

# agenda

## Special Meeting of Council

NOTICE IS HEREBY GIVEN THAT A  
SPECIAL MEETING OF THE COUNCIL  
OF THE CITY OF JOONDALUP WILL BE HELD IN  
THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE,  
BOAS AVENUE, JOONDALUP

**ON** TUESDAY 22 DECEMBER 2020

**COMMENCING AT** 5.00PM

**PURPOSE OF MEETING**

The purpose of the meeting is for Council to consider:

- 1 *2019-20 Annual Report*
- 2 *2019-20 Annual Financial Report*

**GARRY HUNT**  
Chief Executive Officer  
18 December 2020

[www.joondalup.wa.gov.au](http://www.joondalup.wa.gov.au)

*This document is available in alternate formats upon request*

**PUBLIC QUESTION TIME**

Members of the public are requested to lodge questions in writing by 9.00am on 21 December 2020

Answers to those questions received within that timeframe will, where practicable, be provided in hard copy form at the Special Council Meeting.

Please Note: Section 7(4) (b) of the Local Government (Administration) Regulations 1996 states that a Council at a special meeting is not required to answer a question that does not relate to the purpose of the meeting. It is requested that only questions that relate to items on the agenda be asked.

**QUESTIONS TO**

[council.questions@joondalup.wa.gov.au](mailto:council.questions@joondalup.wa.gov.au)  
PO Box 21 Joondalup WA 6919

[www.joondalup.wa.gov.au](http://www.joondalup.wa.gov.au)

## IMPORTANT INFORMATION

### ATTENDANCE AT MEETING DURING COVID-19 PANDEMIC

Following advice from the State Government and the Department of Health WA in relation to COVID-19 (Coronavirus) pandemic, public attendance at the City of Joondalup meetings has been restricted.

To maintain the required physical distancing between people during this time, the maximum public attendance at meetings has been capped at 55 people (37 in the Chamber and 18 in the adjoining lobby). Any members of the public wishing to attend the meeting above this limit will unfortunately not be able to attend.

To manage expectations, members of the public wishing to attend the meeting and ask up to two questions and / or to make a public statement, can register their own interest from 9.00am to 4.00pm on the day of the meeting by emailing [council.questions@joondalup.wa.gov.au](mailto:council.questions@joondalup.wa.gov.au) or contacting the City on 9400 4313. Registration priority will be given on a first come first serve basis for members of the public wishing to ask questions and/or make a public statement.

Members of the public can only register themselves and cannot submit a request on behalf of others.

Attendance priority will be given to those persons listed in a submitted and approved Deputation Request (at Briefing Sessions only) followed by members of the public wishing to ask up to two verbal questions and/or to make a verbal public statement.

Members of the public wishing to only attend the meeting to observe the proceedings, will be placed on a waiting list and permitted to attend where seats remain vacant after consideration of the above attendee requests.

Any member of the public attending the meeting in person without registration will not be given access unless there is space available. However the audio of proceedings of Council meetings are streamed live at <https://www.joondalup.wa.gov.au/kb/resident/live-council-meeting-audio-feed>.

To ensure capacity is not compromised, entry to the City's premises will be restricted following 30 minutes past the scheduled start time of the meeting. Members of the public approved to attend are therefore encouraged to arrive at the meeting well before the scheduled start time of the meeting.

For your health and safety, members of the public are reminded to:

- follow the direction of the Presiding Members and City employees when attending meetings
- maintain 1.5 metre separation between themselves and other members of the public while attending meetings
- use the hand sanitiser that is provided by the City at the venue
- not attend meetings should they feel unwell or if they have been in contact with a known COVID-19 case, or been overseas in the previous two weeks.

**From 5 December 2020, members of the public will be requested to scan the City's SafeWA QR Code on entry to the Chamber, or register their details with the City. Members of the public are therefore requested to download the SafeWA app from the [Apple App Store](#) or the [Google Play Store](#).**

*Further information can be provided by contacting the Governance Coordinator on 9400 4369.*

## COUNCIL MEETINGS

The following procedures for the conduct of Council Meetings were adopted at the Council meeting held on 21 April 2020:

### PROCEDURES FOR PUBLIC QUESTION TIME

The following procedures for the conduct of Public Question Time were adopted at the Council meeting held on 21 April 2020:

Where a meeting of a committee is open to the public the procedures for public question time and public statement time apply. In this regard these procedures are amended by substituting “Council” with “Committee” to provide proper context.

#### Questions asked Verbally

- 1 Members of the public are invited to ask questions at Council Meetings.
- 2 Questions asked at an Ordinary Council meeting must relate to a matter that affects the City of Joondalup. Questions asked at a Special meeting of Council must relate to the purpose for which the meeting has been called.
- 3 A register will be provided for those persons wanting to ask questions to enter their name. The Presiding Member may call persons registered to come forward in an order that allows the maximum opportunity for as many people as possible to address the meeting on the widest range of matters that are listed in the agenda. Persons that come forward are to state their name and full address.
- 4 Public question time will be limited to two minutes per member of the public, with a limit of two verbal questions per person.
- 5 Statements are not to precede a question during public question time and questions must be succinct and to the point. Statements can only be made during public statement time.
- 6 Members of the public are encouraged to keep their questions brief to enable everyone who desires to ask a question to have the opportunity to do so.
- 7 Public question time will be allocated a minimum of 15 minutes and may be extended in intervals of up to 10 minutes by resolution of Council, but the total time allocated for public questions to be asked and responses to be given is not to exceed 35 minutes in total. Public question time is declared closed following the expiration of the allocated time period, or earlier than such time where there are no further questions.
- 8 Questions are to be directed to the Presiding Member and shall be asked politely, in good faith, and are not to be framed in such a way as to reflect adversely or be defamatory on a particular Elected Member or City employee. The Presiding Member shall decide to:
  - accept or reject any question and their decision is final
  - nominate a City employee to respond to the question
  - or
  - take a question on notice. In this case a written response will be provided as soon as possible, and included in the agenda of the next Council meeting.

- 9 Where an Elected Member is of the opinion that a member of the public is:
- asking a question at a Council meeting, that does not relate to a matter affecting the City
  - or
  - making a statement during public question time,
- they may bring it to the attention of the Presiding Member who will make a ruling.
- 10 Questions and any response will be summarised and included in the minutes of the Council meeting.
- 11 It is not intended that question time should be used as a means to obtain information that would not be made available if it was sought from the City's records under Section 5.94 of the *Local Government Act 1995* or the *Freedom of Information Act 1992* (FOI Act 1992). Where the response to a question(s) would require a substantial commitment of the City's resources, the Chief Executive Officer (CEO) will determine that it is an unreasonable impost upon the City and refuse to provide it. The CEO will advise the member of the public that the information may be sought in accordance with the FOI Act 1992.

#### **Questions in Writing – (Residents and/or ratepayers of the City of Joondalup only)**

- 1 Only City of Joondalup residents and/or ratepayers may submit questions to the City in writing.
- 2 Questions asked at an Ordinary Council meeting must relate to a matter that affects the City of Joondalup. Questions asked at a Special meeting of Council must relate to the purpose for which the meeting has been called.
- 3 The City will accept a maximum of five (5) written questions per City of Joondalup resident/ratepayer. To ensure equity and consistency, each part of a multi-part question will be treated as a question in its own right.
- 4 Questions lodged by 9.00am on the day immediately prior to the scheduled Council meeting will be responded to, where possible, at the Council meeting. These questions, and their responses, will be distributed to Elected Members and made available to the public in written form at the meeting.
- 5 The Presiding Member shall decide to accept or reject any written question and their decision is final. Where there is any concern about a question being offensive, defamatory or the like, the Presiding Member will make a determination in relation to the question. Questions determined as offensive, defamatory or the like will not be published.
- 6 The Presiding Member may rule questions out of order where they are substantially the same as questions previously submitted and responded to.
- 7 Written questions unable to be responded to at a Council meeting will be taken on notice. In this case, a written response will be provided as soon as possible and included on the agenda of the next Council meeting.
- 8 A person who submits written questions may also ask questions at a Council meeting and questions asked verbally may be different to those submitted in writing.

- 9 Questions and any response will be summarised and included in the minutes of the Council meeting.
- 10 It is not intended that question time should be used as a means to obtain information that would not be made available if it was sought from the City's records under Section 5.94 of the *Local Government Act 1995* or the *Freedom of Information Act 1992* (FOI Act 1992). Where the response to a question(s) would require a substantial commitment of the City's resources, the Chief Executive Officer (CEO) will determine that it is an unreasonable impost upon the City and may refuse to provide it. The CEO will advise the member of the public that the information may be sought in accordance with the FOI Act 1992.

Written questions should be sent via email to [council.questions@joondalup.wa.gov.au](mailto:council.questions@joondalup.wa.gov.au)

### **DISCLAIMER**

Responses to questions not submitted in writing are provided in good faith and as such, should not be relied upon as being either complete or comprehensive.

### **PROCEDURES FOR PUBLIC STATEMENT TIME**

The following procedures for the conduct of Public Statement Time at Council Meetings were adopted at the Council meeting held on 21 April 2020:

- 1 Members of the public are invited to make public statements verbally at Council meetings.
- 2 Statements made at an Ordinary Council meeting must relate to a matter that affects the City of Joondalup. Statements made at a Special meeting of Council must relate to the purpose for which the meeting has been called.
- 3 A register will be provided for those persons wanting to make a statement to enter their name. The Presiding Member may call persons registered to come forward in an order that allows the maximum opportunity for as many people as possible to address the meeting on the widest range of matters that are listed in the agenda. Persons that come forward are to state their name and full address.
- 4 Public statement time will be limited to two minutes per person.
- 5 Members of the public are encouraged to keep their statements brief to enable everyone who desires to make a statement to have the opportunity to do so.
- 6 Public statement time will be allocated a maximum time of 15 minutes. Public statement time is declared closed following the 15 minute allocated time period, or earlier than such time where there are no further statements.
- 7 Statements are to be directed to the Presiding Member and are to be made politely in good faith and are not to be framed in such a way as to reflect adversely or be defamatory on a particular Elected Member or City employee.
- 8 Where an Elected Member is of the opinion that a member of the public is making a statement at a Council meeting, that does not relate to a matter affecting the City, they may bring it to the attention of the Presiding Member who will make a ruling.
- 9 Statements will be summarised and included in the minutes of the Council meeting.

## CODE OF CONDUCT

Elected Members, Committee Members and City of Joondalup employees are to observe the City of Joondalup Code of Conduct including the principles and standards of behaviour that are established in the Code.

The following principles guide the behaviours of Elected Members, Committee Members and City of Joondalup employees while performing their role at the City:

- Act with reasonable care and diligence.
- Act with honesty and integrity.
- Act lawfully.
- Avoid damage to the reputation of the City.
- Be open and accountable to the public.
- Base decisions on relevant and factually correct information.
- Treat others with respect and fairness.
- Not be impaired by mind affecting substances.

Elected Members, Committee Members and employees must:

- (a) act, and be seen to act, properly and in accordance with the requirements of the law and the Code of Conduct
- (b) perform their duties impartially and in the best interests of the City uninfluenced by fear or favour
- (c) act in good faith in the interests of the City and the community
- (d) make no allegations which are improper or derogatory and refrain from any form of conduct, in the performance of their official or professional duties, which may cause any person unwarranted offence or embarrassment
- (e) always act in accordance with their obligations to the City and in line with any relevant policies, protocols and procedures.

\* *Any queries on the agenda, please contact Governance Support on 9400 4369.*

## CIVIC CENTRE EMERGENCY PROCEDURES

The City of Joondalup values the health and safety of all visitors to City of Joondalup facilities. The following emergency procedures are in place to help make evacuation of the City of Joondalup Civic Centre safe and easy.

### Alarms

The City of Joondalup emergency system has two alarm tones:

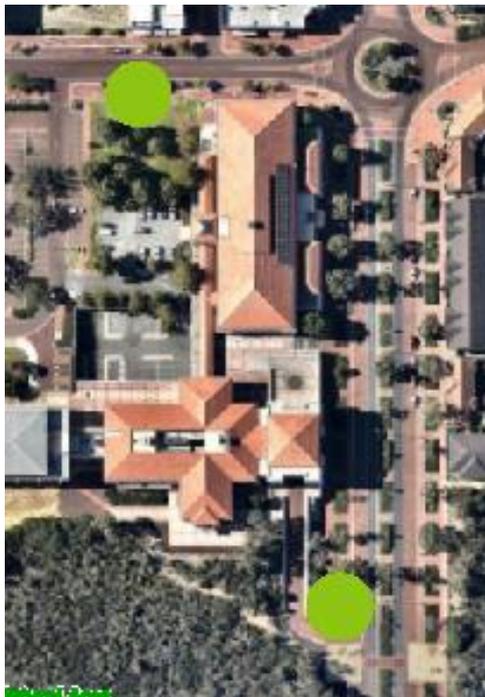
- Alert Tone (Beep... Beep... Beep)
- Evacuation Tone (Whoop...Whoop...Whoop)

### On hearing the Alert Tone (Beep... Beep... Beep):

- DO NOT EVACUATE ON THIS TONE.
- Remain where you are.
- All designated Fire Wardens will respond and assess the immediate area for danger.
- Always follow instructions from the designated Fire Wardens.

### On hearing the Evacuation Tone (Whoop...Whoop...Whoop):

- Evacuate the building immediately as directed by a Fire Warden or via the nearest safe exit.
- Do not use lifts.
- Remain calm and proceed to the designated Assembly Area (refer to site plan below).
- People with impaired mobility (those who cannot use the stairs unaided) should report to a Fire Warden who will arrange for their safe evacuation.
- Do not re-enter the building until authorised to do so by Emergency Services.



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## CITY OF JOONDALUP

Notice is hereby given that a Special Meeting of Council will be held in the Council Chamber, Joondalup Civic Centre, Boas Avenue, Joondalup on **Tuesday 22 December 2020** commencing at **5.00pm**.

GARRY HUNT  
Chief Executive Officer  
18 December 2020

Joondalup  
Western Australia

### AGENDA

#### DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

#### DECLARATIONS OF INTEREST

#### PUBLIC QUESTION TIME

(Please Note: Section 7(4)(b) of the *Local Government (Administration) Regulations 1996* states that a Council at a special meeting is not required to answer a question that does not relate to the purpose of the meeting. It is requested that only questions that relate to items on the agenda be asked.)

#### PUBLIC STATEMENT TIME

Statements made at a Special Meeting of the Council must relate to the purpose for which the meeting has been called.

#### APOLOGIES AND LEAVE OF ABSENCE

##### Leave of Absence Previously Approved:

Mayor Albert Jacob, JP	18 to 22 January 2021 inclusive; 8 to 10 February 2021 inclusive; 17 to 19 February 2021 inclusive.
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#### IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

**REPORT****JSC09-12/20 CITY OF JOONDALUP ANNUAL REPORT 2019-20**

<b>WARD</b>	All
<b>RESPONSIBLE DIRECTOR</b>	Mr Jamie Parry Governance and Strategy
<b>FILE NUMBER</b>	38745, 101515
<b>ATTACHMENT</b>	Attachment 1 City of Joondalup <i>Annual Report 2019-20</i>
<b>AUTHORITY / DISCRETION</b>	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

**PURPOSE**

For Council to adopt the City's *2019-20 Annual Report*.

**EXECUTIVE SUMMARY**

In accordance with section 5.53 of *the Local Government Act 1995* the *2019-20 Annual Report* (Annual Report) has been prepared, summarising the previous year's achievements and challenges and the outlook for the year ahead, as well as including specific statutory requirements. The Annual Report also demonstrates performance against the City's *Strategic Community Plan: Joondalup 2022*.

The Annual Report also includes the City's financial statements for the 2019-20 financial year which have been audited by the Office of the Auditor General. The City's Financial Statements for the 2019-20 financial year are the subject of a separate report to Council.

It is a statutory requirement that Council accepts an Annual Report and for the report to be presented to the Annual General Meeting of Electors to be held on a day selected by the local government, but not more than 56 days after the Annual Report is accepted.

*It is therefore recommended that Council BY AN ABSOLUTE MAJORITY ACCEPTS the Annual Report of the City of Joondalup for the financial year 2019-20, forming Attachment 1 Report JSC09-12/20.*

**BACKGROUND**

*The Local Government Act 1995* requires every local government to prepare an Annual Report. The Annual Report informs the community and key stakeholders about the achievements and challenges from the previous financial year and provides information on the future outlook.

The audited accounts for the financial year are incorporated into the Annual Report following the annual external audit by the Office of the Auditor General.

It was anticipated that the City's Annual Report would be presented to Council seeking endorsement on 17 November 2020 and that the Annual Report would be presented to the Annual General Meeting of Electors on 8 December 2020. This was not possible as Department of Local Government, Sports and Cultural Industries proposed amendments to the *Local Government (Financial Management) Regulations 1996* after 30 June 2020 which affected the financial report for the year ending after that date. These changes were gazetted on 6 November 2020. Due to the effect on the financial report for 2019-20, these changes were required to be audited, and the Officer of the Auditor General was not able to finalise its final audit until these amendments were gazetted on 6 November 2020.

The *2019-20 Annual Report* forms the main item of business discussed at the Annual General Meeting of Electors. Section 5.27 of the *Local Government Act 1995* requires that the Annual General Meeting of Electors is to be held on a day selected by the local government, but not more than 56 days after the Annual Report is accepted. At its meeting of 17 November 2020 Council resolved to hold the Annual General Meeting of Electors on 2 February 2021.

## DETAILS

The *2019-20 Annual Report* has been prepared addressing the performance against the following six key themes of the City's *Strategic Community Plan: Joondalup 2022* (Joondalup 2022):

- Governance and Leadership.
- Financial Sustainability.
- Quality Urban Environment.
- Economic Prosperity, Vibrancy and Growth.
- The Natural Environment.
- Community Wellbeing.

As in previous years, the *2019-20 Annual Report* includes a range of Global Reporting Initiative (GRI) Standard Disclosures to report against the City's environmental, economic, social and governance performance. The Standard Disclosures are in line with the *GRI Sustainability Standard 2016*.

The Annual Report also includes measurements against the Strategic Performance Indicators developed within each key theme of Joondalup 2022. Measurements are provided against those targets which can be reported.

Reports against statutory requirements are also included in the Annual Report.

## Legislation / Strategic Community Plan / Policy implications

**Legislation**                      *Local Government Act 1995.*  
    *Local Government (Administration) Regulations 1996.*

### Strategic Community Plan

**Key theme**                        Governance and Leadership.

**Objective**                        Corporate Capacity.

**Strategic initiative**        Demonstrate accountability through robust reporting that is relevant and easily accessible to the community.

**Policy**                              Not applicable.

Section 5.53 of the *Local Government Act 1995* states the following in relation to the contents of the annual report:

### **5.53 Annual reports**

- (1) *The local government is to prepare an annual report for each financial year.*
- (2) *The annual report is to contain:*
  - a. *a report from the mayor or president;*
  - b. *a report from the Chief Executive Officer;*
  - c. *deleted;*
  - d. *deleted;*
  - e. *an overview of the plan for the future of the district made in accordance with Section 5.56 including major initiatives that are proposed to commence or to continue in the next financial year;*
  - f. *the financial report for the financial year;*
  - g. *such information as may be prescribed in relation to the payments made to employees;*
  - h. *the auditor's report for the financial year;*
  - ha. *a matter on which a report must be made under section 29(2) of the Disability Services Act 1993;*
  - hb. *details of entries made under section 5.121 during the financial year in the register of complaints, including –*
    - (i) *the number of complaints recorded in the register of complaints;*
    - (ii) *how the recorded complaints were dealt with; and*
    - (iii) *any other details that the regulations may require; and*
  - i. *such other information as may be prescribed.*

Section 5.54 of the *Local Government Act 1995* states the following in relation to the acceptance of the Annual Report:

### **5.54 Acceptance of annual reports**

- (1) *Subject to subsection (2) the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.*

*\*absolute majority required*

- (2) *If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than two months after the auditor's report becomes available.*

Section 5.55 of the *Local Government Act 1995* states the following in regard to the notice regarding the availability of the Annual Report:

### **5.55 Notice of annual reports**

*The Chief Executive Officer is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.*

Regulation 15 of the *Local Government (Administration) Regulations 1996* details the matters for discussion at the Annual General Meeting of Electors. They include the contents of the Annual Report for the previous financial year and then any other general business.

### **Risk management considerations**

Not adopting the *2019-20 Annual Report* will result in non-compliance with the requirements of the *Local Government Act 1995*.

### **Financial / budget implications**

Not applicable.

### **Regional significance**

The *2019-20 Annual Report* sets out the performance of the City which has significance for the development and growth of the region.

### **Sustainability implications**

The programs and projects in the *2019-20 Annual Report* are aligned to the key themes in Joondalup 2022 which have been developed to ensure the sustainability of the City.

The City has included Global Reporting Initiative (GRI) Standard Disclosures in the Annual Report in line with the *GRI Sustainability Standard 2020*. This is a best practice sustainability reporting framework for organisations to report on their economic, environmental and social performance.

### **Consultation**

There is no legislative requirement to consult with the community on the preparation of the Annual Report. The *Local Government Act 1995* requires an Annual General Meeting of Electors to be held once every year and the Annual Report to be made publicly available.

### **COMMENT**

In addition to the requirements of the *Local Government Act 1995*, the Annual Report is seen as a key reporting mechanism of the Integrated Planning and Reporting Framework (IPRF) as set out by the Department of Local Government, Sport and Cultural Industries. In accordance with the IPRF, local governments are expected to outline progress towards achieving the objectives of the *Strategic Community Plan* (10 year plan) and the major projects and priorities of the *Corporate Business Plan* over the medium term (five-year period).

The Annual Report is also seen as an essential tool to inform the community and key stakeholders about the City's achievements, challenges and future plans, promote greater community awareness of the City's programs and services, and illustrate the City's commitment to accountable and transparent government.

The City received a gold award in the Australasian Reporting Awards (ARA) for its *2018-19 Annual Report*. To achieve a gold award, the City's *2018-19 Annual Report* was considered to have the following:

- Achieved overall excellence in annual reporting.
- Provided high quality coverage in most aspects of the ARA criteria.
- Provided full disclosure of key aspects of its core business.
- Addressed current legislative regulatory requirements.
- Been judged as a model for other peer reports and reports in that industry sector.

The City will be entering the *2019-20 Annual Report* into the ARA Awards once endorsed by Council.

## **VOTING REQUIREMENTS**

Absolute Majority.

## **RECOMMENDATION**

**That Council BY AN ABSOLUTE MAJORITY ACCEPTS the Annual Report of the City of Joondalup for the 2019-20 financial year forming Attachment 1 to Report JSC09-12/20.**

*Appendix 1 refers*

*To access this attachment on electronic document, click here: [Attach1agn201222.pdf](#)*

**REPORT – AUDIT AND RISK COMMITTEE – 16 DECEMBER 2020****JSC10-12/20 2019-20 ANNUAL FINANCIAL REPORT**

<b>WARD</b>	All
<b>RESPONSIBLE DIRECTOR</b>	Mr Mat Humfrey Corporate Services
<b>FILE NUMBER</b>	101515
<b>ATTACHMENT / S</b>	Attachment 1 2019-20 Annual Financial Report Attachment 2 Independent Auditor's Report
<b>AUTHORITY / DISCRETION</b>	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

**PURPOSE**

For Council to consider and accept the *2019-20 Annual Financial Report* and Independent Auditor's Report.

**EXECUTIVE SUMMARY**

In accordance with Section 6.4 of the *Local Government Act 1995*, the *2019-20 Annual Financial Report* has been prepared and, together with the City's accounts, has been submitted to the Office of the Auditor General of Western Australia (OAG) to conduct the annual audit.

The OAG has completed its audit, in accordance with the terms of their engagement and the requirements of Part 7 Division 3 of the *Local Government Act 1995* and the Independent Auditor's Report has been issued. The *Annual Financial Report* will form part of the City's *2019-20 Annual Report*.

*It is therefore recommended that Council:*

- 1 *BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup for the financial year 2019-20, forming Attachment 1 to Report JSC10-12/20;*
- 2 *BY AN ABSOLUTE MAJORITY, ACCEPTS the Independent Auditor's Report for the financial year 2019-20, forming Attachment 2 to Report JSC10-12/20;*
- 3 *NOTES that no interim or final Management Letter has been issued in respect of the financial audit for the year ended 30 June 2020.*

## BACKGROUND

Section 6.4 of the *Local Government Act 1995* requires local governments to prepare an annual financial report and to submit both the report and its accounts to its auditor by 30 September each year. The City of Joondalup has met those requirements and the City's auditor, the OAG, has completed its audit of the accounts and the *2019-20 Annual Financial Report*.

The OAG undertook its audit in two stages. The interim audit was undertaken during May 2020, while the final audit commenced in October 2020.

At the conclusion of the final stage of the audit, the OAG determined that there were no findings to be reported and, consequently, has issued no interim or final management letter.

The *2019-20 Annual Financial Report* is included as Attachment 1 to this Report.

## DETAILS

### Issues and options considered

The preparation and submission of the Annual Financial Report to the auditors for audit are statutory requirements under the *Local Government Act 1995*.

The Annual Financial Report is required to be accepted by Council prior to the holding of the Annual General Meeting of Electors, at which the City's Annual Report containing the Annual Financial Report will be considered. The Annual Financial Report is also required to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC).

### Outcome of the Financial Audit

The financial audit has been completed with no issues of significance raised and the audit report is unqualified. The OAG has not issued a management letter in respect of the 2019-20 financial audit.

The audit report identifies that the City's Asset Sustainability Ratio does not meet the minimum standard assigned to this ratio by DLGSC (in the *Local Government Operational Guideline No.18 – Financial Ratios*) and the audit report is required to note this in accordance with the requirements of *Local Government Act 1995* and Regulations.

The *Guideline* requires that the Asset Sustainability Ratio meets a Standard of at least 0.90. The Asset Sustainability ratio is calculated as follows:

### Capital Renewal and Replacement Expenditure

#### Depreciation

The City's Asset Sustainability ratio for 2019-20 is 0.45, which is lower than the prior year's ratio of 0.66 and the 2017-18 ratio of 0.67. While assets are depreciated on a straight-line basis reflecting consumption evenly over the expected life of those assets, the age of these assets means that the City would not need to expend an amount equivalent to annual depreciation on renewal and replacement of those assets. This is, therefore, reflected in the City's ratio and the trend over the past three financial years, however, the standard set in the *Guideline* does not accommodate such circumstances.

### End of Financial Year Position

The City has finished the financial year with a Rate Setting Statement surplus higher than estimated. An anticipated end of year surplus at 30 June 2020 of \$17,321,507 was used as the opening balance in the 2020-21 Annual Budget. The final end of year Rate Setting Statement surplus for 2019-20 is \$19,608,893, being \$2,287,386 more than estimated.

When comparing the actual end of year results to the estimate shown in the 2020-21 Budget, in summary terms the \$2,287,386 comprises:

Description	Sub Total	Total
Increased Operating Cash Surplus	\$ 10,545,338	
Increased Capital Revenue	\$ 375,421	
Reduced Capital Expenditure	\$ 3,370,660	\$ 14,291,419
Less: Reduced Net Funding		(\$ 12,004,033)
<b>Net Variance</b>		<b>\$ 2,287,386</b>

There are a number of offsets between revenue, expenditure and funding requirements of which the most significant include:

- increased operating revenue, including advance receipt of part of the 2020-21 Federal Assistance and Local Roads Grants and contribution from Cleanaway towards additional recycling processing costs incurred by the City subsequent to the fire at Cleanaway's recycling facility, increased capital revenue and reduced operating as well as reduced capital works and capital projects expenditure, the bulk representing carry forwards of \$10,252,814
- operating and capital reserve funded projects that that did not advance as far as anticipated or for which no reserve funded expenditure was incurred, resulting in lower expenditure offset by a lower drawdown on reserves.

Allowing for these and other offsets the adjusted variance in closing funds when compared to the estimated end of year position shown in the 2020-21 Budget is made up of:

Description	Sub Total	Total
Increased Operating Cash Surplus	\$3,907,741	
Increased Capital Revenue	\$ 21,421	
Reduced Capital Expenditure	\$ 199,482	\$ 4,128,644
Less: Reduced Net Funding		(\$1,841,258)
<b>Net Variance</b>		<b>\$ 2,287,386</b>

The drivers for the increased closing surplus of \$2,287,386 compared to the estimate are mainly:

<b>Operating Cash Surplus</b>		
Increased Operating Revenue		\$ 2,049,259
Reduced Operating Expenditure		
- Employee Costs	\$ 399,471	
- Utilities	\$ 258,507	
- Other	\$ 59,968	\$ 717,946
Non-current movements		\$ 1,140,536
		<b>\$ 3,907,741</b>

The increase in operating revenue includes the following:

- Other revenue of \$613,710 mainly representing accumulated interest in the Trust Fund, cumulatively earned on amounts held within the Trust Fund until the prior financial year, now transferred into the Municipal Fund, and recognised as revenue, following the change in treatment of bonds in the previous financial year.
- Other revenue of \$353,871 representing the opening value of library stock now reported as fixed assets following a change in the treatment of library stock by the State Library at the end of 2019-20.
- Additional interest earnings \$397,813 being the cumulative impact of:
  - higher net volumes under investment than estimated due to progress on certain capital and other projects
  - earlier than expected re-opening of leisure and community facilities closed due to COVID-19 and cash inflow as a consequence
  - additional revenue inflows due to advance Federal Assistance and Local Roads grants.
- Higher than estimated fees and charges from parking \$293,341 and leisure facilities \$169,120 due to earlier than anticipated reopening of facilities and local businesses following the COVID-19 closures.

The reduced employee costs of \$399,471 include a workers' compensation provision write back of \$831,381 in respect of the 2016-17 claim year now closed by the City's insurers, offset by higher employment costs of \$589,571 incurred in respect of leisure centres, libraries and community facilities as a result of these facilities and venues being opened earlier than anticipated following closure due to COVID-19.

The non-current movements include \$1,559,091 from the recognition of land held for sale as a current asset (inventory) being a transfer from fixed assets, in accordance with accounting standards.

No interim or final audit findings have been made by the OAG, and consequently, no management letter has been issued.

## **Legislation / Strategic Community Plan / Policy implications**

### **Legislation**

*Local Government (Financial Management) Regulation 51(2) states:*

*"A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report."*

Section 5.53 of the *Local Government Act 1995* states:

### **5.53 Annual Reports**

*(1) The local government is to prepare an annual report for each financial year.*

*(2) The annual report is to contain:*

*(f) the financial report for the financial year;*

Section 5.54 of the *Local Government Act 1995* states:

#### **5.54 Acceptance of annual reports**

(1) *Subject to subsection (2), the annual report for a financial year is to be accepted by the local government no later than 31 December after that financial year.*

*\* Absolute majority required.*

(2) *If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.*

Section 6.4 of the *Local Government Act 1995* states:

#### **6.4 Financial Report**

(1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*

(2) *The financial report is to –*  
 (a) *be prepared and presented in the manner and form prescribed; and*  
 (b) *contain the prescribed information.*

(3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor –*  
 (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*  
 (b) *the annual financial report of the local government for the preceding financial year.*

### **Strategic Community Plan**

**Key theme** Financial Sustainability.

**Objective** Effective management.

**Strategic initiative** Not applicable.

**Policy** Not applicable.

### **Risk management considerations**

Not applicable.

**Financial / budget implications**Current financial year impact

<b>Account no.</b>	Not applicable.
<b>Budget Item</b>	Closing surplus.
<b>Budget amount</b>	\$ 17,321,507
<b>Actual amount</b>	\$ 19,608,893
<b>Proposed cost</b>	\$ Not applicable.
<b>Balance</b>	\$ 2,287,386

Future financial year impact

<b>Annual operating cost</b>	Not applicable.
<b>Estimated annual income</b>	Not applicable.
<b>Capital replacement</b>	Not applicable.
<b>20 Year Strategic Financial Plan impact</b>	Subject to application of closing surplus.
<b>Impact year</b>	Not applicable.

All amounts quoted in this report are exclusive of GST.

**Regional significance**

Not applicable.

**Sustainability implications**

Not applicable.

**Consultation**

There is no legislative requirement to consult on the preparation of the Annual Financial Report, although the *Local Government Act 1995* requires the local government to hold an Annual General Meeting of Electors and the City's Annual Report, incorporating the Annual Financial Report is to be made available publicly.

**COMMENT**

The completion of the 2019-20 audit was delayed due to the timing of amendments to the *Local Government (Financial Management) Regulations 1996* that were gazetted on 6 November 2020, at which time the City would normally have received its audit report in prior years.

The Annual Financial Report for 2019-20 reflects the City's financial performance and position for the year ended 30 June 2020. The impacts of COVID-19 closures were not as severe as initially anticipated due to the lifting of restrictions earlier in Western Australia than expected.

The Annual Financial Report will be made available on the City's public website. A limited number of printed, bound colour copies will be available for viewing at libraries, leisure centres and the customer service centre.

In order for the City to meet its legislative requirements, it is recommended that the Council accepts the Annual Financial Report for the financial year 2019-20.

## VOTING REQUIREMENTS

Absolute Majority.

## COMMITTEE RECOMMENDATION

The Committee recommendation to Council for Report JSC10-12/20 (as detailed below) was resolved by the Audit and Risk Committee at its special meeting held on 16 December 2020.

The committee recommendation is the same as recommended by City officers.

## RECOMMENDATION

That Council:

- 1 **BY AN ABSOLUTE MAJORITY, ACCEPTS** the Annual Financial Report of the City of Joondalup for the financial year 2019-20, forming Attachment 1 to Report JSC10-12/20;
- 2 **BY AN ABSOLUTE MAJORITY, ACCEPTS** the Independent Auditor's Report for the financial year 2019-20, forming Attachment 2 to Report JSC10-12/20;
- 3 **NOTES** that no interim or final Management Letter has been issued in respect of the financial audit for the year ended 30 June 2020.

*Appendix 2 refers*

To access this attachment on electronic document, click here: [Attach2agn201222.pdf](#)

**CLOSURE**



**DECLARATION OF  
FINANCIAL INTEREST/INTEREST THAT MAY AFFECT  
IMPARTIALITY**

**To: CHIEF EXECUTIVE OFFICER  
CITY OF JOONDALUP**

<b>Name/ Position</b>	
<b>Meeting Date</b>	
<b>Item No/ Subject</b>	
<b>Nature of Interest</b>	Financial Interest * Interest that may affect impartiality* <span style="float: right;"><i>* Delete where not applicable</i></span>
<b>Extent of Interest</b>	
<b>Signature</b>	
<b>Date</b>	

Section 5.65(1) of the *Local Government Act 1995* states that:

*“A member who has an interest in any matter to be discussed at a Council or Committee meeting that will be attended by that member must disclose the nature of the interest:*

- (a) in a written notice given to the CEO before the meeting; or*
- (b) at the meeting immediately before the matter is discussed.*