

minutes

Special Meeting of Council

MEETING HELD ON **TUESDAY 22 DECEMBER 2020**

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CITY OF JOONDALUP

SPECIAL COUNCIL MEETING HELD IN THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY 22 DECEMBER 2020.

DECLARATION OF OPENING

The Mayor declared the meeting open at 5.00pm.

ANNOUNCEMENT OF VISITORS

Mayor:

HON. ALBERT JACOB, JP

Councillors:

CR KERRY HOLLYWOOD	North Ward
CR TOM McLEAN, JP	North Ward
CR PHILIPPA TAYLOR	North Central Ward
CR NIGE JONES	North Central Ward
CR RUSSELL POLIWKA	Central Ward
CR CHRISTINE HAMILTON-PRIME, JP	South-West Ward
CR JOHN CHESTER	South-East Ward
CR JOHN LOGAN	South-East Ward
CR RUSS FISHWICK, JP	South Ward – <i>Deputy Mayor</i>
CR SUZANNE THOMPSON	South Ward

Officers:

MR MAT HUMFREY	Acting Chief Executive Officer
MR JAMIE PARRY	Director Governance and Strategy
MR NICO CLAASSEN	Director Infrastructure Services
MR BRAD SILLENCE	Manager Governance
MR RONEY OOMMEN	Manager Financial Services
MRS VIVIENNE STAMPALIJA	Governance Coordinator

There was one member of the public in attendance.

DECLARATIONS OF INTEREST

Nil.

PUBLIC QUESTION TIME

Nil.

PUBLIC STATEMENT TIME

Nil.

APOLOGIES / LEAVE OF ABSENCE

Apologies:

Cr Christopher May.

Cr John Raftis.

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

In accordance with Clause 5.2 of the City's *Meeting Procedures Local Law 2013*, this meeting was not open to the public.

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

WARD	All
RESPONSIBLE DIRECTOR	Mr Jamie Parry Governance and Strategy
FILE NUMBER	38745, 101515
ATTACHMENT	Attachment 1 City of Joondalup <i>Annual Report 2019-20</i>
AUTHORITY / DISCRETION	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 to 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.

MOVED Mayor Jacob, SECONDED Cr McLean 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.

The Motion was Put and

CARRIED (11/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Jones, Logan, McLean, Poliwka, Taylor and Thompson.

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**

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	101515
ATTACHMENTS	Attachment 1 2019-20 Annual Financial Report Attachment 2 Independent Auditor's Report
AUTHORITY / DISCRETION	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 Report JSC10-12/20.

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)
Net Variance		\$ 2,287,386

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)
Net Variance		\$ 2,287,386

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

Operating Cash Surplus		
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
		\$ 3,907,741

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 implicationsCurrent financial year impact

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

Future financial year impact

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

MOVED Cr McLean, SECONDED Cr Hamilton-Prime 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.**

The Motion was Put and

CARRIED (11/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Jones, Logan, McLean, Poliwka, Taylor and Thompson.

Appendix 2 refers

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

CLOSURE

There being no further business, the Mayor declared the meeting closed at 5.04pm the following Elected Members being present at that time:

MAYOR HON. ALBERT JACOB, JP
CR KERRY HOLLYWOOD
CR TOM McLEAN, JP
CR PHILIPPA TAYLOR
CR NIGE JONES
CR RUSSELL POLIWKA
CR CHRISTINE HAMILTON-PRIME, JP
CR JOHN CHESTER
CR JOHN LOGAN
CR RUSS FISHWICK, JP
CR SUZANNE THOMPSON