pty Ltd

ABN 19 084 332 132

AUDIT & RISK COMMITTEE CHARTER

April 2008

File Reference:

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Table of Contents

1. PURPOSE	3
2. MEMBERSHIP	3
3. RESPONSIBILITIES	3
3.1 Financial Reporting	3
3.2 External Audit	4
3.3 Risk Management, Internal Audit and Internal Control	4
3.4 Insurance Program	4
3.5 Compliance	4
4. AUTHORITY & REPORTING	5
5. ACCESS	5
6. MEETINGS AND ATTENDANCE	5
7. REPORTING LINES TO THE COMMITTEE	6
8. REVIEW OF CHARTER	6



1. Purpose

- 1.1 The primary function of the Audit Committee (“Committee”) is to assist the board of directors of the NSX Limited (“Board”) to carry out the following:
 - 1.1.1 monitor the integrity of the NSX Group’s statutory financial reports and statements;
 - 1.1.2 monitor management’s framework to identify and manage enterprise risk and internal control for the NSX Group;
 - 1.1.3 monitor compliance, in conjunction with the NSX Compliance Committee, with laws and regulations and code of conduct for the NSX Group; and
 - 1.1.4 monitor the performance and independence of the external auditor.
- 1.2 In considering the financial reports and statements of the NSX Group, the Committee relies on the board of each NSX Group controlled entity to review and consider their respective financial statements, risk management processes, internal controls and compliance systems. The Committee receives confirmation of these matters through the annual reports of the respective entity boards to the Board.

2. Membership

- 2.1 Members, including the Chair, of the Committee are appointed by the Board.
- 2.2 The Committee will consist of at least three non-executive directors (including Chair) of the Board.
- 2.3 The term of appointment is for a period of one year.
- 2.4 Committee members are eligible for re-appointment subject to the composition and skill requirements for the Committee.
- 2.5 The Chair of the Board and executive directors are not eligible to be members of the Committee.
- 2.6 The effect of ceasing to be a director of the Board is the automatic termination of appointment as a member of the Committee.
- 2.7 Each member must have a working familiarity with general finance and accounting practices. At least one member of the Committee must have accounting or related financial management expertise.
- 2.8 The performance of the Committee will be evaluated by the Board at least annually.

3. Responsibilities

3.1 Financial Reporting

- 3.1.1 Review quarterly cash flow (ASX 4C), half-yearly and yearly financial reports and statements with management and the external auditor.
- 3.1.2 Review, with management and the external auditors, the results of the external audit and any significant issues identified.
- 3.1.3 Review any accounting policy changes with management and the external auditor.
- 3.1.4 Make recommendations to the Board on significant accounting and financial policies.
- 3.1.5 Review representation letters from the CEO and CFO.
- 3.1.6 Where relevant, review the financial reports and statements for the NSX Group subsidiaries.

3.2 External Audit

- 3.2.1 Annually consider the appointment of the external auditor, including whether an audit tender process is required. Any subsequent recommendation on the appointment of the external auditor is put to the Board. If a change is approved it will be put forward to shareholders for their approval.
- 3.2.2 Review the terms of engagement and fees, including any engagement letter issued at the start of each audit.
- 3.2.3 Consider and review the scope of work, reports and activities of the external auditor including interaction with internal audit.
- 3.2.4 Review the findings of the audit with the external auditor.
- 3.2.5 Establish and review policies as appropriate in regards to independence of the external auditor.
- 3.2.6 Assess the independence of the external auditor based on the information received from the external auditors and management. In assessing independence, the Committee considers:
 - 3.2.6.1 NSX Group policy on the employment of former employees of the external auditor and monitors the implementation of this policy.
 - 3.2.6.2 Policies on the supply of non-audit services by the external auditor.
 - 3.2.6.3 The fees for audit and non-audit services provided by the external auditor on a regular basis.
 - 3.2.6.4 The rotation of audit partners.
 - 3.2.6.5 The external auditor's own statement on independence.
- 3.2.7 Review the performance of the external auditors taking into account the opinions of management and internal audit.

3.3 Risk Management, Internal Audit and Internal Control

- 3.3.1 Review NSX Group enterprise risk framework for identifying, monitoring and managing significant business risks.
- 3.3.2 Consider the effectiveness of the NSX Group's internal control system.
- 3.3.3 Review and approve the charter, annual audit plans and activities for the internal audit function.
- 3.3.4 Monitor management's response to reviews and recommendations of the internal and external auditors regarding internal control systems and procedures.
- 3.3.5 Review the adequacy of resources and governance arrangements of the internal audit function.
- 3.3.6 Review and be consulted in the appointment, replacement or dismissal of the General Manager.
- 3.3.7 Review the effectiveness of the internal audit function.

3.4 Insurance Program

- 3.4.1 Review the NSX Group's insurance program at least annually having regard to the Group's business and the insurable risks associated with the Group's business.

3.5 Compliance

- 3.5.1 Review the NSX Group's compliance framework for identifying, monitoring and managing compliance with laws and regulations.

- 3.5.2 Obtain regular updates from management regarding compliance matters in relation to the NSX Group's compliance with significant statutory requirements.
- 3.5.3 Review reports from the Group Compliance Committee in relation to compliance with any conditions of regulatory licences, other than those delegated for reporting to NSX Compliance Committee (NSXCC).
- 3.5.3 Consider the findings of any examinations by regulatory bodies.

4. Authority & Reporting

- 4.1 The Committee reports to the Board.
- 4.2 The external auditor reports to the Committee and the Board.
- 4.3 The Committee has authority to:
 - 4.3.1 Investigate any activity within its Charter and any matters specifically requested by the Board.
 - 4.3.2 Resolve any disagreements between management and the auditor regarding financial reporting.
 - 4.3.3 Delegate authority to subcommittees.
 - 4.3.4 Obtain outside legal or other independent professional advice as necessary to assist the Committee.
- 4.4 The Committee shall consider at each meeting whether any significant matters brought to the attention of the Committee should be reported to the Board.
- 4.5 At least annually, the Committee will provide a summary report to the Board.

5. Access

- 5.1 The Committee has unrestricted access to all records and staff of the NSX Group (including internal audit) and the external auditors.

6. Meetings and Attendance

- 6.1 The Committee will meet at least four times per year and the schedule of meetings will be agreed in advance.
- 6.2 Additional meetings may be convened as required or as requested by the Chair of the Committee or the Board.
- 6.3 The Committee Chair will call a meeting of the Committee if so requested by any member of the Committee, the external auditor, internal auditor or by the Chair of the Board.
- 6.4 A quorum shall be any 2 members.
- 6.5 Should the Chair be absent from the meeting, the members of the Committee present at the meeting have the authority to choose one of their number to chair that particular meeting.
- 6.6 Attendance by members at committee meetings will be disclosed in the annual report.
- 6.7 As necessary or desirable, the Chair may invite members of management, representatives of the external auditors and / or other external advisors to be present at meetings of the Committee. Board members may attend any meeting of the Committee.
- 6.8 The external audit engagement partner attends all meetings of the Committee. At least once per year, the Committee shall meet with the external auditor without management present.
- 6.9 The secretary of the Committee will be a representative from the NSX Group Secretariat.
- 6.10 The agenda and supporting papers will be delivered to Committee members in advance of the meeting.

- 6.11 Proceedings of all meetings are minuted, approved by the Committee and signed by the Chair of the meeting. Minutes of meetings are tabled at Board meetings.

7. Reporting Lines to the Committee

- 7.1 For the purpose of supporting the independence of their functions, the external auditor, NSX General Manager and NSX Accountant, have a direct line of reporting access to the Committee.
- 7.2 Under the terms of the Group's Whistleblowing Policy, NSX Group staff have access to the Committee's Chair if required.

8. Review of Charter

- 8.1 The Charter is reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities.
- 8.2 Confirm annually that all activities listed in this charter have been addressed.
- 8.3 All amendments to the charter are discussed and approved by the Board.