

Audit and Risk Committee Meeting

12 December 2022

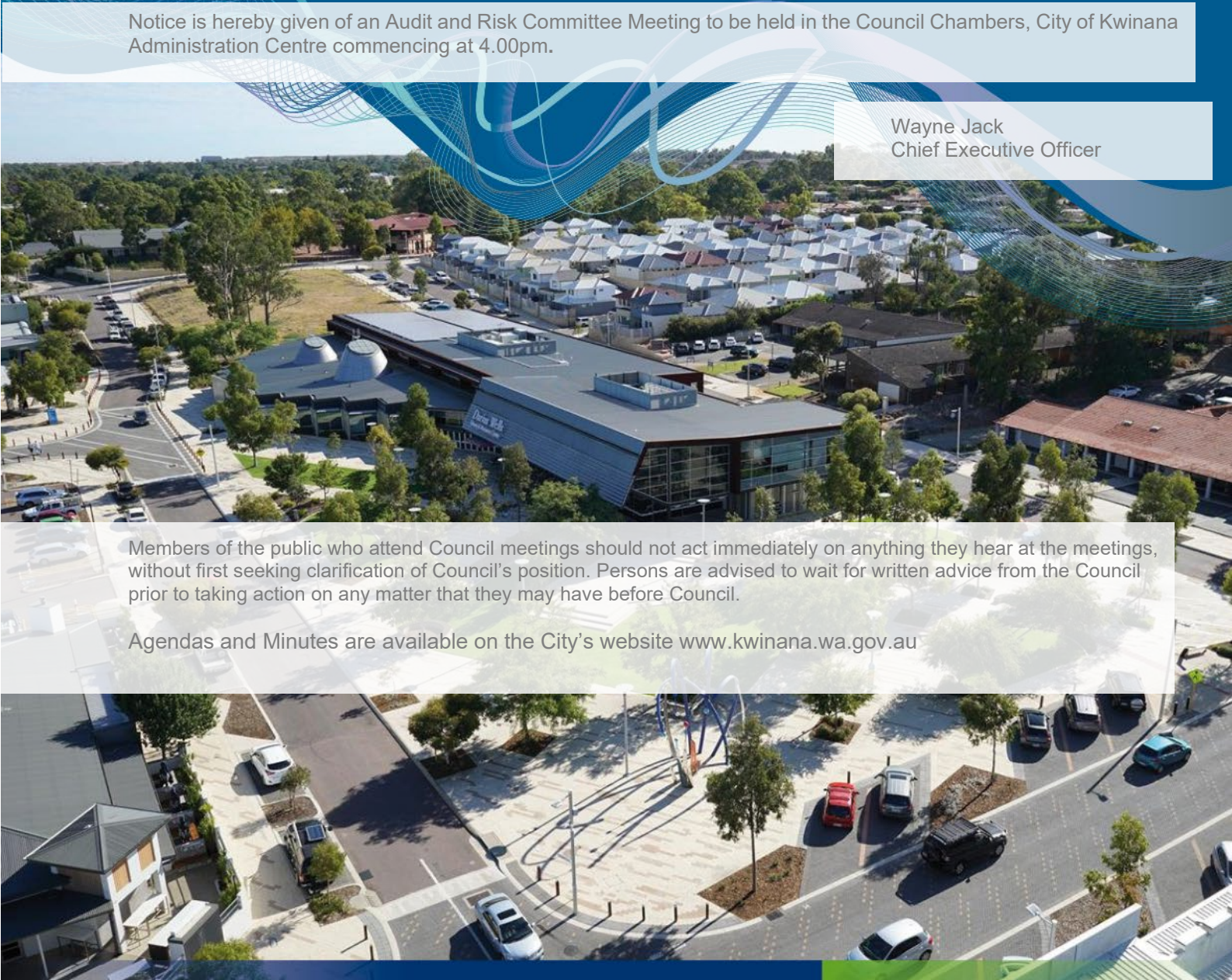
Agenda

Notice is hereby given of an Audit and Risk Committee Meeting to be held in the Council Chambers, City of Kwinana Administration Centre commencing at 4.00pm.

Wayne Jack
Chief Executive Officer

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. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

Agendas and Minutes are available on the City's website www.kwinana.wa.gov.au



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1 OPENING AND ANNOUNCEMENT OF VISITORS

Presiding Member to declare the meeting open and welcome all in attendance.

Presiding Member to announce that the Audit and Risk Committee Meeting is being live streamed and recorded in accordance with the City's Live streaming and Recording Council Meetings policy.

By being present at this meeting, members of the public consent to the City recording and livestreaming their image and/or voice.

2 WELCOME TO COUNTRY AND ACKNOWLEDGEMENT OF COUNTRY

Councillor Barry Winmar to present the Welcome to Country:

"Ngullak nyinniny kooralong koora ngullak noitj nidja noongar boodjar. Noongar moort djoorapiny nyinniny nidja ngulla quopadok noongar boodjar kooralong.

From the beginning of time to the end, this is Noongar Country. Noongar people have been graceful keepers of our nation for many, many years.

Ngalla djoorapiny maambart boodjar ngallak bala maambart quop ngalla koort djoorapiny nidja ngalla mia mia nyinniny noongar boodjar.

We respect the earth our mother and understand that we belong to her - she does not belong to us. In all her beauty, we find comfort, wellbeing, and life that creates a home for everyone that has become a keeper of Noongar Country.

Djinanginy katatjin djoorapiny nidja weern noongar boodjar ngalla mia mia boorda.

Look, listen, understand and embrace all the elements of Noongar Country that is forever our home.

Kaya wandju ngaany Barry Winmar Wadjuk Ballardong maaman ngaany koort djoorapiny noonook nidja Noongar boodjar daadjaling waankganiny noitj Noongar Boodjar.

Hello and welcome my name is Barry Winmar and I am a Whadjuk Ballardong man my heart is happy as we are gathered on Noongar country and speaking here on Noongar Country"

Presiding Member to read the Acknowledgement of country:

"It gives me great pleasure to welcome you all here and before commencing the proceedings, I would like to acknowledge that we come together tonight on the traditional land of the Noongar people and we pay our respects to their Elders past and present."

3 ATTENDANCE, APOLOGIES, LEAVE(S) OF ABSENCE (PREVIOUSLY APPROVED)

Apologies:

Leave(s) of Absence (previously approved):

Nil

4 PUBLIC QUESTION TIME

In accordance with the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996*, any person may during Public Question Time ask any question.

In accordance with Regulation 6 of the *Local Government (Administration) Regulations 1996*, the minimum time allowed for Public Question Time is 15 minutes.

A member of the public who raises a question during Question Time is to state his or her name and address.

Members of the public must provide their questions in writing prior to the commencement of the meeting. A public question time form must contain all questions to be asked and include contact details and the form must be completed in a legible form.

Please note that in accordance with Section 3.4(5) of the *City of Kwinana Standing Orders Local Law 2019* a maximum of two questions are permitted initially. An additional question will be allowed by the Presiding Member if time permits following the conclusion of all questions by members of the public.

5 RECEIVING OF PETITIONS, PRESENTATIONS AND DEPUTATIONS

5.1 PETITIONS

A petition must –

- be addressed to the Mayor;
- be made by electors of the district;
- state the request on each page of the petition;
- contain at least five names, addresses and signatures of electors making the request;
- contain a summary of the reasons for the request;
- state the name of the person to whom, and an address at which, notice to the petitioners can be given; and
- be respectful and temperate in its language and not contain language disrespectful to Council.

The only motion which shall be considered by the Council on the presentation of any petition are –

- that the petition be received;
- that the petition be rejected; or
- that the petition be received and a report prepared for Council.

5.2 PRESENTATIONS

In accordance with Clause 3.6 of the *Standing Orders Local Law 2019* a presentation is the acceptance of a gift, grant or an award by the Council on behalf of the local government or the community.

Prior approval must be sought by the Presiding Member prior to a presentation being made at a Council meeting.

Any person or group wishing to make a presentation to the Council shall advise the CEO in writing before 12 noon on the day of the meeting. Where the CEO receives a request in terms of the preceding clause the CEO shall refer it to the presiding member of the Council committee who shall determine whether the presentation should be received.

A presentation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

5.3 DEPUTATIONS

In accordance with Clause 3.7 of the *Standing Orders Local Law 2019*, any person or group of the public may, during the Deputations segment of the Agenda with the consent of the person presiding, speak on any matter before the Council or Committee provided that:

- the person has requested the right to do so in writing addressed to the Chief Executive Officer by noon on the day of the meeting.
- setting out the agenda item to which the deputation relates;
- whether the deputation is supporting or opposing the officer's or committee's recommendation; and
- include sufficient detail to enable a general understanding of the purpose of the deputation.

A deputation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

6 DECLARATIONS OF INTEREST (FINANCIAL, PROXIMITY, IMPARTIALITY – BOTH REAL AND PERCEIVED) BY MEMBERS AND CITY OFFICERS

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

A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest —

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

Section 5.66 of the *Local Government Act 1995* states:

If a member has disclosed an interest in a written notice given to the CEO before a meeting then —

- before the meeting the CEO is to cause the notice to be given to the person who is to preside at the meeting; and
- at the meeting the person presiding is to bring the notice and its contents to the attention of the persons present immediately before the matters to which the disclosure relates are discussed.

7 CONFIRMATION OF MINUTES

7.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 10 OCTOBER 2022

RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 10 October 2022 be confirmed as a true and correct record of the meeting.

8 REPORTS

8.1 DEVELOPER CONTRIBUTION PLANS - QUARTERLY PROGRESS REPORTING

SUMMARY

A recent audit by Crowe Australasia of the City's practices and procedures relating to developer contribution payments recommended an increase of management reporting to monitor Developer Contribution Plans (DCP's) activity.

A report showing developer contribution activity for all current Developer Contribution Plans for the 1st Quarter 2022 (September Quarter) is presented for noting and comment by the Audit and Risk Committee.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note and provide comment with respect to the Quarterly Progress Report - 1st Quarter 2022 Details on Developer Contribution Activity as shown at Attachment A.

VOTING REQUIREMENT

Simple majority

DISCUSSION

In 2021, Crowe Australasia completed an audit of the City's handling of DCPs. In relation to the management reporting of DCPs, the following was identified:

- Currently the level of regular management reporting of DCP activity is limited to:
 - A monthly finance report that outlines the DCA reserve balances.
 - Ad hoc council briefings where there has been a change to the delivery of a DCP that has a financial impact that requires Council approval.
 - Cost Apportionment Schedule (CAS) is presented to Council on an annual basis and is published on the website.
 - Annual reviews of development activity
- This level of reporting is:
 - not adequate to support decision making.
 - does not facilitate adequate oversight to identify potential risks that may need to be managed, and
 - does not provide assurance to Council that the DCP function is operating as expected.

- The current reporting does not provide oversight of key activities such as:
 - Status of the development
 - Income collected
 - Projects delivered
 - Projects to be completed
 - Level of developer liability

As a result of the above findings, the following recommendations were made:

1. Management needs to develop management reporting for DCP activity. Reporting should include data pertaining to the status of all DCP activity as identified. Management reporting should be tailored to both the Cross Functional Team, the Working Group and Council.
2. Management reporting should be developed to monitor the level of developer liability.

This reporting should form the basis of a 'statement of liability' that is provided to each developer on a regular basis.

In accordance with such recommendations, the City's DCP Cross-Functional Team have developed the report annexed hereto as Attachment A for review and comment by the Audit and Risk Committee.

The Quarterly Report breaks down contributions into DCP activity and DCP payments and seeks to highlight spatially, where the activity is located. It is also intended to reconcile the progress of active facility development against the facility total costs and its respective DCP contributions for the quarter. The report also includes maps illustrating DCP infrastructure and facilities and provides a DCA financial summary for the Quarter.

First Quarter 2022/23 Highlights

Highlights include: -

- DCA payments made as part of the significant subdivision activity at the Apsley Housing Estate in Mandogalup. The developer is the Qube Property Group.
- Continued improvements were made to Thomas Road by Main Roads, and
- Continued works on the Ngook Boorn Mia Mia / Honeywood Pavilion in Wandl.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
1 – A naturally beautiful environment that is enhanced and protected	1.2 – Maintain and enhance our beautiful, natural environment through sustainable protection and conservation	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives 1.2.3 – Implement the Local Planning Strategy	Developer contribution payments assist the City to provide essential infrastructure to meet the needs of the district.
3 – Infrastructure and services that are affordable and contribute to health and wellbeing	3.1 – Develop quality, affordable infrastructure and services designed to improve the health and wellbeing of the community	3.1.1 – Review the Community Infrastructure Plan	Developer contribution payments assist the City to provide essential and affordable infrastructure to contribute to health and wellbeing.

SOCIAL IMPLICATIONS

This proposal will support the achievement of the following social outcome/s, objective/s and strategic priorities detailed in the Social Strategy.

Social Strategy			
Social Outcome	Objective	Strategic Priority	How does this proposal achieve the social outcomes, objectives and strategic priorities?
1 – Healthy and Active	1.0 – A physically and mentally healthy and active community	1.5 – Provide infrastructure that enhances opportunities for recreation, play and relaxation 1.6 – Support local services and programs that promote healthy relationships	Community Facilities and infrastructure partially funded by DCP's will provide vital support to community for recreation, relaxation and overall social benefit.

LEGAL/POLICY IMPLICATIONS

No legal/policy implications have been identified as a result of this report or recommendation.

FINANCIAL/BUDGET IMPLICATIONS

The Quarterly Reports will provide an important and consistent review of DCP financial activity for the City.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

A. Developer Contribution Plans - Quarterly Progress Report - 1st Quarter 2022/23

Quarterly Progress Report - 1st Quarter 2022 (September Quarter) Details of Developer Contribution Activity

DCA Activity during Quarter

DCA's	Infrastructure Item	Project Owners	Project Manager	Project Value (inc GST)	Spent to date	Expenditure for Quarter	Comment
DCA8 (Community Infrastructure)	Ngook Boorn Mia Mia / Honeywood Pavilion	City of Kwinana	Builders are Shelford Construction and Architect is Donavon Payne.	\$3.7 million (of which \$3.3 million was from DCA funds and \$400K from the Community Sporting and Recreation Facilities Fund (CSRFF))	\$3,049,652	\$454,706	Completed during the quarter with exception of the internal fit-out.
DCA 3 & 4 (Civil Infrastructure)	Thomas Road Construction.	Main Roads	Main Roads commissioned Raubex Construction	Estimated cost \$18 million (Main Roads) but the DCA contribution is currently est. at \$10 million.	\$0	\$0	Main Roads undertaking improvements to road with partial funding being received from Developer Contribution Scheme.

DCA Payments / Contributions during Quarter

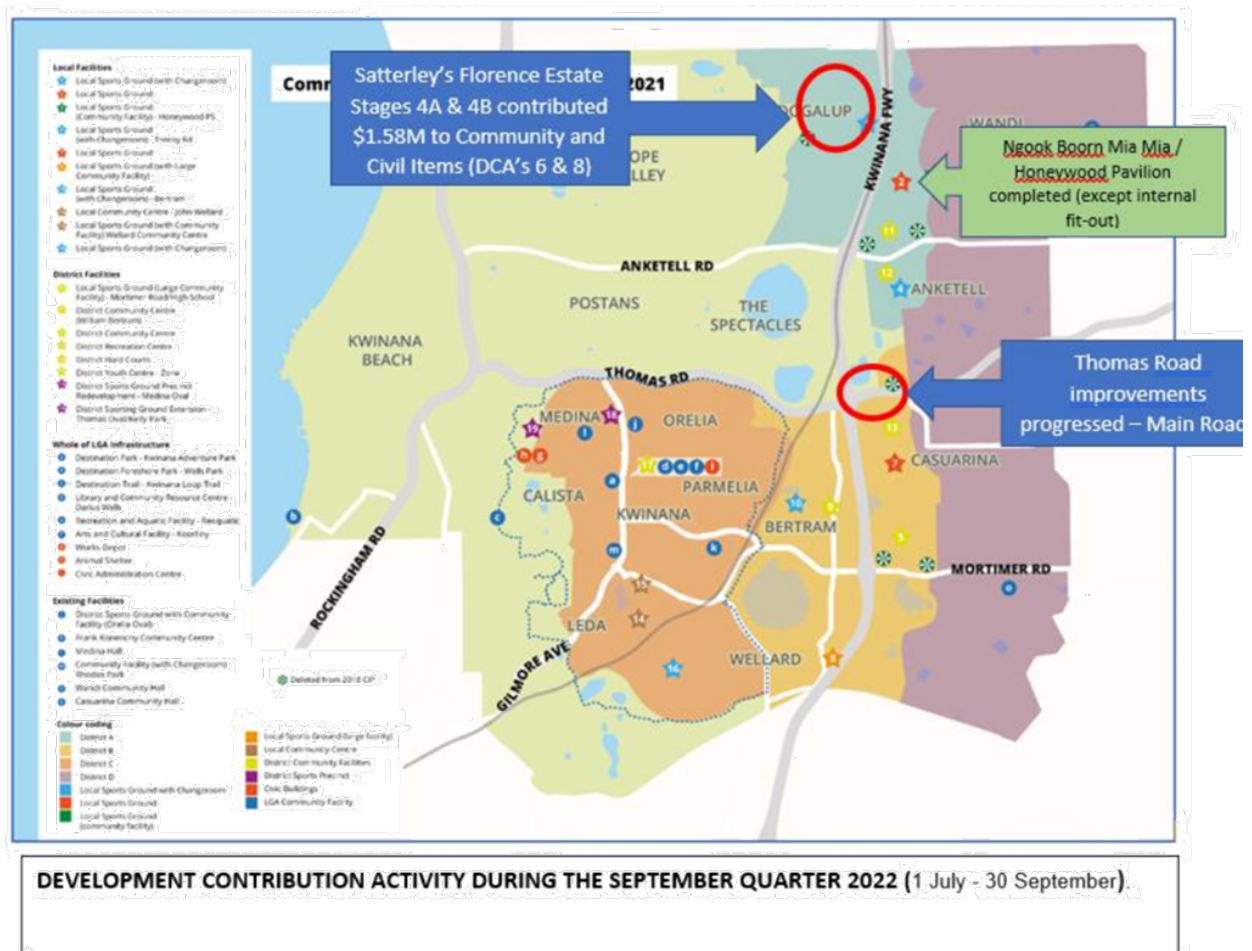
DCA's	Location; Estate and developers	Stages	Clearance Area (ha) or Lots created	Land Use	Amount	Comment
DCA6 (Civil Infrastructure)	Florence Estate / Satterley Property Group	First stage (Stage 4A + 4B)	3.8372 ha	All residential lots	\$1,005,388.25	This the initial stage of this Estate development with no POS.

DCA8 (Community Infrastructure)	Florence Estate / Satterley Property Group	First stage (Stage 4A + 4B)	63 Lots	All residential lots	\$576,881.49	This the initial stage of this Estate development
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Location of DCA Items Construction and Subdivision Activity during the September Quarter 2022 (1st Quarter)

Map illustrating the location of Community Facilities as per the draft Community Infrastructure Plan and construction activity relating to the above DCA Activities and payments to end of September (1st Quarter) 2022.

For information purposes, more detailed mapping showing all the key civil infrastructure items for DCA's 1 to 6 which has or will be constructed over the life of the contribution plan is shown below.



Developer Contribution Plans (DCP's) and Contribution Items

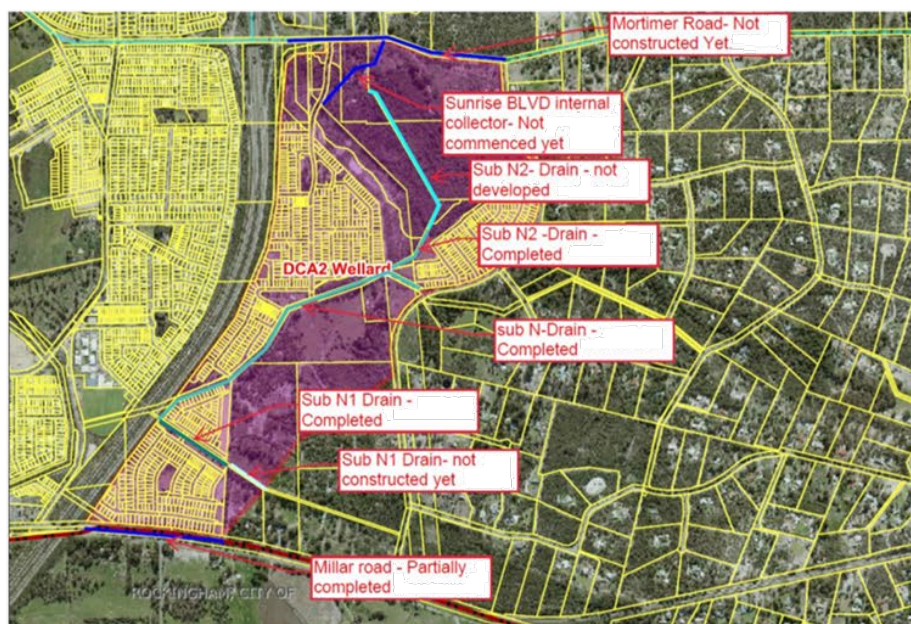
The location and status of Civil Infrastructure Items as per respective DCP's 1 – 6 is shown below.

DCP's 7 – 15 have not been show at present as the DCA's and contribution items are currently the subject of a review via Scheme Amendment 145 to Local Planning Scheme No 2. Once finalised, these DCA's and contribution items will be included in this report.

DCA 1



DCA2



DCA3



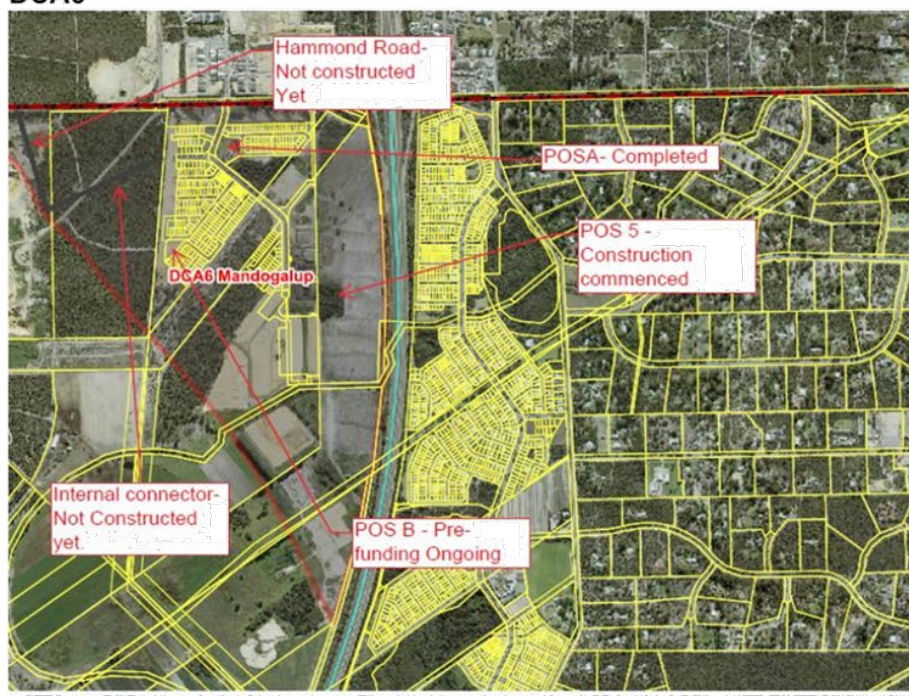
DCA4



DCA5



DCA6



DCA Financial Summary for 1st Quarter 2022 (September Quarter)**Summary for each DCA**

DCA 1 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	19,992,482	0
Payments made	6,579,903	0
Credits given	4,959,997	0
Admin paid	(332,139)	0
Capital Expenditure	(9,950,447)	0
Balance held by City	1,257,314	0
Remainder to be collected	8,452,581	

DCA 2 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	6,331,042	0
Payments made	2,736,739	0
Credits given	1,054,562	0
Admin paid	(142,200)	0
Capital Expenditure	(1,925,025)	0
Balance held by City	1,724,076	0
Remainder to be collected	2,539,741	

DCA 3 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	51,521,793	0
Payments made	0	0
Credits given	0	0
Admin paid	(162,804)	0
Capital Expenditure	0	0
Balance held by City	(162,804)	0
Remainder to be collected	51,521,793	

DCA 4 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	25,467,489	0
Payments made	2,182,797	0
Credits given	759,761	0
Admin paid	(153,406)	0
Capital Expenditure	(759,761)	0
Balance held by City	2,029,391	0

Remainder to be collected	22,524,931	
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DCA 5 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	55,648,294	0
Payments made	2,038,751	0
Credits given	45,894,064	0
Admin paid	(180,441)	0
Capital Expenditure	(45,894,064)	0
Balance held by City	1,858,311	0
Remainder to be collected	7,715,479	

DCA 6 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	25,603,877	25,603,877
Payments made	4,069,892	1,005,388
Credits given	2,648,457	0
Admin paid	(158,817)	0
Capital Expenditure	(2,648,457)	0
Balance held by City	3,911,075	4,916,463
Remainder to be collected	18,885,528	17,880,140

DCA 7 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	1,785,254	0
Payments made	113,408	0
Credits given	0	0
Admin paid	(35,005)	0
Capital Expenditure	0	0
Balance held by City	78,403	0
Remainder to be collected	1,671,846	0

DCA 8 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	4,864,904	4,864,904
Payments made	3,011,972	576,881
Credits given	0	0
Admin paid	(58,032)	0
Capital Expenditure	0	0
Balance held by City	2,953,939	3,530,820
Remainder to be collected	1,852,932	1,276,051

DCA 9 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	13,339,505	0
Payments made	14,459,934	0
Credits given	0	0
Admin paid	(136,630)	0
Capital Expenditure	(2,491,024)	0
Balance held by City	11,832,280	0
Remainder to be collected	(1,120,429)	

DCA 10 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	12,145,642	0
Payments made	251,419	0
Credits given	0	0
Admin paid	(68,994)	0
Capital Expenditure	0	0
Balance held by City	182,425	0
Remainder to be collected	11,894,223	

DCA 11 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	3,574,211	0
Payments made	6,093,483	0
Credits given	0	0
Admin paid	(141,138)	0
Capital Expenditure	(103,046)	0
Balance held by City	5,849,300	0
Remainder to be collected	(2,519,272)	

DCA 12 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	13,103,060	0
Payments made	10,909,265	0
Credits given	0	0
Admin paid	(181,214)	0
Capital Expenditure	(280,647)	0
Balance held by City	10,447,404	0
Remainder to be collected	2,193,795	

DCA 13 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	4,708,748	0
Payments made	450,993	0
Credits given	0	0
Admin paid	(135,201)	0
Capital Expenditure	(61,144)	0
Balance held by City	254,648	0
Remainder to be collected	4,257,755	

DCA 14 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	4,997,784	0
Payments made	3,144,865	0
Credits given	0	0
Admin paid	(160,859)	0
Capital Expenditure	(2,080,612)	0
Balance held by City	903,395	0
Remainder to be collected	1,852,919	

DCA 15 Quarterly Report Summary	Current Reconciliation	Quarterly Change
Total CAS	1,766,926	0
Payments made	1,003,333	0
Credits given	0	0
Admin paid	(164,415)	0
Capital Expenditure	(513,345)	0
Balance held by City	325,572	0
Remainder to be collected	763,593	

8.2 INTERNAL AUDIT FINDINGS AND ACTIONS

SUMMARY

At its meeting of 13 October 2021, Council resolved to adopt the Strategic Internal Audit Plan 2021 /2022 to 2023/2024. The role of internal auditing is to assist the City to meet its objectives by providing an independent appraisal of the adequacy and effectiveness of processes and controls. It is considered to be an essential part of achieving best practice in the management of strategic and operational risk.

The findings of the recently completed audit of City procurement practices is presented at Attachment A. Findings are largely related to the improvement of existing processes and controls.

Where areas of potential improvement to current practices are identified through the course of internal review, such actions are presented to the Committee on a quarterly basis until such time as they are finalised.

The current status of outstanding recommended actions are detailed in Attachment B for noting.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note:

- 1. the findings of the internal audit of procurement practices and procedures at Attachment A; and**
- 2. the status of previous internal audit recommended actions as detailed in Attachment B.**

VOTING REQUIREMENT

Simple majority

DISCUSSION

Due to an increased focus on the accountability of local governments, a review of the effectiveness of all business processes is becoming best practice. Internal audit is one way to reduce risk and identify improvements in internal controls. There are many benefits to conducting internal audits, such as:

- improving the performance of the organisation.
- making the organisation process-dependent instead of person-dependent.
- identification of redundancies in operational and control procedures and the provision of recommendations to improve the efficiency and effectiveness of procedures.
- it serves as an early warning system, enabling deficiencies to be identified and remediated on a timely basis (i.e. prior to external, regulatory or compliance audits); and
- increases accountability within the organisation and supporting strategic objectives (for example cost reduction initiatives).

At its meeting of 13 October 2021, Council resolved to adopt the Strategic Internal Audit Plan 2021 /2022 to 2023/2024, a summary of which is as follows:

Area of Review	2021/22 (hours)	2022/23 (hours)	2023/24 (hours)
Planning & Building	80		
Asset Management	80		
Community Services – Events (Community Engagement, Resource Centre, Family Day Care, Events)	80		
Recquatic		80	
Environmental & Health Services/Waste		80	
Finance - Financial Management Regulation 5*		80	
Project/Program Management (Building, Operations & Engineering)		80	
Occupational Safety & Health / Human Resources			80
City Legal & Governance - Audit Regulation 17 (Legislative compliance, risk and internal control)*			80
Business Continuity/Disaster Recovery/Pandemic/Emergency Planning			80
Essential Services (Security, Rangers & Parking)			80
City Strategy			
Customer service			
Information Technology			
Contracts & Procurement	80		

The finding of the recent review of procurement practices and procedures is provided at attachment A for noting and comment. Findings are summarised below and documented in detail within section 3 of the report.

Risk Area	Finding	Risk Rating
Segregation of Duties	5.1 Segregation of the requisition and approval of purchase orders roles	High
Monitoring	5.2 Monitoring of procurement processes	Medium
Tendering	5.3 Completion of Conflict of Interest Declarations	Medium
Contract Management	5.4 Lack of a comprehensive contract management framework	Medium
Delegated Authority	5.5 Authorisation limit do not revert to original once authorised period has passed	Low
Policy and Procedures	5.6 The finance procedures for procurement do not contain a date of the last review or next review scheduled	Low

Recommended areas of improvement from previous audits, including information on their current status of implementation, are provided at Attachment B for noting.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Section 7.13 of the *Local Government Act 1995* provides:

7.13. Regulations as to audits

- (1) Regulations may make provision as follows —
 - (aa) as to the functions of a CEO in relation to —
 - (i) a local government audit; and
 - (ii) a report (an **action report**) prepared by a local government under section 7.12A(4)(a); and
 - (iii) an audit report; and
 - (iv) a report on an audit conducted by a local government under this Act or any other written law;
 - (ab) as to the functions of an audit committee, including in relation to —
 - (v) the selection and recommendation of an auditor under Division 2; and
 - (vi) a local government audit; and
 - (vii) an action report; and
 - (viii) an audit report; and
 - (ix) a report on an audit conducted by a local government under this Act or any other written law;
 - (ac) as to the procedure to be followed in selecting an auditor under Division 2;
 - (ad) deleted]
 - (ae) as to monitoring action taken in respect of any matters raised in an audit report;
 - (a) with respect to matters to be included in an agreement in writing (**agreement**) made under section 7.8(1);
 - (b) for notifications and reports to be given in relation to an agreement, including any variations to, or termination of an agreement;
 - (ba) as to a copy of an agreement being provided to the Department;
 - (c) as to the manner in which an application may be made to the Minister for approval as an auditor under section 7.5;
 - (d) in relation to approved auditors, for the following —
 - (i) reviews of, and reports on, the quality of audits conducted;
 - (ii) the withdrawal by the Minister of approval as an auditor;
 - (iii) applications to the State Administrative Tribunal for the review of decisions to withdraw approval;
 - (e) for the exercise or performance by auditors of their powers and duties under this Part;
 - (f) as to the matters to be addressed in an audit report;
 - (g) requiring an auditor (other than the Auditor General) to provide the Minister with prescribed information as to an audit conducted by the auditor;
 - (h) prescribing the circumstances in which an auditor (other than the Auditor General) is to be considered to have a conflict of interest and requiring an auditor (other than the Auditor General) to disclose in an audit report such information as to a possible conflict of interest as is prescribed;
 - (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —
 - (i) of a financial nature or not; or
 - (ii) under this Act or another written law.
- (2) Regulations may also make any provision about audit committees that may be made under section 5.25 in relation to committees.

Regulation 16 of the *Local Government (Audit) Regulations 1996* provides:

16. Functions of audit committee

An audit committee has the following functions —

- (a) *to guide and assist the local government in carrying out —*
 - (i) *its functions under Part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) *to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —*
 - (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO's report to the council;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
 - (i) *regulation 17(1); and*
 - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government —*
 - (i) *is required to take by section 7.12A(3); and*
 - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) *(iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Procurement & Contract Management Internal Audit Report**
- B. Internal Audit Action Status Report**

PAXON

CITY OF KWINANA

Procurement & Contract Management Internal Audit Review

November 2022

paxongroup.com.au

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1. INTRODUCTION

1.1 Background & Objective

The City of Kwinana's "Strategic Internal Audit Plan - 2021/2022 to 2023/2024" provides for the conduct of a procurement and contract management internal audit review. The Strategic Internal Audit Plan agenda item 6.3 was adopted at the Audit & Risk Committee meeting of 4 October 2021 and subsequently at the Ordinary Council Meeting of 13 October 2021, item 12.3.

The overall objective for this internal audit was to provide assurance that effective and efficient controls are in place for procurement and contract management processes.

1.2 Risks & Scope

This review was performed in relation to the following risk

Risk Title	Inherent risk rating	Residual risk rating	Target risk rating
Operational Risk 30 - Fraud, scams and contractor collusion	High	High	Medium

The internal audit considered the following areas in terms of appropriate design and operational effectiveness of processes and controls to manage key risks:

- Internal procurement and contract management framework is in place and compliant with legislative and regulatory requirements
- Processes and controls are designed and operating effectively
- Tenders and contracts registers are in place
- Contract renewal and/or variations are handled appropriately, and
- Contracts are monitored for compliance
- Oversight and segregation of duties are designed and operating effectively across procurement and contract management processes to mitigate the risk of fraud

The internal audit examined processes in place during August-September 2022 and performed testing across the financial year 2021/22.

2. EXECUTIVE SUMMARY

Based upon the work performed we have identified that findings are largely related to the improvement of existing processes and controls.

Paxon noted that there have been issues in segregating the role of raising a purchase requisition and authorising the purchase order, which management are aware of, but for which the system control does not appear to have worked effectively.

In some areas the processes are relatively informal, such as the contract management framework which is only documented at a high level and so open to interpretation and inconsistent application.

We also noted potential improvements in the operation of existing controls around delegations, completing conflicts of interests, procurement compliance monitoring and review of internal guidance documents.

Management are aware that there is scope for improving processes around procurement and have pro-actively identified areas for development.

Findings are summarised below and documented in detail within section 3 of this report.

We would like to thank all officers that assisted with the performance of this review.

Risk Area	Finding	Risk Rating
Segregation of Duties	5.1 Segregation of the requisition and approval of purchase orders roles	High
Monitoring	5.2 Monitoring of procurement processes	Medium
Tendering	5.3 Completion of Conflict of Interest Declarations	Medium
Contract Management	5.4 Lack of a comprehensive contract management framework	Medium
Delegated Authority	5.5 Authorisation limit do not revert to original once authorised period has passed	Low
Policy and Procedures	5.6 The finance procedures for procurement do not contain a date of the last review or next review scheduled	Low

These findings are related to Operational Risk 30 Fraud, scams and contractor collusion within the City's risk register, which is rated as high both inherently and residually. Given our findings we agree with this rating but believe the remediation of the findings detailed above would help reduce this rating towards the target of Medium.

The risk register also contains reference to contract management risk, but mainly in relation to OSH, so the City should consider widening this to include overall contract management.



2.1 Good Practice

Based upon the work performed during this review the following areas were noted as having appropriate practice in place:

- Policy and procedure are in place
- Processes for the following are operationally effective:
 - Tenders and requests for quote
 - Variations and extensions
- Tender and contract registers are in place and appropriately designed
- Monitoring processes are largely in place and driving improvement in performance, and
- Contract management processes were noted as operational

3. METHODOLOGY

Our methodology for this review comprised of the following steps:

- Conducted an initial meeting with management to obtain an understanding of processes and potential issues;
- Developed overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluated the effectiveness of the design of controls to cover the identified risk and tested the operation of the key controls;
- Followed up and confirmed action taken on any previous business issues identified and recommendations made;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes and identified key controls;
- Developed appropriate recommendations for improvement for discussion with management;
- Drafted a report of findings and recommendations and obtained formal responses from management; and
- Finalised the report and issued it to Management for distribution to the Audit and Risk Committee.

Each finding detailed in section 5 is rated based on the following scale:

Rating	Definition
High	Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.
Medium	Moderate contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.
Low	Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.



4. INHERENT LIMITATIONS

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted our review was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The review conclusion and any opinion expressed in this report have been formed on the above basis.

5. DETAILED AUDIT FINDINGS

5.1 Segregation of Duties for Purchase Orders

Audit Finding

A purchase order listing for 2021/2022 was obtained and it was noted that it contains 542 purchase orders with a combined value of \$746k that have the same requisitioner and approver. This is out of a total population of 7,392 purchase orders and \$47m of expenditure.

Our detailed testing identified that for the transactions within our sample the invoice was approved by a different person, meaning there was some involvement from a different person within the process, but we cannot state this is the case for all of the other 542 purchase orders and related invoices.

Management became aware of this issue in August 2021 and amended the system on 16/8/21 to prevent raising a requisition and authorising the purchase order being performed by the same person, however one of the 542 purchase orders (no. 137678) was noted as being raised on the 28/3/22.

Risk Rating

Paxon has determined this finding to be of **High Risk**

Implication

Lack of segregation of duties and independent oversight within procurement processes potentially resulting in undetected errors or fraud.

Recommendation

5.2.1 The system control should be assessed for effectiveness through understanding how PO137678 was raised and authorised by the same person.

5.2.2 For the 542 purchase orders approved and authorised by the same person an exercise should be performed to assess if invoices matched to these PO were authorised by a different person or if there was a different form of independent oversight to mitigate the lack of segregation.

Management Comment

With the implementation of the OneCouncil system in July 2022, this circumstance under 5.2.1 cannot happen for future Pos, as the system is configured with workflows that do not allow self-approval under any circumstance.

The City will undertake the assessment of invoices as per recommendation 5.2.2 as soon as practicable.

Action Owner

Chief Financial Officer

Target Completion Date

February 2023



5.2 Procurement Monitoring

Audit Finding

Monitoring of procurement activity such as overall expenditure and the existence of contracts and invoice received before purchase order is raised is in place to assess compliance. The latter was commenced in July 2018 and since then the levels of purchase order being raised after invoice has decreased from over 200 a month to around 30.

5.1.1 Within our sample we identified two invoices that were received before purchase orders were raised for PO 137423 (RFQ 132/18 Corporate Business System) and PO 131661 (approval of procurement).

5.1.2 There is no monitoring in place to identify if purchase order splitting is occurring to avoid delegation or tender thresholds.

Paxon's testing did not indicate any instances where purchase order splitting had occurred.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**

Implication

Lack of monitoring of procurement may result in inappropriate procurement processes being performed.

Recommendation

5.2.1 Continued effort should be made to eradicate the practice of purchase order being raised after invoice, including training and reiteration of expected process.

5.1.2 The practice of monitoring for purchase orders raised for the same supplier on the same day or within a few days should be introduced.

Management Comment

Acknowledge the above and agree with the recommendations concerning PO's. Training already happens. City will review training practices and identify areas of improvement.

In relation to splitting PO's, the City will explore with its specialist support consultant the viability of adding limitations within OneCouncil.

Action Owner

Manager ICT/Chief Financial Officer

Target Completion Date

July 2023



5.3 Completion of Conflicts of Interest Declarations

Audit Finding

A conflict of interest process is in place within the City but Paxon's testing identified that 2 out of 9 procurement transactions were missing a conflict of interest declaration form for one of the panel members.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**

Implication

Conflicts of interest may not be identified and resolved appropriately.

Recommendation

All members of an evaluation panel should complete a conflict of interest declaration.

Management Comment

The missing forms were identified from historical procurements. After significant recent improvement, all panel members do complete a conflict of interest declaration for all formal procurements.

The City will also explore improved training relating to declaring conflicts (or potential conflicts) and related definitions.

Action Owner

Coordinator Procurement and Contracts / Manager Governance & Legal

Target Completion Date

June 2023



5.4 Contract management framework

Audit Finding

Within the 'Procurement Procedure for Procurement of Good & Services 2021' is documented a high level guide to contracting and contract management. However, this is not detailed and does not provide specific expectations or templates that could be used, so is open to interpretation as to how it should be implemented.

It was also noted that contract management is paper based and a system could be considered to better enable contract management processes and their monitoring and reporting.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**

Implication

High level guidance for contract management leading to inconsistent interpretation and implementation.

Recommendation

More detailed guidance on contract management should be developed and implemented to provide consistency of expectation and operational contract management processes.

This could include a system including templates, monitoring activity, supplier KPI monitoring, audit and quality assurance practice, contract close out and renewal.

Management Comment

Agree with the recommendation. Although the current procedures link to various promapps that do contain some templates and guidance, this does not deter from the fact that improvement can be made in areas as identified.

The City shall review current high level documentation to formalise processes and develop appropriate framework and templates, exploring the capabilities of the OneCouncil system also.

Action Owner

Coordinator Procurement and Contracts

Target Completion Date

August 2023



5.5 Financial Delegations

Audit Finding

Each year a memo is sent from the Chief Financial Officer to the Chief Executive Officer detailing positions and their delegated authority limits for approval and payment.

This memo was obtained and compared to the delegations set up within the finance system to compare the designed limit control with the actual limits in place.

It was noted that one officer has an authorisation of \$40,000 as opposed to their usual limit of \$10,000. The officer acts up regularly in a position with a delegation of \$40,000 however, at the end of the acting-up period the delegation had not reverted to its normal level of \$10,000.

Risk Rating

Paxon has determined this finding to be of **Low Risk**

Implication

Delegated limits are not system enforced.

Recommendation

After the acting up period is over the system should immediately revert back to the original delegation limit. If possible this should be done automatically by including a date for the delegation to revert or alternatively through regular comparison of the memo limits to the system.

Management Comment

In the City's old Authority/Civica system, the end dates were entered and automatically reverted back, with the one exception as listed above.

City implemented new OneCouncil System in July 2022. In regards to delegations now, the process of delegation means that a persons personal delegations are not increased, they have access to delegation of the position they are covering. Which is set for a specific time period and their access to this position is revoked at the end. This is all automatic so does not have the issue of being forgotten or accidentally missed or changed.

Action Owner

N/A

Target Completion Date

N/A



5.6 Documenting Review of Internal Guidance

Audit Finding

The 'Finance Procedures for the Procurement of Goods and/or Services' (D20/63484) does not have the date that it was created, the date of the last review or the next scheduled review.

Risk Rating

Paxon has determined this finding to be of **Low Risk**

Implication

Internal guidance documents may become out of date or irrelevant.

Recommendation

Document the last reviewed and next reviewal date on the procedures document.

Management Comment

Acknowledge and agree with the recommendation.

Action Owner

Coordinator Finance

Target Completion Date

December 2022

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DARWIN

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Telephone: +61 8 6314 3066

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Internal Audit – Working Document

Open Actions

Auditable Unit		Action Status	Target Completion Date	Risk Rating
Asset Management				
1.	Customer Requests Monitoring and Performance (5.1): <ol style="list-style-type: none"> 1. KPI relating to the timely and effective resolution of CRM should be established. 2. Reports should be run on a monthly basis to assess performance against the KPI and on a more regular basis to ensure that action is taken on a timely basis to resolve all CRM. 	Completed	March 2023	Medium
2.	Evidence of Inspections (5.2): <ol style="list-style-type: none"> 1. An inspection form should be developed for the inspection of park structures, fences and retaining walls to ensure consistency and provide evidence of performance. This should be completed and recorded for all inspections performed and going forward included within OneCouncil when possible. 	Completed	March 2023	Medium
3.	Maintenance Scheduling (5.3): <ol style="list-style-type: none"> 1. Maintenance schedules should be updated on a timely basis to reflect work performed and the required timeframe of future works. 	Completed	February 2023	Low
4.	Asset Management Framework Improvements (5.4): <ol style="list-style-type: none"> 1. All improvements identified in the Infrastructure Strategy (2021) and Asset Management Plans (2020/21) along with owner and action dates and the status of implementation should be tracked on a monthly basis within Team Business Plans or an equivalent document. 2. The Asset Management Working Group should be re-established and have oversight of all asset related improvements. 	Completed	January 2023	Low
5.	Implementation of Recommendations (5.5): <ol style="list-style-type: none"> 1. All recommendations and suggestions identified in the City Operations Service Review (2021) should be responded to formally, along with owner and action dates and the status of implementation regularly tracked within 	Completed	January 2023	Low

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	Team Business Plans, an equivalent document or through the Asset Management Working Group.			
6.	Asset Register Systems (5.6): 1. A plan to migrate the asset registers to OneCouncil be established and implemented.	Completed	January 2023	Low
Auditable Unit				
Procurement & Contract Management		Action Status	Target Completion Date	Risk Rating
7.	Segregation of Duties for Purchase Orders (5.1): 1. The system control should be assessed for effectiveness through understanding how PO137678 was raised and authorised by the same person. 2. For the 542 purchase orders approved and authorised by the same person an exercise should be performed to assess if invoices matched to these PO were authorised by a different person or if there was a different form of independent oversight to mitigate the lack of segregation.	In progress	February 2023	High
8.	Procurement Monitoring (5.2): 1. Continued effort should be made to eradicate the practice of purchase order being raised after invoice, including training and reiteration of expected process. 2. The practice of monitoring for purchase orders raised for the same supplier on the same day or within a few days should be introduced.	In progress	July 2023	Medium
9.	Completion of Conflicts of Interest Declarations (5.3): 1. All members of an evaluation panel should complete a conflict of interest declaration.	In progress	June 2023	Medium
10.	Contract management framework (5.4): 1. More detailed guidance on contract management should be developed and implemented to provide consistency of expectation and operational contract management processes.	In progress	August 2023	Medium
11.	Financial Delegations (5.5): 1. After the acting up period is over the system should immediately revert back to the original delegation limit.	In progress	N/A	Low

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12.	Documenting Review of Internal Guidance (5.6): 1. Document the last reviewed and next reviewal date on the procedures document.	In progress	December 2022	Low
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Closed Actions

Auditable Unit		Action Status	Target Completion Date	Risk Rating
1.				

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1.	Auditable Unit: Asset Management Action Description: Customer Requests Monitoring and Performance: <ol style="list-style-type: none"> KPI relating to the timely and effective resolution of CRM should be established. Reports should be run on a monthly basis to assess performance against the KPI and on a more regular basis to ensure that action is taken on a timely basis to resolve all CRM.
	Target Completion Date: March 2023 Action Status: Completed Action Owner: Manager City Operations
	Action Status Comments: <ul style="list-style-type: none"> City Operations have addressed the recommended action by developing and implementing a reporting process for all CRMs. Director City Infrastructure and Manager City Operations generate a report of CRMs on a monthly basis (capturing timeframes taken to complete each CRM, age of open items as well as number of items completed in accordance with KPI) which is jointly reviewed as part of their monthly meeting agenda. No further action required.

2.	Auditable Unit: Asset Management Action Description: Evidence of Inspections An inspection form should be developed for the inspection of park structures, fences and retaining walls to ensure consistency and provide evidence of performance. This should be completed and recorded for all inspections performed and going forward included within OneCouncil when possible.
	Target Completion Date: March 2023 Action Status: Completed Action Owner: Manager City Operations
	Action Status Comments: <ul style="list-style-type: none"> The City already has a formal inspection procedure in place, including recording faults. Investigating this finding further, it was determined that offices would retain inspection sheets until all corrective actions are complete (e.g. a part for play equipment might be ordered, so the form might be retained for a number of weeks until the part arrived and was fitted). This process does not allow management oversight of outstanding problems. The existing process has been updated to require all inspection forms to be submitted once the inspection has been completed and for the corrective action to be recorded on a corrective action register. A review of the corrective action register has been added to the agenda of the Director/Manager meeting for review each month. City Operations have addressed the recommended action by developing a process to ensure corrective actions identified during inspections are appropriately recorded within a register, thereby allowing greater management oversight.

3.	Auditable Unit: Asset Management Action Description: Maintenance Scheduling Maintenance schedules should be updated on a timely basis to reflect work performed and the required timeframe of future works.
	Target Completion Date: February 2023

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Action Status:	Completed
Action Owner:	Manager City Operations
Action Status Comments:	
<ul style="list-style-type: none"> Although there are no concerns required maintenance work is not being undertaking, potential improvement could take place with respect to the recorded of such work within City schedules. Staff resourcing issues resulted in this deficiency, which has now been addressed through the creation of a Facility Technical Officer position. The City has hired someone in this position and they will be addressing this recording deficiency. 	

4.	Auditable Unit: Asset Management Action Description: Asset Management Framework Improvements <ol style="list-style-type: none"> All improvements identified in the Infrastructure Strategy (2021) and Asset Management Plans (2020/21) along with owner and action dates and the status of implementation should be tracked on a monthly basis within Team Business Plans or an equivalent document. The Asset Management Working Group should be re-established and have oversight of all asset related improvements.
Target Completion Date:	
January 2023	
Action Status:	
Completed	
Action Owner:	
Manager Asset Services	
Action Status Comments:	
<ul style="list-style-type: none"> Required data is captured within team action lists and reviewed at team meetings. Tables within asset management plans and the Infrastructure Strategy have been updated to record the status etc. from one revision to another. As indicated in the management comments within the report, in the context of the City of Kwinana, the use of an Asset Management Working Group is not supported. The IIMM proposes a number of asset management structures, with the use of a steering group being one option presented. The IIMM suggests a number of alternative structures and states that a steering group may be a single person within smaller organisations. Within the City of Kwinana, the Manager of Asset Management and Director City Infrastructure support and work closely with the Finance Team, Strategic Planning Team (in the form of the Community Infrastructure Plan), the Maintenance and Operations Teams and the Project Delivery Team. This is considered to appropriately meet the requirements of the IIMM. 	

5.	Auditable Unit: Asset Management Action Description: Implementation of Recommendations All recommendations and suggestions identified in the City Operations Service Review (2021) should be responded to formally, along with owner and action dates and the status of implementation regularly tracked within Team Business Plans, an equivalent document or through the Asset Management Working Group.
Target Completion Date:	
January 2023	
Action Status:	
Completed	
Action Owner:	
Manager City Operations	
Action Status Comments:	
<ul style="list-style-type: none"> Action plan has now been created and will be placed on the agenda for review at monthly meetings between the Director City Infrastructure and Manager City Operations. 	

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6.	Auditable Unit: Asset Management Action Description: Asset Register Systems A plan to migrate the asset registers to OneCouncil be established and implemented.
Target Completion Date:	January 2023
Action Status:	Completed
Action Owner:	Not applicable
Action Status Comments: <ul style="list-style-type: none"> Implementation of the OneCouncil assets program was completed in July 2022. 	

7.	Auditable Unit: Procurement & Contract Management Action Description: Segregation of Duties for Purchase Orders <ol style="list-style-type: none"> The system control should be assessed for effectiveness through understanding how PO137678 was raised and authorised by the same person. For the 542 purchase orders approved and authorised by the same person an exercise should be performed to assess if invoices matched to these PO were authorised by a different person or if there was a different form of independent oversight to mitigate the lack of segregation.
Target Completion Date:	February 2023
Action Status:	Completed
Action Owner:	Chief Financial Officer
Action Status Comments: <ul style="list-style-type: none"> This issue was identified in the City's Regulation 17 Audit and was addressed through a change to the system that removed the ability for a requisitioner to also approve a purchase order. This segregation of duties has been included in the new OneCouncil business system. The Audit and Risk committee has previously reviewed this finding as part of the Regulation 17 Audit and supported the change to create duty segregation. As this issue was previously reported and addressed, management do not intend to attempt to audit previous purchasing decisions under the old system configuration. It is noted that the internal control processes at the time were based on the requisitioner also being able to approve the purchase order. Additional controls include budget oversight by managers and directors, separate independent officers approving EFT payments, and monthly reporting of every purchase to the Executive Management Team and Council. Management have investigated purchase order 137678 and have determined the purchase order was not approved. After the requisition was raised, a request was sent to the Purchasing Officer to cancel the requisition. A screenshot sent to the Purchasing Officer shows both that there was an approver and that the requisition was not approved (see immediately below). This is considered to be a quirk in the system relating to the manager responsible for approving the purchase order leaving the organisation without approving the purchase order. The system has replaced the manager's name in the requisition with the requisitioner's name. However, the system did not allow the requisitioner to approve the purchase order, with authority remaining with the manager (see second screenshot below). A request was made to cancel this requisition (screenshot immediately below). The requisition was cancelled, but the quirk in the system prevented the deletion of the requisition (see second screenshot below). 	

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From: Leeanne Parsons
Sent: Monday, 11 April 2022 2:45 PM
To: Julia Bristow <Julia.Bristow@kwinana.wa.gov.au>; Paula Hunt <Paula.Hunt@kwinana.wa.gov.au>
Subject: Please cancel requisition 139501

ment Browse

Requisition Details

Requisition No: 139501 Awaiting Requisition Approval

Requisition No: 4344 Open ☐

Requisition Lodged By: 222607 Jake Wells

Requisitioned Requisitioner: 222607 Jake Wells

Requisition Type: Systems Administrator

Requisition Type: 1 Operational Budget Items

Requisition Date: 28/03/2022 Time: 15:01

Requisition Lines

Product	Product Description	Short I
1	1 Year Nearmap Subscription (21 April 2022 to 20 April 2023)	1 YEAR

[Leeanne Parsons](#)

Software Analyst

From: Julia Bristow
Sent: Tuesday, 12 April 2022 8:39 AM
To: Paula Hunt <Paula.Hunt@kwinana.wa.gov.au>; Leeanne Parsons <Leeanne.Parsons@kwinana.wa.gov.au>
Subject: RE: Please cancel requisition 139501

Very strange as the requisition is still sitting there. I tried to cancel it but it won't work.
 Sorry Leeanne no idea how to get rid of it?

Requisition 139501/2022

139501/2022	Approve/Reject
Precis	Requisition Action - Req No 139501
Description	Requisition Approval
Due	28/03/2022
Action Officer	Christopher Julian Hocking
Action Role	

8.	Auditable Unit: Procurement & Contract Management	
	Action Description: Procurement Monitoring	
	1. Continued effort should be made to eradicate the practice of purchase order being raised after invoice, including training and reiteration of expected process. 2. The practice of monitoring for purchase orders raised for the same supplier on the same day or within a few days should be introduced.	
	Target Completion Date:	July 2023
	Action Status:	In progress
	Action Owner:	Manager ICT/Chief Financial Officer
	Action Status Comments:	

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- The City provides a report to senior managers each month providing a list of any occurrence of a purchase order being raised after the invoice has been received. This report is monitored, and where necessary investigated. A significant reduction in occurrences has resulted from this process. With the new corporate business system, the ability to update orders will further reduce the incidence of purchase orders being raised after an invoice is received.
- The Procurement and Contracts team run a report at least once a year, to look for high-expenditure with a single supplier where an ongoing contract is not in place. Where these occurrences are identified, the Procurement and Contracts team speak with the responsible manager and review the purchasing processes used to engage the supplier. Where appropriate in the circumstance, the Procurement and Contracts team may recommend a longer-term contract be established. Forming longer-term contracts may assist with reducing the number of purchase orders raised and/or provide administrative efficiencies.
- Recommendation 2 is noted and opportunities to implement this recommendation will be explored.

9.	Auditable Unit: Procurement & Contract Management Action Description: Completion of Conflicts of Interest Declarations All members of an evaluation panel should complete a conflict of interest declaration.
Target Completion Date:	June 2023
Action Status:	In progress
Action Owner:	Coordinator Procurement and Contracts / Manager Governance & Legal
Action Status Comments: <ul style="list-style-type: none"> • Ongoing 	

10.	Auditable Unit: Procurement & Contract Management Action Description: Contract management framework <ol style="list-style-type: none"> 1. More detailed guidance on contract management should be developed and implemented to provide consistency of expectation and operational contract management processes. 2. This could include a system including templates, monitoring activity, supplier KPI monitoring, audit and quality assurance practice, contract close out and renewal.
Target Completion Date:	August 2023
Action Status:	In progress
Action Owner:	Coordinator Procurement and Contracts
Action Status Comments: <ul style="list-style-type: none"> • Ongoing 	

11.	Auditable Unit: Procurement & Contract Management Action Description: Financial Delegations After the acting up period is over the system should immediately revert back to the original delegation limit. If possible this should be done automatically by including a date for the delegation to revert or alternatively through regular comparison of the memo limits to the system.
Target Completion Date:	N/A

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Action Status:	In progress
Action Owner:	N/A
Action Status Comments: <ul style="list-style-type: none">Ongoing	

12.	Auditable Unit: Procurement & Contract Management Action Description: Documenting Review of Internal Guidance Document the last reviewed and next reviewal date on the procedures document.
Target Completion Date:	December 2022
Action Status:	In progress
Action Owner:	Coordinator Finance
Action Status Comments: <ul style="list-style-type: none">Ongoing	

8.3 REGULATION 17 AUDIT

SUMMARY

At the Audit and Risk Committee meeting of 14 June 2021, the findings of the recent Regulation 17 Audit conducted by Paxon Group as well as the Developer Contribution Payment ('DCP') Audit conducted by Crowe Australia were presented. Both audits contained recommendations as to areas of potential improvement to current practices.

Updates to the actions recommended within the audits have been provided to the Committee at subsequent meetings, with all actions now being finalised apart from the following:

- Disaster Recovery Plan is out of date

Details of the outstanding action and the progress towards its closure is detailed in Attachment for noting and comment by the Committee.

Further updates regarding this outstanding action will be provided to future meetings of the Audit and Risk Committee until such time as it is approved for closure by the Committee.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note and provide comment where appropriate, the Regulation 17 audit action report detailed in Attachment A and the Developer Contribution Payment audit action report detailed in Attachment B.

VOTING REQUIREMENT

Simple majority

DISCUSSION

Full details of the outstanding action arising from the recent Regulation 17 review are included in Attachments A and are provided to the Committee for noting and comment where appropriate.

In summary, the City is in the process of seeking a suitable external consultant to assist in reviewing its disaster recovery processes and documentation.

In relation to its recording and monitoring of actions generally, the City is presently transitioning its reporting across the organisation:

- Strategic Community Plan and Corporate Business Plan Reporting – Previously the City stored and tracked this information in Performance Manager (Civica). Progress against actions is now being reported quarterly through spreadsheets as we progress towards tracking this information in TechOne. The final quarter for the last financial year was provided to Council at its meeting of 28 September 2022.

- Team Business Plan Reporting – Remains on hold until the transition to recording this information in TechOne. Team Business Plans are currently being progressed through spreadsheets ahead of the new system.
- Opportunities for Improvement and Internal Non-Conformance Reporting – The City is transitioning from Performance Manager to Promapp software, with the intention of being able to identify, investigate and action an improvement/incident, rather than just report on them.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.4 – Establish a culture of continuous improvement achieving high levels of business excellence	5.4.4 – N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	Implementation of the Audit recommendations will improve the City's internal systems.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

No legal/policy implications have been identified as a result of this report or recommendation.

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Attachment A - Regulation 17 review audit - 3 December 2022 Audit and Risk Committee Meeting**

Incident Register



Filter: Open; Priority: All; Portfolio: Internal non-conformance (Audit); Categories: Reg. 17 Audit

PRIORITY	TITLE	PORTFOLIO	PORTFOLIO MANAGER	CATEGORY	LOCATION	DATE	DUE DATE	STATUS	OWNER
MED	I00014: Disaster Recovery Plan is out of date	Internal non-conformance (Audit)	Governance and Risk Officer	Reg. 17 Audit		16 Jun 2021	23 Sep 2022	Under review	Manager Governance and Legal

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton



I00014 Disaster Recovery Plan is out of date

The City's Disaster Recovery Plan is outdated (2018) V2 and still includes names of previous CEO and officers. Reference to COVID-19 situations are not included. Paxon have been advised that a Cloud Disaster Recovery is being sourced

Overview

MED

Owner:	Manager Governance and Legal	Current Phase: Under Action
Reported:	12 Jul 2021	Date of Audit Action: 16 Jun 2021
Category:	Reg. 17 Audit	
Product or service:	Polices & Procedures	
Responsible Officer:	Manager Governance and Legal	
Type of Report:	Reg.17	

Investigation

Investigation Completed:	21 Sep 2021 (target: 01 Dec 2021)
Findings and Summary:	Business Continuity may not be guaranteed in the case of a disaster

Actions

Ensure updated Disaster Recovery Plan is updated to align with Cloud DR

N/A

Action Completed: (target: 01 Dec 2021)

Progress update: The City's Crisis Management and Business Disruption Manual and Plan was provided to LGIS for their review. The City also requested that once the review had been conducted by LGIS that it was be considered best practice to implement a schedule to carry out training and a mock exercise. LGIS have since advised the City that they no longer provide this service.

On that advice the Governance and Legal Team developed a scope of works/ brief that was provided to external consultants to conduct the following,

1. Review and conduct a GAP analysis of the City's Crisis Management and Business Disruption Procedures Manual;
2. Review and conduct a GAP analysis of the City's Crisis Management and Business Disruption Response Plan;
3. Provide a report, recommendations and amendments to the Manual and Plan;
4. Meet with the City's Leadership Team to discuss the amended Manual and Plan;
5. Conduct training (including Crisis simulations) with appropriate staff; and
6. Make any required amendments to the Manual and Plan that were identified during training.

Upon the review of the proposals received the City has engaged a consultant and started the review of the Manual and Plan. It is expected that a report will be presented to the Audit and Risk Committee at its first meeting to be held in 2023 and to the following meeting of Council for adoption.

8.4 RISK MANAGEMENT REPORT

SUMMARY

The City's Risk Management Policy provides the foundations and organisational arrangements for embedding risk awareness, monitoring and management across strategic and operational levels of the organisation.

At each Audit and Risk Committee Meeting, a report is presented detailing all identified strategic risks and high-level operational risks, including the status of the actions to manage those risks. These reports are provided at Attachments A and B.

The City is continuing its transition to the Camms.Risk system, including providing further risk training and education across the organisation.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note and provide comment where appropriate on:

- 1. City of Kwinana Organisational Risk Register – Strategic Risks detailed in Attachment A.**
- 2. City of Kwinana Organisational Risk Register – Operational Risks detailed in Attachment B.**

VOTING REQUIREMENT

Simple majority

DISCUSSION

The City's Risk Management Strategy sets the following role and responsibilities for the Committee:

- a) Ensuring the City has appropriate risk management and internal controls in place.
- b) Approving and reviewing risk management programmes and risk treatment options for extreme risks.
- c) Setting and reviewing risk management tolerances/appetite and making recommendations to Council.
- d) Providing guidance and governance to support significant and/or high-profile elements of the risk management spectrum.
- e) Monitoring strategic risk management and the adequacy of internal controls established to manage the identified risks.
- f) Monitoring the City's internal control environment and reviewing the adequacy of policies, practices and procedures.
- g) Assessing the adequacy of risk reporting.
- h) Monitoring the internal risk audit function, including development of audit programs as well as monitoring of audit outcomes and the implementation of recommendations.

- i) Setting the annual internal audit plan in conjunction with the internal auditor taking into account the City Strategic and Operational Risk Registers.
- j) Conduct an annual review of the organisation's Risk Management Policy and Strategy; and
- k) Reporting through the Chief Executive Officer to the Council on its findings.

The Organisational Risk Registers are provided to the Audit and Risk Committee on a quarterly basis for their review and as an opportunity to provide advice regarding risk management, as the City is focussed on creating a culture that is committed to openness and transparency and fulfilling its responsibilities in relation to risk management.

The City of Kwinana Risk Management Strategy establishes the risk appetite/attitude for residual risk as follows:

Impact Category	Level of residual risk the City is willing to retain			
	Low	Moderate	High	Extreme
Environmental		●		
Financial	●			
Health and Safety	●			
ICT, Infrastructure and Assets		●		
Legislative Compliance	●			
Reputation/Image	●			
Service Delivery		●		

The Organisational Risk Register shows all strategic risks. Strategic and Operational Risk Registers are provided for the Committee's noting and comment where appropriate, showing those risks having a residual risk assessment of 'High' or 'Extreme'.

The March 2022 quarterly product update to Camm.Risk included amendments to the controls module, whereby risk controls are now maintained in a separate register. As a result, risk controls are no longer able to be amended within individual risks. Rather, officers are required to amend and update all controls from the separate control module.

Additional changes include the ability to select a risk control to link to each risk action. This enhances the relationship between risk controls and risk actions.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.1 – Model accountable and ethical governance, strengthening trust with the community	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	City Officers report risk in an accountable and transparent manner.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Regulation 17 of the Local Government (Audit) Regulations 1996 provides:

17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Attachment A - Strategic Risk Register**
- B. Attachment B - Operational Risk Register**



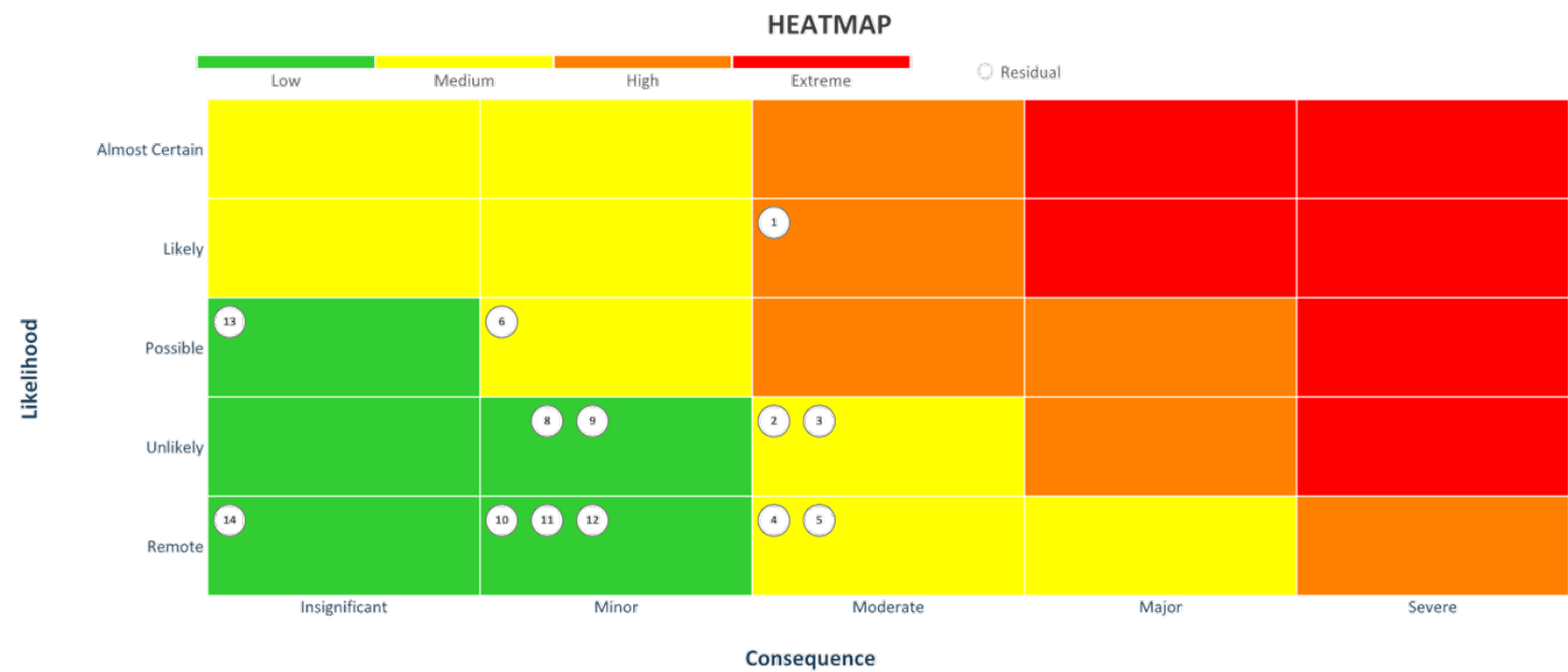
Heatmap Report

City of Kwinana

camms**risk**

Print Date: 27-Sep-2022

cammsrisk.com



City of Kwinana

Heatmap Report

RISK SUMMARY

Strategic

No.	Risk Title	Residual	Trend
4	SR2 - Financial ratios falling below DLGSC standards	Medium	↔
13	SR3 - Strategic performance is not reported back to Council for aid in decision making	Low	↔
3	SR6 - City infrastructure failure due to under-funding	Medium	↔
8	SR9 - Inadequate asset data leading to poor financial reporting and investment to address the City's commitment to asset management	Low	↔
6	SR12 - Non-compliance with newly introduced WHS Bill (and associated regulations)	Medium	↔
11	SR16 - The City does not carry out its integrated planning requirements in accordance with the relevant legislation	Low	↔
1	SR17 - State Government Waste Avoidance and Resource Recovery Strategy 2030 requirement for 3-bin FOGO waste systems to be implemented across Perth and Peel by 2025	High	↔
10	SR18 - Inadequate engagement practices	Low	↔
7	SR19 - The City operating services and projects that are not aligned to the Strategic Community Plan and Corporate Business Plan	Low	↔
9	SR20 - Under insuring assets resulting in insufficient insurance proceeds to fund projects if replacement required	Low	↔
12	SR23 - Financial loss arising from inaccurate assessment of DCP infrastructure cost estimates resulting in inability to deliver required infrastructure	Low	↔
2	SR25 - Impact of reform to the Retirement Villages Act 1992 on the City's ability to operate Banksia Park Retirement Estate and Callistemon Court Retirement Village	Medium	
14	SR26 - Risks resulting from the City's operation of Bright Futures Children's Services	Low	

City of Kwinana

Heatmap Report

RISK OVERVIEW

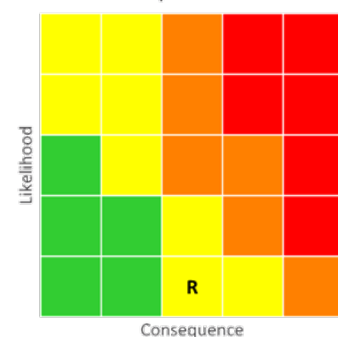
Strategic

SR2

Financial ratios falling below DLGSC standards

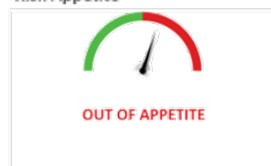
Risk Category: Financial, ICT, Assets/Infrastructure	Responsible person: Chief Financial Officer	Last Reviewed Date: 29 Sep, 2021	Next Review Date: 02 Mar, 2023
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Individual Heatmap



R Residual Risk Assessment

Risk Appetite



Causes

- Inadequate asset sustainability practices

Consequences

- Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal.

Risk Review Comments: Officers are continuing to ensure that Long Term Financial Plans and budgets are seeing an improvement to ratios.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
2022-2041 Long Term Financial Plan	Chief Financial Officer	Substantially Effective	30 Jun, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Ensure that future budgets and LTFPs continue to increase asset renewal expenditure to bring the asset sustainability ratio to an acceptable level.	Chief Financial Officer	In Progress	25	30 Jun, 2032
Comment: In December 2021 the City reviewed the 4 year long term plan. The City adopted the 2022-23 budget in June. Both plans intended to improve ratios in this area.				
Investigate options to create a report in OneCouncil to provide current ratio status at quarterly intervals.	Chief Financial Officer	Not Started	0	30 Sep, 2023
Comment: -				

City of Kwinana

Heatmap Report

SR3 Strategic performance is not reported back to Council for aid in decision making

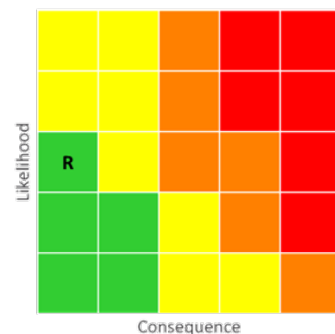
Risk Category: Legislative Compliance, Service Delivery

Responsible person: Integrated Planning and Special Projects Officer

Last Reviewed Date: 05 May, 2021

Next Review Date: 31 Dec, 2022

Individual Heatmap



Risk Appetite



Causes

- Failure to set up performance reporting processes

Consequences

- Providing inadequate advice/information

Risk Review Comments: Whilst this action is referring to the old software system, it is imperative to review this action again in December when TechOne should have introduced the module (PPLGS) which is how Strategy & Improvement will ensure strategic performance is reported back to Council.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Improve the reporting function through Performance Manager to provide Council with the best possible update on progress towards the Strategic Community Plan and Corporate Business Plan.	Integrated Planning and Special Projects Officer	Substantially Effective	07 Nov, 2022.

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Review appropriateness of reporting function through a performance management system.	Integrated Planning and Special Projects Officer	In Progress	50	03 Dec, 2022
Comment: The City is currently in the progress of moving to OneCouncil to provide its performance management system and reporting. In the interim updates on Strategic Community Plan and Corporate Business Plan outcomes, objectives and actions are being managed captured within an Excel spreadsheet.				

City of Kwinana

Heatmap Report

SR6**City infrastructure failure due to under-funding**

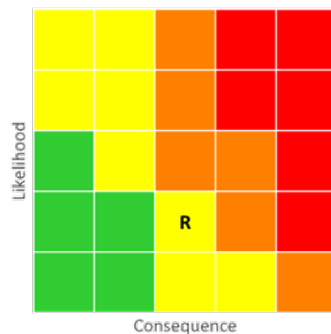
Risk Category: ICT, Assets/Infrastructure, Service Delivery

Responsible person: Director City Infrastructure

Last Reviewed Date: 25 Aug, 2021

Next Review Date: 25 Nov, 2023

Individual Heatmap



R Residual Risk Assessment

Risk Appetite



Causes

- failure to fund asset renewal obligations and asset maintenance requirements over the long term
- Inadequate asset sustainability practices

Consequences

- Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated life-cycle from procurement to maintenance and ultimate disposal. It does not include issues with the inappropriate use of the plant, equipment or machinery.
- Failure to fulfill statutory regulations or compliance requirements
- Financial burden of extended project implementation

Risk Review Comments: Risk reviewed no update required.

Risk Treatment: Avoid

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Advocate to maintain asset financial ratios in the annual report and the My Council Website	Manager Asset Management Services	Partially Effective	30 Nov, 2022
Provide updated financial data for asset valuation and financial ratios	Manager Asset Management Services	Partially Effective	30 Nov, 2022
Develop Asset Management Plans	Manager Asset Management Services	Partially Effective	30 Nov, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Asset Management Plans	Manager Asset Management Services	Completed	100	30 Jun, 2031
Comment: every second year update				
Petition IPWEA to advocate to retain financial ratios in the annual report and MY Council website	Director City Infrastructure	Completed	100	23 Jan, 2023
Comment: IPWEA has formed a formal position on the need to retain asset ratios in financial reports. IPWEA has written to the Minister to this effect.				
Provide asset financial data	Manager Asset Management Services	Completed	100	30 Jun, 2031
Comment: Asset data is provided in accordance with financial valuation cycle.				

City of Kwinana

Heatmap Report

SR9**Inadequate asset data leading to poor financial reporting and investment to address the City's commitment to asset management**

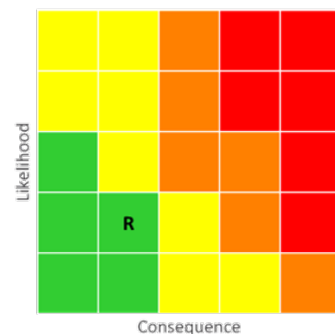
Risk Category: ICT, Assets/Infrastructure, Financial

Responsible person: Manager Asset Management Services

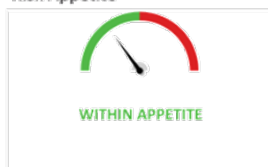
Last Reviewed Date: 14 Sep, 2022

Next Review Date: 09 Dec, 2023

Individual Heatmap



Risk Appetite



Causes

- Inadequate asset sustainability practices

Risk Review Comments: Reviewed no update required.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Prioritisation of asset management and accurate planning of works.	Manager Asset Management Services	Substantially Effective	13 Nov, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Review systems associated with prioritisation of asset management and accurate planning of works	Manager Asset Management Services	In Progress	50	02 Dec, 2022
Comment: To be reviewed annually with LTFP				
Future development of prioritisation of community infrastructure to include community factors.				

Consequences

- Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal.
- Instability, degradation of performance, or other failure of IT Systems Infrastructure, Communication or Utility causing the inability to continue business activities and provide services to the community. This does not include new system implementations - refer "inadequate Project/Change Management

City of Kwinana

Heatmap Report

SR12 Non-compliance with newly introduced WHS Bill (and associated regulations)

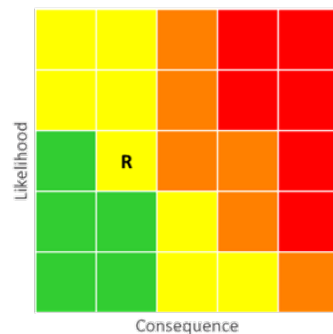
Risk Category: Legislative Compliance

Responsible person: Manager Human Resources

Last Reviewed Date: 21 Apr, 2022

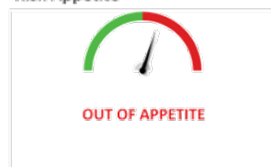
Next Review Date: 10 Jun, 2024

Individual Heatmap



R Residual Risk Assessment

Risk Appetite



Causes

- Changes to legislative requirements by State Government

Consequences

- Financial loss to the City
- Negative reputation from bad publicity
- New legislative obligations imposed on the City
- Non-compliance to WHS legislation

Risk Review Comments: Reviewed and actions comments amended to reflect status.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Monitor implementation of Regulations and advice from WALGA	Manager Human Resources	Substantially Effective	29 Oct, 2022
Conduct gap analysis	Manager Human Resources	Substantially Effective	29 Sep, 2022
Implement appropriate staff/volunteer training (including possible induction training)	Manager Human Resources	Substantially Effective	29 Oct, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Develop training for key staff (including induction, where appropriate)	Manager Human Resources	In Progress	40	31 Dec, 2022
Comment: The training is continuing to be developed and progressively implemented with the view to meet the legislated timeframe of 31 March 2023.				
Implement actions identified in GAP analysis.	Manager Human Resources	Completed	100	31 Mar, 2023
Comment: The City has 12 months to undertake these tasks following enacting of new laws on 31 March 2022.				
Monitor implementation of Regulations and WALGA advice	Manager Human Resources	Completed	100	03 Nov, 2022
Comment: Regulations have now come into effect (31 March 2022). No WALGA advice forthcoming.				
WorkSafe have released 23 codes of practice for reference.				

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City of Kwinana

Heatmap Report

SR16**The City does not carry out its integrated planning requirements in accordance with the relevant legislation**

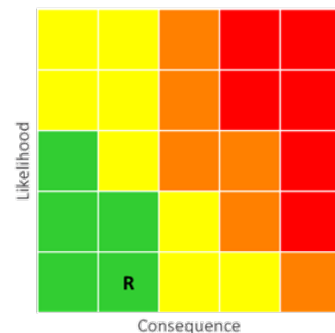
Risk Category: Legislative Compliance

Responsible person: Integrated Planning and Special Projects Officer

Last Reviewed Date: 28 Apr, 2022

Next Review Date: 17 Aug, 2023

Individual Heatmap



R Residual Risk Assessment

Risk Appetite



Causes

- Failure to fulfill statutory regulations or compliance requirements

Consequences

- Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal and public domain) to reflect changes. This does not include Occupational Safety and Health Act (refer ""Inadequate safety and security practices""") or any Employment Practices based legislation (refer ""Ineffective Employment practices") It does include legislative based obligations for Local Government, such as the Local Government Act 1995.

Risk Review Comments: The City has appointed a City Strategy and Improvement Team that has developed integrated planning and reporting processes, including the development of an annual compliance calendar that alerts staff to the legislative requirements for integrated planning and reporting.

Risk Treatment: Treat

Existing Risk Controls

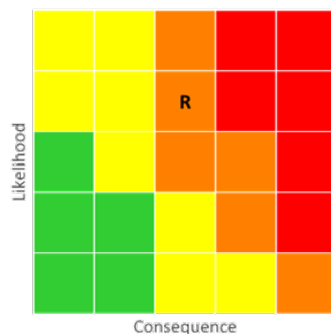
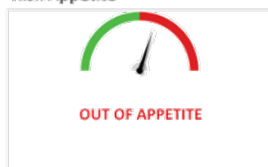
Control Title	Control Owner	Control Effectiveness	Next Review Date
Part of the position description of the Integrated Planning and Special Projects Officer role includes completion of the Strategic Community Plan and Corporate Business Plan.	Integrated Planning and Special Projects Officer	Substantially Effective	08 May, 2023

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
The appointment of an Integrated Planning Officer to oversee the review and improvement of all integrated planning documents.	Integrated Planning and Special Projects Officer	Completed	100	17 May, 2021
Comment: -				

City of Kwinana

Heatmap Report

SR17**State Government Waste Avoidance and Resource Recovery Strategy 2030 requirement for 3-bin FOGO waste systems to be implemented across Perth and Peel by 2025****Risk Category:** Legislative Compliance, Environmental, Financial, Reputation/Image**Responsible person:** Acting Manager Environment and Health Services**Last Reviewed Date:** 30 May, 2022**Next Review Date:** 30 Jun, 2023**Individual Heatmap****R** Residual Risk Assessment**Risk Appetite****Causes**

- Change to the City's legislative obligations by State Government

Consequences

- Financial implication estimated at approx \$1-2m to initially implement the 3-bin system and annual waste management costs will be increased.
- Non-compliance with State Government direction
- Reputation to State Government, other Local Governments and the public may be diminished.

Risk Review Comments: Talis Consultants "FOGO Feasibility Study Perth and Peel Region (March 2022)" final report received May 2022. Scoping and bench-marking for the development of the City of Kwinana specific feasibility assessment has commenced and this project is on-track to be completed within 2022-23, in accordance with the City's adopted Waste Plan.

Risk Treatment: Accept**Existing Risk Controls**

Control Title	Control Owner	Control Effectiveness	Next Review Date
Undertake feasibility assessment for 3 bin system.	Acting Manager Environment and Health Services	Partially Effective	20 Oct, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Assess initial viability of 3-bin system with Energy from Waste supply contract	Acting Manager Environment and Health Services	Completed	100	16 Apr, 2021
Comment: Kerbside Service Options Report completed by MRA Consulting Group 16 April 2021				
Commit to feasibility assessment through adoption of City of Kwinana Waste Plan 2021-25	Acting Manager Environment and Health Services	Completed	100	10 Mar, 2021
Comment: Adopted 10 March 2021, submitted to DWER 22 March 2021				
Participate in FOGO (Market) Feasibility for Perth and Peel Regions coordinated through Rivers Regional Council	Acting Manager Environment and Health Services	Completed	100	31 Dec, 2022
Comment: Talis Consultants FOGO Feasibility Study Perth and Peel Region March 2022 (D22/21970)				
Scope, procure and undertake City of Kwinana 3-bin feasibility assessment to determine optimal future delivery option	Acting Manager Environment and Health Services	In Progress	15	30 Jun, 2023
Comment: Appointed consultant to undertake feasibility study. On schedule for completion.				

City of Kwinana

Heatmap Report

SR18 Inadequate engagement practices

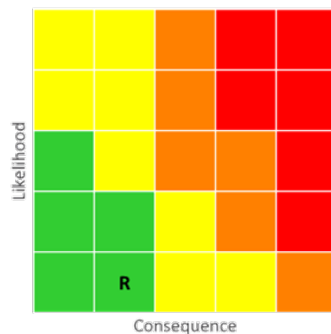
Risk Category: Reputation/Image, Financial, Legislative Compliance, Service Delivery

Responsible person: Coordinator Engagement and Place

Last Reviewed Date: 29 Sep, 2021

Next Review Date: 01 Jun, 2023

Individual Heatmap



Risk Appetite



Causes

• Failure to maintain effective working relationships with the community and stakeholders, including media, businesses, agencies, organisations, community groups, government officials and/or Elected Members, due to ineffective communication, relationship management, partnering, consultation and other engagement practices.

Consequences

- Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process.
- Financial burden of extended project implementation
- Financial burden of failing to realise opportunities for partnerships
- Inadequate analysis, design, delivery and/or status reporting of change initiatives, resulting in additional expenses, time requirements of scope changes
- Potential risk to organisational reputation
- Providing inadequate advice/information

Risk Review Comments: Investigating flagged CRM module as part of the Phase 2 OneCouncil roll out.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Engagement Action Plan	Manager Community Engagement	Partially Effective	31 Aug, 2022
Adequate engagement rationale included in Council Reports and Project Planning Process.	Manager Community Engagement	Substantially Effective	30 May, 2022
Diverse and effective City Advisory Groups	Manager Community Engagement	Substantially Effective	31 Aug, 2022
Stakeholder management database and management planning to be improved	Manager Community Engagement	Substantially Effective	31 Aug, 2022
Engagement culture to be led and championed by Executive, Managers, Councillors and by establishment of cross-functional championing team	Manager Community Engagement	Substantially Effective	31 Aug, 2022
IAP2 Certificate training for key staff engaging on projects or plans	Manager Community Engagement	Substantially Effective	31 Aug, 2022
Consultation Guide developed and used by staff	Manager Community Engagement	Substantially Effective	30 May, 2022
Engagement Framework endorsed	Manager Community Engagement	Partially Effective	31 Aug, 2022
Reviewed Engagement Policy endorsed	Manager Community Engagement	Partially Effective	31 Aug, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Establish staff awareness campaign in relation to the new Engagement Policy.	Coordinator Engagement and Place	In Progress	25	19 Sep, 2022

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City of Kwinana

Heatmap Report

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Comment: Community Engagement Specialist role to commence, 7 November 2022. This role will be dedicated resource to improve/action engagement outcomes for the City.				
Implement the City's Engagement Policy, establishing the principles for engagement between the City, stakeholders and the wider community.	Coordinator Engagement and Place	In Progress	100	19 Sep, 2022
Comment: Complete				

City of Kwinana

Heatmap Report

SR19**The City operating services and projects that are not aligned to the Strategic Community Plan and Corporate Business Plan**

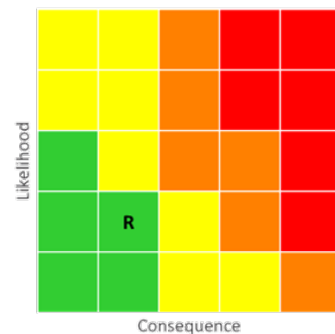
Risk Category: Legislative Compliance

Responsible person: Integrated Planning and Special Projects Officer

Last Reviewed Date: 28 Apr, 2022

Next Review Date: 28 May, 2023

Individual Heatmap



Risk Appetite



Causes

- Failure to fulfill statutory regulations or compliance requirements

Consequences

- Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal and public domain) to reflect changes. This does not include Occupational Safety and Health Act (refer ""Inadequate safety and security practices""") or any Employment Practices based legislation (refer ""Ineffective Employment practices") It does include legislative based obligations for Local Government, such as the Local Government Act 1995.

Risk Review Comments: The Quarter 1 (July to September 2022), Quarterly Performance Report regarding the Strategic Community Plan and Corporate Business Plan has been prepared and will be presented to Council at the Ordinary Council Meeting scheduled to be held on 14 December 2022.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
City Officers report quarterly to provide Council with the best possible update on progress towards the Strategic Community Plan and Corporate Business Plan.	Integrated Planning and Special Projects Officer	Substantially Effective	19 Jun, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
The Quarterly Performance Report is presented to Council.	Integrated Planning and Special Projects Officer	Completed	100	30 Jun, 2022
Comment: The Quarter 4 (April to June 2022), Quarterly Performance Report regarding the Strategic Community Plan and Corporate Business Plan has been prepared and will be presented to Council at the Ordinary Council Meeting scheduled to be held on 28 September 2022.				

City of Kwinana

Heatmap Report

SR20**Under insuring assets resulting in insufficient insurance proceeds to fund projects if replacement required**

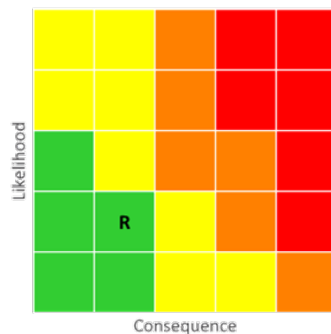
Risk Category: Financial, ICT, Assets/Infrastructure

Responsible person: Chief Financial Officer

Last Reviewed Date: 21 Feb, 2022

Next Review Date: 27 Nov, 2022

Individual Heatmap



R Residual Risk Assessment

Risk Appetite



Causes

- Inaccurate asset valuations
- replacement costs

Risk Review Comments: Reviewed and amended, additional controls added.

Risk Treatment: Avoid

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
revaluations of assets	Chief Financial Officer	N/A	30 Jun, 2025
For each department across the City, cross check current asset list against assets insured	Chief Financial Officer	Substantially Effective	26 May, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Complete annual LGIS questionnaire, including checking with each department that all assets are adequately insured	Finance Officer	Completed	100	31 Mar, 2022
Comment: Building revaluations are completed on a five-year cycle as part of the annual audit program. The revaluation report is provided to LGIS to update insurance replacement values.				

City of Kwinana

Heatmap Report

SR23 Financial loss arising from inaccurate assessment of DCP infrastructure cost estimates resulting in inability to deliver required infrastructure

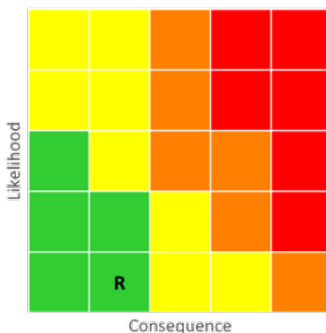
Risk Category: Financial, Reputation/Image, Service Delivery

Responsible person: Manager Engineering Services

Last Reviewed Date: 14 Sep, 2022

Next Review Date: 15 Feb, 2023

Individual Heatmap



Risk Appetite



Causes

- Appointment of separate consultants for annual review of DCP calculations for landscaping and road drainage resulted in incorrect calculation figures not being identified
- Inaccurate assessment of costs
- Lack of adequate information to guide calculation

Risk Review Comments: DCP Audit has been conducted, audit findings have been provided to the finance team. The new process with regards to minimising the use of multiple consultants has been developed and is currently being undertaken/tested with regards to engagement of external consultant.

Risk reviewed 14/09/2022. Implementing tender to cover all estimates required for infrastructure. Contract will require consultant to directly enter estimates into costing system to remove risk of typographical error.

Risk Treatment: Avoid

Existing Risk Controls

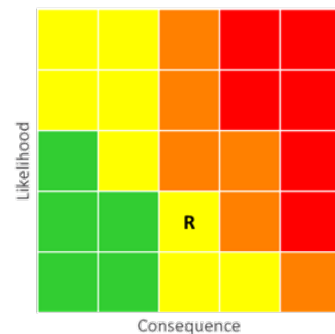
Control Title	Control Owner	Control Effectiveness	Next Review Date
Annual audit of Developer Contribution Payments (DCP)	Manager Engineering Services	Substantially Effective	06 May, 2022
Minimise use of multiple external consultants where possible	Manager Engineering Services	Substantially Effective	06 May, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Develop and implement processes to minimise use of multiple external consultants where possible.	Manager Engineering Services	Completed	100	21 Oct, 2022
Comment: No further action required.				
Estimate of works costs to cover all works with a single consultant, and enter data directly into costing system.	Manager Engineering Services	In Progress	70	31 Dec, 2022
Comment: Tender package being finalised on the basis of single consultant over 3+ years.				

Impact of reform to the Retirement Villages Act 1992 on the City's ability to operate Banksia Park Retirement Estate and Callistemon Court Retirement Village

Next Review Date: 12 Dec, 2024



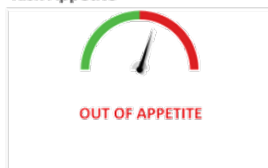
Existing Risk Controls

- Banksia Park and Callistemon Court being potentially financially non-viable to the City
- Non-compliance with legislation

Control Title	Control Owner	Control Effectiveness	Next Review Date
Monitor impending amendments to the Retirement Villages Act 1997 (WA) and review adequacy of existing City resources to meet additional legislative obligations imposed.	Manager Human Resources	N/A	12 Nov, 2022

Risk Action Title

Review 'Decision Regulatory Impact Statement' (DRIS) recommending amendments to the Retirement Villages Act 1997 to determine appropriate City response.	Manager Human Resources	Not Started	0	12 Dec, 2022
Comment: -				



City of Kwinana

Heatmap Report

SR26 Risks resulting from the City's operation of Bright Futures Children's Services

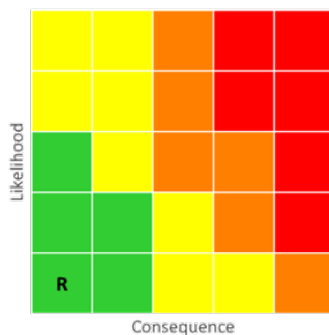
Risk Category: Legislative Compliance, Financial, Reputation/Image

Responsible person: Manager Community Services

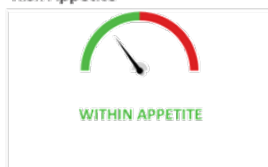
Last Reviewed Date: 19 Sep, 2022

Next Review Date: 19 Sep, 2023

Individual Heatmap



Risk Appetite



Causes

- Addition of private competing facilities within the district
- Economic pressures impact the financial viability of operations
- Failure by the City to comply with its legislative requirements

Consequences

- Financial liability of the City
- Legislative non-compliance
- Reputational damage

Risk Review Comments: ATO has finalised the matter. Transfer of service to be completed by the end of November 2022.

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Transfer of service to an external agency resulting in the City ceasing its operations	Manager Community Services	Fully Effective	19 Dec, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Complete process for the City to transfer the service to Wanslea	Manager Community Services	In Progress	50	19 Oct, 2022
Comment: -				



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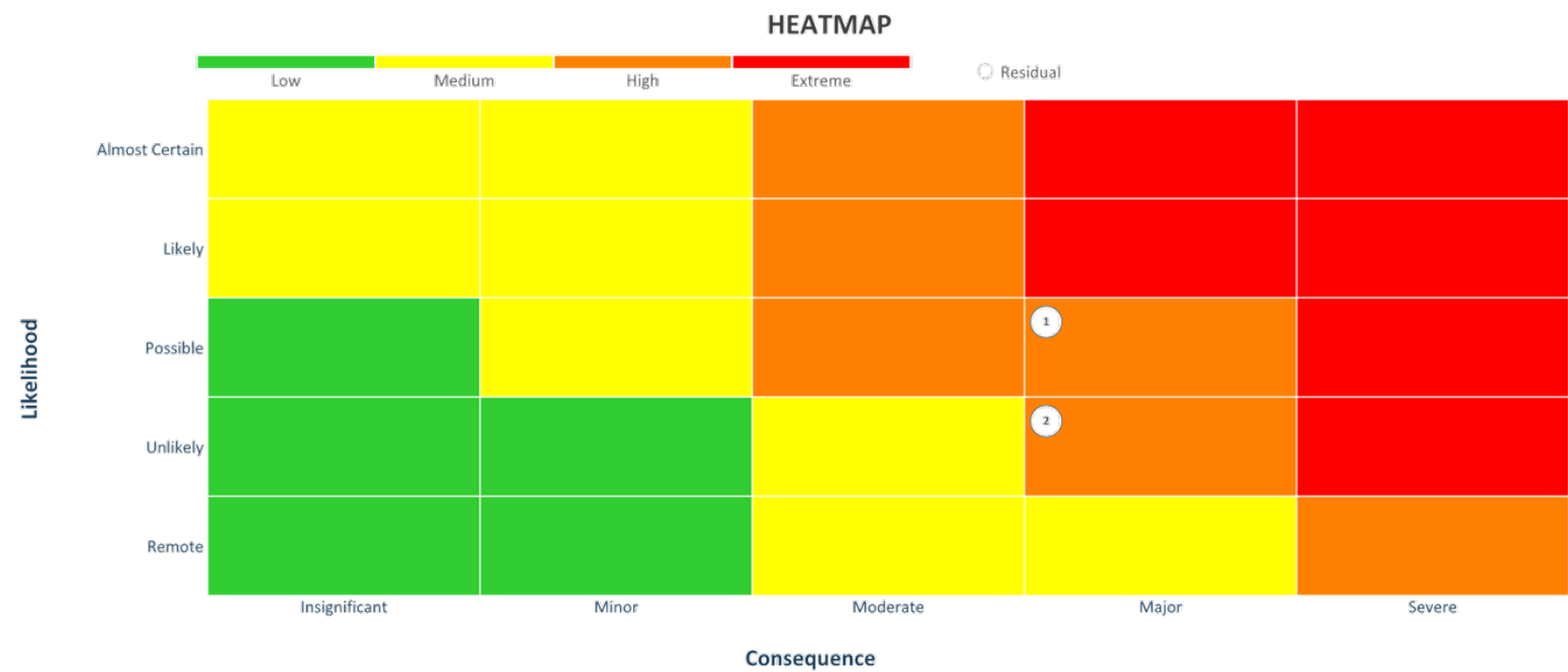
Heatmap Report

City of Kwinana

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Print Date: 18-Nov-2022

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City of Kwinana

Heatmap Report

RISK SUMMARY**Operational**

No.	Risk Title	Residual	Trend
1	OR11 - Risk to the City resulting from a delay in taking action in response to property owners failure to comply with a health notice, resulting in sanitary and maintenance issues, nuisance and risk of fire.	High	↔
Risk Comment: Risk review has been undertaken, risk actions have been amended to reflect the City's processes that address the mitigation of this risk item.			
2	OR105 - Risk of incident or injury to volunteer bush fire brigade volunteers whilst fire fighting	High	
Risk Comment: -			

18-Nov-2022

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RISK OVERVIEW

Operational

OR11

Risk to the City resulting from a delay in taking action in response to property owners failure to comply with a health notice, resulting in sanitary and maintenance issues, nuisance and risk of fire.

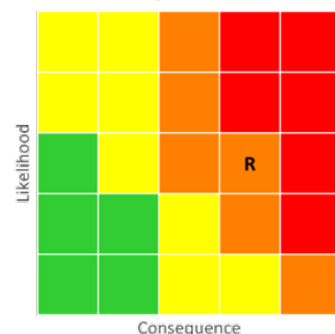
Risk Category: Legislative Compliance, Health and Safety

Responsible person: Acting Manager Environment and Health Services

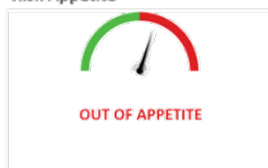
Last Reviewed Date: 22 Apr, 2022

Next Review Date: 01 Feb, 2023

Individual Heatmap



Risk Appetite



Causes

- Community mental health and socioeconomic issues
- Failure to fulfill statutory regulations or compliance requirements
- Lack of information / uncertainty as to the appropriate course of action
- lack of staff resources

Risk Review Comments: Whilst the City is compliant and has appropriate procedures in place that mitigate this risk item, the City is currently dealing with a non-compliant property with a range of complexities that pushes this risk item out of appetite. City Officer are trying to facilitate an acceptable outcome within their limitations.

Risk Owner Comments: Risk review has been undertaken, risk actions have been amended to reflect the City's processes that address the mitigation of this risk item.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
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Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Complete	End Date
Ensure process is in place relating to assessing properties following the issuing of a notice to ensure they are cleaned to health standards.	Acting Manager Environment and Health Services	In Progress	30	30 Jun, 2022
Comment: processes are being developed and undertake				
Recover charges on works carried out.	Acting Manager Environment and Health Services	Completed	100	30 Jun, 2022
Comment: Process is in place to recover charges on works carried out.				
Request assistance from Department of Communities and other alternative accommodations.	Acting Manager Environment and Health Services	Completed	100	01 Oct, 2021
Comment: A State appointed guardian has been appointed				

City of Kwinana

Heatmap Report

OR105 Risk of incident or injury to volunteer bush fire brigade volunteers whilst fire fighting

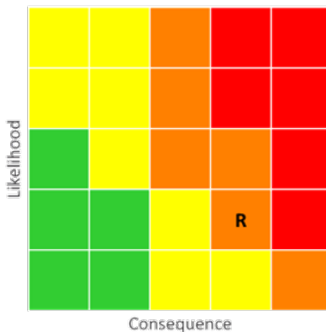
Risk Category: Health and Safety

Responsible person: Emergency Services Coordinator

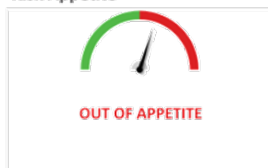
Last Reviewed Date: 07 Jun, 2022

Next Review Date: 04 Oct, 2023

Individual Heatmap



Risk Appetite



Causes

- Excessive work hours
- Insufficient training and resources
- Responding to a fire when not rested
- Rushing

Risk Review Comments: Due to the changes in the new Induction/Training process and documentation this risk will undertake a major review in the coming month. The new processes and documentation should reduce and mitigate some of the risk to the organisation and officers.

Risk Owner Comments: -

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Adequate procedures relating to induction and training of volunteer fire fighters	Emergency Services Coordinator	N/A	23 Sep, 2022
Adequate internal procedures relating to management of volunteer fire fighters (including in relation to shift management (shorter shifts), organised transport and temporary accommodation)	Emergency Services Coordinator	Substantially Effective	23 Sep, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Review adequacy of current practices relating to fatigue management for bushfires	Emergency Services Coordinator	Not Started	0	23 Sep, 2022
Comment: -				



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8.5 WORK HEALTH AND SAFETY (WHS) STATISTICAL REPORT - 5 DECEMBER 2022**SUMMARY**

Council has endorsed a Health and Safety Policy to meet its moral and legal obligation to provide a safe and healthy work environment for all employees, contractors, customers, and visitors. This commitment extends to ensuring the City's operations do not place the community at risk of injury, illness, or property damage. It is usual practice to provide a report detailing statistical data at each Audit and Risk Committee meeting. Due to the transition to the new MYOSH system this report is not available for this meeting. There have however been no incidents of significance for reporting during this period.

A Safety and Wellbeing Strategic Plan 2022 -2024 was presented to the last the meeting which will provide an overview and monitoring of the identified strategic safety and wellbeing actions linking the framework and operational processes. The Work Health and Safety Committee have commenced the allocation of tasks for this plan and its progress continues to be monitored by the Executive Leadership Team. Once the reporting framework and dashboard have been this plan will be tabled at the next Audit and Risk Committee meeting.

The month of October did have a number of events take place as it was National Safety month with the City actively seeking to raise the awareness of Health and Safety across the organisation. This has been achieved through the organisation of a Staff Safety Expo. In addition, the importance of mental health well-being was a topic of focus for the staff and Greg Hire from A Stitch in Time charity presented to the staff on the importance of mental health and well-being.

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

- 1. Note the City of Kwinana held a Staff Safety Expo to increase the awareness of Health and Safety across the organisation.**
- 2. Note the City of Kwinana staff attended a session which promoted the importance of mental health and well-being.**

VOTING REQUIREMENT

Simple majority

DISCUSSION

Summary of Statistical Data and OSH System Update:

The statistical data report is not available for this report as the City is transitioning from the current manual system of reporting data to the new software system, MyOSH. The system is scheduled to go live on 1 December 2022 with information currently in the User Acceptance Testing (UAT) environment. There have been a number of system champions who have been trained in the application of the new system and report development training has also been undertaken. There is still a requirement for the existing data to be migrated to the new system with this task being scheduled for completion prior to the “go-live” date. Whilst it is not possible to produce a statistical data report at this time, it should be noted that there have been no incidents of significance reported during the period

Safety and Wellbeing Strategic Plan 2022-2024:

The Safety and Wellbeing Strategic Plan 2022-2024 is a newly developed document that is designed to provide a link between the Health and Safety Framework and the operational processes to ensure that the City is delivering on its moral and legal obligations. This strategic plan will provide visibility across the City and has been created with input from the Work Health and Safety (WHS) Committee, the Executive Leadership and Senior Management teams and the identified responsible officers. The strategic plan listed five safety and wellbeing priorities and describes the strategic outcomes to be achieved, the key performance measures and the progress of delivery. The inclusion of the traffic light system will enhance the visual representation of advancement. The strategic plan has gone through to the Work Health and Safety Committee who have commenced the allocation of tasks. This plan will be tabled at the next Audit and Risk Committee meeting.

Staff Safety Expo:

On 12 October 2022, the City convened its second “Safety and The City” staff expo. The goal of the expo was to raise the awareness of Health and Safety in the workplace and the importance of self-care for our staff. There were numerous stallholders in attendance from the local community including, a display of PPE, musculoskeletal assessments, shoulder massages and storytelling assistance dogs, coupled with a variety of activities, many organised by the City’s staff. These included a healthy smoothing making bicycle, a mindful planting experience, a measure of hand strength, CPR contest and a “planking” competition, to name a few. The main event for the expo was a Mascot parade with over 12 City departments submitting an entry for the competition. The expo was well received with over 150 staff in attendance during the period.

Mental Health and Well-being Information Session:

As part of the National Safety month and acknowledgement of the importance of mental health and well-being in the workplace, the City organised for Greg Hire (NBL Champion and Perth Wildcats Vice-Captain) to present to our staff. The presentation focused on the importance of being positive mental wellbeing, building resilience and mentoring. This session was also well received by the City’s staff.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATION

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Regulation 17 of the Local Government (Audit) Regulations 1996 provides:

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and*
 - (b) internal control; and*
 - (c) legislative compliance.**
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) The CEO is to report to the audit committee the results of that review.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications as a result of this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications as a result of this report.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

There are no environment/public health implications as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

Nil

8.6 ADOPTION OF THE CITY OF KWINANA ANNUAL REPORT (INCLUDING THE FULL SET OF AUDITED FINANCIAL STATEMENTS) FOR THE YEAR ENDING 30 JUNE 2022 AND ACCEPTANCE DATE SET FOR THE ELECTORS' GENERAL MEETING

SUMMARY

The Audit Committee is to examine the Annual Financial Report, review any matters raised by the Auditor in the Management Report and ensure that appropriate action is taken in respect to those matters raised.

For the year ended 30 June 2022 the City's Auditors have been the Office of the Auditor General (OAG) for Western Australia. The OAG subsequently contracted the audit work to RSM, however it is the OAG that issue the final opinion and any relevant management points.

This report presents the audited draft Annual Financial Report including the Independent Auditor's Closing Report from the City's Auditors for the year ended 30 June 2022. An unqualified opinion is expected to be issued, meaning that the City of Kwinana's financial records and statements are fairly and appropriately presented, and in accordance with *Australian Accounting Standards Board (AASB)* and the *Local Government Act 1995*.

A copy of the draft Annual Report (Part 1 – Community) for the year ended 30 June 2022 is also attached for the Audit and Risk Committee's review. The Annual Report is comprised of two parts: Part 1 – Community and Part 2 – Annual Financial Report which together comprise the City's complete Annual Report 2021-22 and meet the City's legislative reporting requirements.

Each year the City is required to hold an Electors' General Meeting to consider matters arising with respect to the previous financial year. In order to set a date for the 2023 Electors' General Meeting, the Council is required to have both received the audit report for the prior period as well as having accepted the Annual Report.

In addition to acceptance of the Annual Report, approval of Council will be sought to set the date of the Electors' General Meeting.

OFFICER RECOMMENDATION

That the Audit and Risk Committee recommends that Council, at its next Ordinary Council Meeting:

- 1. Receive the draft Annual Financial Report for the year 30 June 2022, as detailed in Attachment A;**
- 2. Receive the Independent Auditor's Closing Report and Management Letters (Financial Statements and ICT) as detailed in Attachment B, C and D.**
- 3. Adopt the 2021/22 Annual Report, Part 1 – Community, as detailed in Attachment E.**
- 4. Advertise the availability of the Annual Report in accordance with Section 5.55 of the *Local Government Act 1995*.**
- 5. In accordance with Section 5.27 of the *Local Government Act 1995*, accept the date for the Electors' General Meeting as 8 February 2023, commencing at 5pm.**

VOTING REQUIREMENT

Simple majority

DISCUSSION

As a requirement of the *Local Government Act 1995* the City's Auditors are required to report on certain compliance matters and any other matters which arise during the course of their audit. The Independent Auditors Report is the format in which the Auditors report this information.

The Office of the Auditor General has issued its Closing Report with no significant matters expected to be identified by the Auditor in the final Audit Report. A number of findings have been raised within the management letter. The findings and management comment are detailed in the table below. The findings cover both the financial audit and the business systems audit (information Technology).

Financial Audit Findings	
During financial year ending 30 June 2022, management conducted an in-house revaluation of the entire infrastructure class of assets. As with any valuation exercise, the revaluation included a number of inputs that are subject to significant judgement. In our review of the valuation, we noted the following areas which significant judgement has been applied:	
Finding	Project management costs: Management has applied a 15% markup to the costs of materials and services (applied to roads, footpaths, carparks, parks, and ovals). This mark-up is in relation to survey, design and project management costs conducted inhouse. Management used a historical rate of 15% which has been used in the previous years. Management does not have a formal policy to determine and retest the validity of the markup on a regular basis. Management have since provided a calculation to support the markup percentage. Although the methodology appears reasonable, it is difficult to ascertain the accuracy of the number as it has been performed on a adhoc basis just for one year.
Management Comment	<i>Agree. The accounting for the allocation of design and project management costs should be clear within the financial statements, with the costs offset against an income account that is funded as a charge to capital projects. This approach will create a clear connection between the costs and the delivered projects.</i>
ICT Audit Findings	
Finding 1	The City does not have a documented policy or procedure that outlines the requirements for managing generic accounts, including provisioning and deprovisioning.
Management Comment 1	<i>Agree. This has been addressed, with all generic accounts removed or recorded. Regular account review process created included automated detection of unused accounts.</i>

Finding 2	<p>Effective monitoring and logging mechanisms provide the ability to track user activities in preventing, detecting, or minimising the impact of a security / data compromise. The presence of logs in all environments allows thorough tracking, alerting, and analysis. The cause of a compromise is very difficult, if not impossible, to determine without system activity logs.</p> <p>We identified that the City's systems have the capability to produce network and system logs. However, logs are only reviewed when incidents are reported and are not actively monitored.</p> <p>Further, there is no technology that supports threat detection, compliance and security incident management through the collection and analysis (both near real time and historical) of security events, as well as a wide variety of other event and contextual data sources.</p>
Management Comment 2	<i>Agree. The draft IT Strategy includes using the SIEM system to address this deficit.</i>
Finding 3	<p>We identified that 85 out of 417 active Civica Authority user accounts belonged to terminated users, of these accounts:</p> <ul style="list-style-type: none"> • 22 accounts were disabled with standard roles assigned in Civica Authority. • 59 accounts were active with all roles removed and the "Terminated User" role assigned. • 4 accounts were active with standard roles assigned. <p>We acknowledge that these accounts have been deactivated in the City's network. As Civica Authority is authenticated through the network these users would not be able to log into the system.</p>
Management Comment 3	<i>Disagree. Cybersecurity is always a balance of risk and effort. The City's approach is to cancel access using the AD account. To support the approach, the City has introduced complex passwords and MFA. Any remaining risk is negligible and does not warrant further effort. The City disables all user access through the AD account. The City considers any further effort to be related to neatness rather than security. Accordingly, no action to neaten up legacy profiles is planned.</i>
Finding 4	<p>2021 Finding</p> <p>We noted the following deficiencies with the City's network access management process:</p> <ul style="list-style-type: none"> • evidence of periodic user access reviews for domain administrator and privileged access in Civica Authority is not retained; • 22 out of 106 active user accounts have not logged into the network in the last 6 months; and • 20 out of 106 active user accounts have never logged into the network. <p>2022 Status</p> <p>We noted the following deficiencies with the City's network access management process:</p> <ul style="list-style-type: none"> • Evidence of periodic user access reviews was not retained. We could not confirm if reviews were performed in the audit period. • 5 out of 390 active user accounts have not logged into the network in the last 6 months:

	<ul style="list-style-type: none"> ○ 2 accounts were disabled after audits identification ○ 2 accounts belong to employees currently on maternity leave ○ 1 account belongs to an employee who requires the account when acting in a temporary role. • 2 out of the 13 identified privileged accounts were deemed as inappropriate or not required by management. These accounts were disabled after audit's identification • 1 out of 390 active network accounts belonged to a terminated user. This user logged on the network post the termination date. This account was disabled after audit's identification. • 2 out of 390 active network accounts could not be matched with HR's current employee list. These accounts were disabled after audit's identification.
Management Comment 4	<ul style="list-style-type: none"> • <i>City now records periodic user reviews in the Case system.</i> • <i>The City has a 6-month cut-off for inactive accounts due to the large number of casuals in the workforce. There is no intention to change this approach.</i> • <i>Process for Administration and Contractor accounts has been developed and implemented.</i> • <i>The remaining issue is related to pseudo-staff, where the City hosts an employee of another organisation (not including agency staff). A process for managing these accounts requires development.</i>
Finding 5	<p>Several deficiencies in the physical and environmental security management of the datacentre located at the City were noted. We noted there was no documented and approved policy or procedure to outline physical and environmental requirements for data locations, access management, and monitoring of environmental controls.</p> <p>2022 Status</p> <p>The City has defined their physical and environmental requirements in their "Cyber Security Manual".</p> <p>We identified the following deficiencies in the physical and environmental controls in place for the primary data centre (server room) located at the City's offices:</p> <ul style="list-style-type: none"> • The server room is secured by a key locked door. However, the door lock could be opened by other similar keys as the door lock is not unique. • There are no security cameras, physical access monitoring or logging in place to ensure only authorised access to the server room. • There are no tracking / reporting requirements which defines what actions were performed within the server room relating to hardware maintenance. • There are no environmental monitoring devices within the server room, to proactively alert IT staff to increased temperature and / or humidity within the server room. <p>There are no environmental monitoring devices within the server room, to proactively alert IT staff to increased temperature and / or humidity within the server room.</p>

Management Comment 5	<i>Agree. Swipe card access installation is in process. Environmental monitoring will not be pursued as the City will be moving away from on-site servers over the next few years, as identified in the draft IT Strategy.</i>
Finding 6	<p>2021 Finding During the audit we noted there was no evidence to support if the City's Disaster Recovery Plan (DRP) had been reviewed since January 2018. We also noted the City did not undertake IT disaster recovery tests. The 2020 finding remains unresolved.</p> <p>2022 Status The City has developed and approved an Disaster Recovery Plan (DRP) for critical IT systems and infrastructure during our audit. However, there was no documentation regarding the disaster recovery test performed.</p>
Management Comment 4.3	<i>Disagree. The DR plan requires the test to be completed 12 months after review. As the DR plan was reviewed in the financial year, a test of the plan is not due. A test will be completed in the 2022/23 financial year.</i>
Finding 6	Business Continuity - The management letter reflects the authorised and signed DRP received. The finding raised is that there has not been a DRP test performed within the audit period as the DRP was approved at the very conclusion of our fieldwork. If evidence can be provided to show DRP testing took place within the last month of the financial year (June) this finding can be removed.
Management Comment 6	<i>Disagree. The DR plan requires the test to be completed 12 months after review. As the DR plan was reviewed in the financial year, a test of the plan is not due. A test will be completed in the 2022/23 financial year.</i>
Finding 7	<p>2021 Finding When reviewing the City's IT policies and procedures we identified the 'Acceptable Use of IT Systems' policy has not been reviewed since November 2007 and there were no formal policies and procedures for the following key IT functional areas:</p> <ul style="list-style-type: none"> • Information security, objectives, principles, responsibilities and compliance requirements; • Incident management (Handling of security breaches and or inappropriate use); • System and user password requirements and configuration; • Protection from malware and malicious code; • User access / remote access / wireless networks management (Granting / revoking access to systems); • Review and monitoring of user access / System audit logging and monitoring; • Restrictions on software user and installations; • Mobile device management / Data loss prevention management; • Information system back-up and recovery; and • IT asset management and disposal. <p>In addition to this we noted the following:</p> <ul style="list-style-type: none"> • the City's network diagram is not periodically reviewed to ensure the diagram accurately reflect the City's current network architecture; and • the City's IT Strategy (2016 to 2020) has not been reviewed and updated to be aligned to the City's business strategy for the current and future financial years.

	<p>2022 Status</p> <p>The City has developed a Cyber Security Manual which includes the relevant IT functional areas identified in our previous audits.</p> <p>However, we identified that the City does not have a current up to date IT strategy aligned to the City's business strategy for the current and future financial years.</p> <p>We acknowledge that the City is in the process of developing an appropriate IT strategy.</p>
Management Comment 7	<i>Agree. IT Strategy is currently being finalised.</i>
Finding 8	<p>2021 Finding</p> <p>We noted that the City have not performed a full network security/penetration testing since 2018 to understand the City's network security posture and identify any potential security weaknesses or vulnerabilities to the network.</p> <p>2022 Status</p> <p>The 2021 finding remains unresolved. It was noted that Management made the decision to delay their scheduled penetration test until planned major changes have been implemented.</p>
Management Comment 8	<i>Disagree. Copy of memo regarding timing of penetration testing provided as part of the audit. This was a management decision based on a plan to reconfigure the network. Finding should reflect a decision of management to delay the test pending network change.</i>

Full details of each finding, including timeframe to address the findings, where they are agreed, are included in attachments C and D.

The Annual Report is in final draft format, with only minor changes to be made as required.

Section 5.27 of the *Local Government Act 1995* requires a general meeting of electors to be held not more than 56 days after the local government accepts the annual report.

If Council adopts the Annual Report, the Electors' General Meeting (EGM) is required to be held not later than 8 February 2023. It is therefore proposed that the EGM be held prior to the first Ordinary Council Meeting of 2023, being 8 February 2023 at 5pm.

Upon acceptance of the Annual Report and approval of the EGM date and time, statutory advertising will take place within the district and the final version of the report will be distributed through the Administration Centre and at the City Library. Additionally, the Annual Report will be made available for viewing on the night of the Elector's General Meeting and at any time on the City's website.

Key indicators included in the 2021/2022 Annual Financial Report

- Closing Surplus \$3,166,736

The 2022/2023 adopted Annual Budget estimated a closing surplus brought forward of \$2,339,025. The increase in expected carry forward surplus is \$827,711. This is due to:

- Materials and Contracts savings \$1m attributable to general savings across all departments.

Budget variations accepted in the new financial year address \$101k of the brought forward surplus and the remaining surplus will be addressed in the Budget Review to be presented in March 2023.

- Total operating revenue \$66,211,883

Total rate revenue \$43,057,672. This is a 5% increase (\$2m) on prior year rates revenue as a result of the growth of the City and ongoing land developments.

Fees and charges \$13,064,811. This is an increase of 0.5% (\$70k), comparable to the prior year and attributable to the growth of land development and building occurring within the City resulting in an increase to building and planning fees collected (as seen in the prior year).

- Total operating expenditure (\$73,500,829)

This reflects a \$2.2m (3%) increase on last financial year total operating expenditure. This is contributed to a delay in some 2020/2021 works that were completed in 2021/2022 but is still under budget.

- Non-Operating Revenue \$12,436,230

This reflects grants and contributions received for the development of City infrastructure excluding unspent funds carried forward as a liability.

- Reserve balances \$64,715,177

This predominantly reflects funds restricted for future City infrastructure development and asset management.

- Outstanding borrowings \$15,852,777

The City has no intent to increase borrowings in the near future. During 2021/2022 the City Centre Redevelopment loan has been refinanced, with principal and interest payments now being made. This year reflects the removal from the financial statements of the SMRC (now known as Resource Recovery Group RRG) loan, as the City has officially withdrawn as a member.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS**Local Government Act 1995****5.121 Register of certain complaints of minor breaches**

- (1) *The complaints officer for each local government is required to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c).*
- (2) *The register of complaints is to include, for each recorded complaint —*
 - (a) *the name of the Council member about whom the complaint is made; and*
 - (b) *the name of the person who makes the complaint; and*
 - (c) *a description of the minor breach that the standards panel finds has occurred; and*
 - (d) *details of the action taken under section 5.110(6)(b) or (c).*

5.27 Electors' general meeting

- (1) *A general meeting of the electors of a district is to be held once every financial year.*
- (2) *A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.*
- (3) *The matters to be discussed at general electors' meetings are to be those prescribed.*

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; and*
 - (b) *a report from the CEO; and*
 - [(c), (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; and*
 - (g) *such information as may be prescribed in relation to the payments made to employees; and*
 - (h) *the auditor's report for the financial year; and*
 - (ha) *a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and*
 - (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; and*
 - (ii) *how the recorded complaints were dealt with; and*
 - (iii) *any other details that the regulations may require; and*
 - (iv) *such other information as may be prescribed.*

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.*

5.55. Notice of annual reports

- (1) *The CEO 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.*

(2)

5.56. Planning for the future

- (1) *A local government is to plan for the future of the district.*
- (2) *A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.*

1.4. 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.*

Disability Services Act 1993**29. Report about disability access and inclusion plan**

- (2) *A local government or regional local government that has a disability access and inclusion plan must include in its annual report prepared under section 5.53 of the Local Government Act 1995 a report about the implementation of the plan.*

FINANCIAL/BUDGET IMPLICATIONS

The FY22 end of year surplus result differs from the forecast surplus in the 2022/2023 budget by \$827,711. Budget variations adopted by in the 2022/2023 financial year account for \$101,254 of this variance with the remaining surplus in funds to be addressed as part of the budget review process and presented to Council in March 2023.

The City has made provision for the Electors' General Meeting in its adopted budget for the 2022/2023 financial year. There will be a minimal budget implication for the production of the Annual Report (Part 1 - Community) as only a small print run will be produced. This has been budgeted at approximately \$600 with the cost being covered within the 2022/2023 Marketing and Communications Budget.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

There are no implications on any determinants of health as a result of this report.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report.

ATTACHMENTS

- A. Annual Report (Part 2 Annual Financial Report) 2021-2022**
- B. Auditor's Closing Report - 30 June 2022 – Final**
- C. Management Letter Financial Year 2021-2022 Final (Financial Statements)**
- D. Management Letter Financial Year 2021-2022 Final (ICT)**
- E. Annual Report (Part 1 - Community) 2021-2022**



Annual Financial Statements **2021/2022 -DRAFT**



CITY OF KWINANA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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The City of Kwinana conducts the operations of a local government with the following community vision:

A unique and liveable City, celebrated for and connected by its diverse community, natural beauty and economic opportunities.

Principal place of business:
Corner Gilmore Avenue and Sulphur Road
Kwinana WA 6167

CITY OF KWINANA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Revenue				
Rates	27(a),2(a)	43,057,672	42,663,528	40,893,364
Operating grants, subsidies and contributions	2(a)	7,199,269	7,101,622	7,501,276
Fees and charges	26(c),2(a)	13,064,811	13,077,409	12,993,197
Service charges	26(c),2(a)	0	0	0
Interest earnings	2(a)	713,719	694,600	780,513
Other revenue	2(a)	2,176,411	448,580	1,234,339
		66,211,882	63,985,739	63,402,689
Expenses				
Employee costs		(28,680,343)	(27,892,254)	(26,492,092)
Materials and contracts		(25,051,640)	(26,127,651)	(24,605,200)
Utility charges		(2,571,352)	(2,712,312)	(2,444,838)
Depreciation	9(a)	(15,717,756)	(16,305,054)	(16,091,943)
Finance costs	2(b)	(838,885)	(834,101)	(965,752)
Insurance		(593,412)	(613,769)	(588,958)
Other expenditure	2(b)	(47,440)	(363,550)	(53,188)
		(73,500,828)	(74,848,691)	(71,241,971)
		(7,288,946)	(10,862,952)	(7,839,282)
Capital grants, subsidies and contributions	2(a)	12,436,230	17,515,755	11,178,233
Profit on asset disposals	9(b)	186,850	1,767	70,922
Loss on asset disposals	9(b)	(5,165)	(37,879)	(13,332)
Fair value adjustments to financial assets at fair value through profit or loss		(628,518)	0	289,114
Loss from divestment from associate	22	(127,220)	0	0
Share of net profit of associates accounted for using the equity method	22	0	0	20,980
Reversal of prior year loss on revaluation of Infrastructure - Street Lights	8(a)	2,780,113	0	0
		14,642,290	17,479,643	11,545,917
Net result for the period	26(b)	7,353,344	6,616,691	3,706,635
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	238,390,872	0	7,791,763
Total other comprehensive income for the period	17	238,390,872	0	7,791,763
Total comprehensive income for the period		245,744,216	6,616,691	11,498,398

This statement is to be read in conjunction with the accompanying notes.

CITY OF KWINANA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	10,482,138	6,968,593
Trade and other receivables	5	3,595,676	5,717,945
Other financial assets	4(a)	62,204,865	59,941,739
Other assets	6	507,512	944,913
Assets classified as held for sale	6	0	498,000
TOTAL CURRENT ASSETS		76,790,191	74,071,190
NON-CURRENT ASSETS			
Trade and other receivables	5	907,498	846,399
Other financial assets	4(b)	3,239,795	3,920,502
Investment in associate	22(a)	0	535,835
Property, plant and equipment	7	139,096,047	137,825,552
Infrastructure	8	608,946,293	366,067,324
Right-of-use assets	10(a)	391,339	566,184
Investment property	12	570,000	570,000
Intangible assets	11	4,839,502	1,864,163
TOTAL NON-CURRENT ASSETS		757,990,474	512,195,959
TOTAL ASSETS		834,780,665	586,267,149
CURRENT LIABILITIES			
Trade and other payables	13	24,536,347	22,889,779
Other liabilities	14	2,612,654	6,615,769
Lease liabilities	10(b)	10,110	174,595
Borrowings	15	2,696,235	2,537,530
Employee related provisions	16	5,147,863	5,706,854
TOTAL CURRENT LIABILITIES		35,003,209	37,924,527
NON-CURRENT LIABILITIES			
Other liabilities	14	36,327,921	28,097,678
Lease liabilities	10(b)	371,179	371,179
Borrowings	15	13,156,542	15,851,996
Employee related provisions	16	600,829	445,000
TOTAL NON-CURRENT LIABILITIES		50,456,471	44,765,853
TOTAL LIABILITIES		85,459,680	82,690,380
NET ASSETS		749,320,985	503,576,769
EQUITY			
Retained surplus		218,399,668	213,378,682
Reserve accounts	30	64,715,177	62,382,819
Revaluation surplus	17	466,206,140	227,815,268
TOTAL EQUITY		749,320,985	503,576,769

This statement is to be read in conjunction with the accompanying notes.

CITY OF KWINANA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		216,805,180	55,249,686	220,023,505	492,078,371
Comprehensive income for the period					
Net result for the period		3,706,635	0	0	3,706,635
Other comprehensive income for the period	17	0	0	7,791,763	7,791,763
Total comprehensive income for the period		3,706,635	0	7,791,763	11,498,398
Transfers from reserves	30	7,715,875	(7,715,875)	0	0
Transfers to reserves	30	(14,849,008)	14,849,008	0	0
Balance as at 30 June 2021		213,378,682	62,382,819	227,815,268	503,576,769
Comprehensive income for the period					
Net result for the period		7,353,344	0	0	7,353,344
Other comprehensive income for the period	17	0	0	238,390,872	238,390,872
Total comprehensive income for the period		7,353,344	0	238,390,872	245,744,216
Transfers from reserves	30	12,863,426	(12,863,426)	0	0
Transfers to reserves	30	(15,195,784)	15,195,784	0	0
Balance as at 30 June 2022		218,399,668	64,715,177	466,206,140	749,320,985

This statement is to be read in conjunction with the accompanying notes.

CITY OF KWINANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		43,962,581	43,163,528	40,780,843
Operating grants, subsidies and contributions		8,636,841	6,176,799	6,013,943
Fees and charges		13,048,607	12,914,894	9,956,385
Interest received		713,719	694,600	780,513
Goods and services tax received		(217,238)	0	3,014,253
Other revenue		2,176,411	448,580	1,234,339
		68,320,921	63,398,401	61,780,276
Payments				
Employee costs		(28,156,374)	(27,892,254)	(26,607,740)
Materials and contracts		(23,980,606)	(26,166,496)	(25,184,052)
Utility charges		(2,571,352)	(2,712,312)	(2,473,457)
Finance costs		(838,885)	(834,101)	(967,888)
Insurance paid		(593,412)	(613,769)	(588,958)
Goods and services tax paid		0	0	674,759
Other expenditure		(74,425)	(363,550)	(53,188)
		(56,215,054)	(58,582,482)	(55,200,524)
Net cash provided by (used in) operating activities	18(b)	12,105,867	4,815,919	6,579,752
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	7(a)	(6,359,452)	(8,014,468)	(2,090,914)
Payments for construction of infrastructure		(2,030,912)	(16,806,940)	(4,638,195)
Payments for intangible assets	11	(2,982,430)	(1,407,909)	(1,248,048)
Non-operating grants, subsidies and contributions		6,662,287	15,838,407	10,440,224
Proceeds from financial assets at amortised cost		(2,228,784)	0	0
Proceeds from financial assets at amortised cost - self supporting loans		17,847	17,847	17,268
Net payments for financial assets at amortised cost - term deposits		0	6,991,704	(25,924,064)
Proceeds from sale of property, plant & equipment	9(b)	594,756	943,425	399,030
Net cash provided by (used in) investing activities		(6,326,688)	(2,437,934)	(23,044,699)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	29(a)	(4,601,149)	(4,601,930)	(1,889,259)
Payments for principal portion of lease liabilities	29(c)	(164,485)	(176,055)	(148,227)
Proceeds from new borrowings	29(a)	2,500,000	2,500,000	0
Net cash provided by (used in) financing activities		(2,265,634)	(2,277,985)	(2,037,486)
Net increase (decrease) in cash held		3,513,545	100,000	(18,502,433)
Cash at beginning of year		6,968,593	800,000	25,471,026
Cash and cash equivalents at the end of the year	18(a)	10,482,138	900,000	6,968,593

This statement is to be read in conjunction with the accompanying notes.

CITY OF KWINANA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	28(c)	3,374,335	500,000	2,833,954
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	27(b)	205,822	0	176,587
Operating grants, subsidies and contributions		7,199,269	7,101,622	7,324,689
Fees and charges		13,064,811	13,077,409	12,994,888
Interest earnings		713,719	694,600	780,513
Other revenue		2,176,411	448,580	1,234,339
Profit on asset disposals	9(b)	186,850	1,767	70,922
Fair value adjustments to financial assets at fair value through profit or loss		(628,518)	0	289,114
Share of net profit of associates and joint ventures accounted for using the equity method		0		20,980
Loss from divestment from associate		(127,220)	0	0
		22,791,144	21,323,978	22,892,032
Expenditure from operating activities				
Employee costs		(28,680,343)	(27,892,254)	(26,492,092)
Materials and contracts		(25,051,640)	(26,127,651)	(24,605,200)
Utility charges		(2,571,352)	(2,712,312)	(2,444,838)
Depreciation		(15,717,756)	(16,305,054)	(16,091,943)
Finance costs		(838,885)	(834,101)	(965,752)
Insurance		(593,412)	(613,769)	(588,958)
Other expenditure		(47,440)	(363,550)	(53,188)
Loss on asset disposals	9(b)	(5,165)	(37,879)	(13,332)
Reversal of prior year loss on revaluation of assets		2,780,113	0	0
		(70,725,880)	(74,886,570)	(71,255,303)
Non-cash amounts excluded from operating activities	28(a)	12,327,256	16,317,966	15,547,160
Amount attributable to operating activities		(35,607,480)	(37,244,626)	(32,816,111)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		12,436,230	17,515,755	11,178,233
Proceeds from disposal of assets	9(b)	594,756	943,425	399,030
Proceeds from financial assets at amortised cost - self supporting loans	29(a)	17,847	17,847	17,268
Purchase of property, plant and equipment	7(a)	(6,359,452)	(8,014,468)	(2,090,914)
Purchase and construction of infrastructure	8(a)	(12,069,918)	(16,806,940)	(12,752,976)
Payments for intangible assets	11	(2,982,430)	(1,407,909)	(1,248,048)
		(8,362,967)	(7,752,290)	(4,497,407)
Non-cash amounts excluded from investing activities	28(b)	5,508,990	(2,880,331)	6,132,845
Amount attributable to investing activities		(2,853,977)	(10,632,621)	1,635,438
FINANCING ACTIVITIES				
Repayment of borrowings	29(a)	(4,601,149)	(4,601,930)	(1,889,259)
Proceeds from borrowings	29(a)	2,500,000	2,500,000	0
Payments for principal portion of lease liabilities	29(c)	(164,485)	(176,055)	(148,227)
Transfers to reserves (restricted assets)	30	(15,195,784)	(14,818,299)	(14,849,008)
Transfers from reserves (restricted assets)	30	12,863,426	21,810,003	7,715,875
Amount attributable to financing activities		(4,597,992)	4,713,719	(9,170,619)
Surplus/(deficit) before imposition of general rates		(39,685,114)	(42,663,528)	(37,517,338)
Total amount raised from general rates	27(a)	42,851,850	42,663,528	40,891,673
Surplus/(deficit) after imposition of general rates	28(c)	3,166,736	0	3,374,335

This statement is to be read in conjunction with the accompanying notes.

CITY OF KWINANA
FOR THE YEAR ENDED 30 JUNE 2022
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CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements
Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The local government reporting entity
All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 of the financial report.

Judgements and estimates
The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimated useful life of intangible asset

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Single point in time	Payment dates adopted by Council during the year	None	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within terms	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance or by instalments	Refund as per terms and conditions	Output method over 12 months matched to access right
Fees and charges for other goods and services	Library fees and reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Sale of stock	Café and resource centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

Consideration from contracts with customers is included in the transaction price.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	43,057,672	0	43,057,672
Operating grants, subsidies and contributions	7,199,269	0	0	0	7,199,269
Fees and charges	12,127,689	0	835,779	101,343	13,064,811
Interest earnings	0	0	424,617	289,102	713,719
Other revenue	0	0	0	2,176,411	2,176,411
Non-operating grants, subsidies and contributions	0	12,436,230	0	0	12,436,230
Total	19,326,958	12,436,230	44,318,068	2,566,856	78,648,112

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	40,893,364	0	40,893,364
Operating grants, subsidies and contributions	7,501,276	0	0	0	7,501,276
Fees and charges	10,935,060	0	1,853,035	205,102	12,993,197
Interest earnings	0	0	462,668	317,845	780,513
Other revenue	0	0	0	1,234,339	1,234,339
Non-operating grants, subsidies and contributions	0	11,178,233	0	0	11,178,233
Total	18,436,336	11,178,233	43,209,067	1,757,286	74,580,922

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
(a) Revenue (Continued)			
Assets and services acquired below fair value			
Contributed assets	5,019,503	0	8,114,781
	5,019,503	0	8,114,781
Interest earnings			
Financial assets at amortised cost - self supporting loans	9,130	9,169	9,831
Interest on reserve funds	238,819	270,000	275,696
Rates instalment and penalty interest (refer Note 27(d))	434,411	394,400	462,668
Other interest earnings	31,359	21,031	32,318
	713,719	694,600	780,513
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report	65,400	65,000	61,200
- Other services	2,000	20,000	2,000
	67,400	85,000	63,200
Finance costs			
Borrowings	29(a) 832,988	828,121	962,013
Lease liabilities	29(c) 5,897	5,980	3,739
	838,885	834,101	965,752
Other expenditure			
Adjustment to Banksia Park DMF	635,512		
Sundry expenses	(588,072)	363,550	53,188
	47,440	363,550	53,188

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Total cash and cash equivalents

Held as
 - Unrestricted cash and cash equivalents
 - Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	10,482,138	6,968,593
18(a)	10,482,138	6,968,593
	5,576,581	2,298,504
18(a)	4,905,557	4,670,089
	10,482,138	6,968,593

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 18.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost
 Financial assets at fair value through profit and loss

Other financial assets at amortised cost

Self supporting loans receivable
 Term deposits

Financial assets at fair value through profit and loss

Banksia Park Deferred Management Fee

Held as

- Unrestricted other financial assets at amortised cost
 - Restricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost
 Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans receivable

Financial assets at fair value through profit and loss

Units in Local Government House Trust
 Banksia Park Deferred Management Fee

	2022	2021
	\$	\$
	61,958,851	59,729,470
	246,014	212,269
	62,204,865	59,941,739
	18,444	17,847
	61,940,407	59,711,623
	61,958,851	59,729,470
	246,014	212,269
	246,014	212,269
18(a)	264,458	230,116
	61,940,407	59,711,623
	62,204,865	59,941,739
	196,413	214,857
	3,043,382	3,705,645
	3,239,795	3,920,502
	196,413	214,857
	196,413	214,857
	136,156	129,163
	2,907,226	3,576,482
	3,043,382	3,705,645

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 25 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

	Note	2022 \$	2021 \$
Current			
Rates receivable		2,591,472	3,471,676
Trade and other receivables		572,177	1,961,396
GST receivable		544,152	326,914
Allowance for credit losses of trade and other receivables	23(b)	(112,125)	(128,329)
Loans Receivable		0	86,288
		3,595,676	5,717,945
Non-current			
Pensioner's rates and ESL deferred		907,498	846,399
		907,498	846,399

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the City measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. OTHER ASSETS

	2022	2021
	\$	\$
Other assets - current		
Prepayments	90,686	94,285
Accrued income	288,619	719,823
Contract assets	128,207	130,805
	507,512	944,913
Non-current assets held for sale		
Land	0	498,000
	0	498,000

Land classified as held for sale

The land for sale was taken off the market during the financial year 2021/2022.

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Contract assets

Contract assets primarily relate to the City's right to consideration for work completed but not billed at the end of the period.

Impairment of assets associated with contracts with customers are detailed at note 23 (b).

Non-current assets held for sale (Continued)

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 25(i).

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Note	Land \$	Buildings - specialised \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Total property, plant and equipment \$
Balance at 1 July 2020		35,431,000	93,507,390	128,938,390	741,688	5,378,716	135,058,794
Additions		0	990,733	990,733	88,708	1,011,473	2,090,914
Disposals		0	(1,841)	(1,841)	0	(339,599)	(341,440)
Revaluation increments / (decrements) transferred to revaluation surplus		3,156,500	4,635,263	7,791,763	0	0	7,791,763
Depreciation	9(a)	0	(4,617,857)	(4,617,857)	(215,350)	(873,272)	(5,706,479)
Transfers		(498,000)	(570,000)	(1,068,000)	0	0	(1,068,000)
Balance at 30 June 2021		38,089,500	93,943,688	132,033,188	615,046	5,177,318	137,825,552
Comprises:							
Gross balance amount at 30 June 2021		38,089,500	93,945,211	132,034,711	2,558,694	6,021,690	140,615,095
Accumulated depreciation at 30 June 2021		0	(1,523)	(1,523)	(1,943,648)	(844,372)	(2,789,543)
Balance at 30 June 2021		38,089,500	93,943,688	132,033,188	615,046	5,177,318	137,825,552
Additions		0	4,725,154	4,725,154	60,672	1,573,626	6,359,452
Disposals		0	(3,932)	(3,932)	0	(409,139)	(413,071)
Depreciation	9(a)	0	(4,234,051)	(4,234,051)	(146,476)	(793,359)	(5,173,886)
Transfers		498,000	0	498,000	0	0	498,000
Balance at 30 June 2022		38,587,500	94,430,859	133,018,359	529,242	5,548,446	139,096,047
Comprises:							
Gross balance amount at 30 June 2022		38,587,500	98,655,364	137,242,864	2,619,366	7,100,816	146,963,046
Accumulated depreciation at 30 June 2022		0	(4,224,505)	(4,224,505)	(2,090,124)	(1,552,370)	(7,866,999)
Balance at 30 June 2022 **		38,587,500	94,430,859	133,018,359	529,242	5,548,446	139,096,047
** closing balance includes the following work in progress							
Property, Plant and Equipment - Work in Progress		0	2,994,017	2,994,017	0	0	2,994,017

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land - freehold					
- Independent valuation	2	Market approach using recent observable open market values as evidenced by sales transactions of similar property types	Independent registered valuer	June 2021	Price per square metre
- Independent valuation	3	Market approach using recent observable open market values as evidenced by sales transactions of similar property types, adjusted for condition and comparability, at their current use as highest and best use.	Independent registered valuer	June 2021	Price per square metre adjusted for zoning restrictions
Buildings - specialised	3	Market approach using recent observable open market values as evidenced by sales transactions of similar property types, adjusted for condition and comparability, at their current use as highest and best use.	Independent registered valuer	June 2021	Construction costs and current condition, residual values and remaining useful life assessments input

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

(ii) Cost

Furniture and equipment	Cost	Cost	Purchase Cost
Plant and equipment	Cost	Cost	Purchase Cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

Note	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Carparks	Infrastructure - Bus Shelters	Infrastructure - Street Lights	Infrastructure - Parks & Ovals	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	237,977,356	37,995,886	49,415,579	2,459,403	564,618	1,175,103	33,654,026	330,850	363,572,821
Additions*	7,463,247	1,530,197	2,119,699	0	34,995	157,586	1,447,252	0	12,752,976
Depreciation	(6,438,477)	(597,712)	(611,936)	(348,713)	(46,334)	(68,550)	(2,048,729)	(98,022)	(10,258,473)
Balance at 30 June 2021	239,002,126	38,928,371	50,923,342	2,110,690	553,279	1,264,139	33,052,549	232,828	366,067,324
Comprises:									
Gross balance at 30 June 2021	258,022,326	40,684,407	52,686,658	3,154,060	689,162	1,449,631	38,681,376	526,671	395,894,291
Accumulated depreciation at 30 June 2021	(19,020,200)	(1,756,036)	(1,763,316)	(1,043,370)	(135,883)	(185,492)	(5,628,827)	(293,843)	(29,826,967)
Balance at 30 June 2021	239,002,126	38,928,371	50,923,342	2,110,690	553,279	1,264,139	33,052,549	232,828	366,067,324
Additions*	6,951,762	2,017,667	1,909,789	0	23,097	142,454	1,025,149	0	12,069,918
Revaluation increments / (decrements) transferred to revaluation surplus	138,054,119	(1,753,671)	67,199,359	7,341,739	264,389	1,318,543	24,850,321	1,116,073	238,390,872
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	2,780,113	0	0	2,780,113
Depreciation	(6,459,509)	(616,128)	(624,224)	(348,711)	(47,288)	(71,581)	(2,096,471)	(98,022)	(10,361,934)
Balance at 30 June 2022	377,548,498	38,576,239	119,408,266	9,103,718	793,477	5,433,668	56,831,548	1,250,879	608,946,293
Comprises:									
Gross balance at 30 June 2022	377,548,498	38,576,239	119,408,266	9,103,718	793,477	5,433,668	56,831,548	1,250,879	608,946,293
Accumulated depreciation at 30 June 2022	0	0	0	0	0	0	0	0	0
Balance at 30 June 2022 **	377,548,498	38,576,239	119,408,266	9,103,718	793,477	5,433,668	56,831,548	1,250,879	608,946,293
* Asset additions included additions received at substantially less than fair value:									
During the year ended 30 June 2021	4,983,211	1,181,470	1,278,517	0	0	0	671,583	0	8,114,781
During the year ended 30 June 2022	3,197,989	409,503	1,412,011	0	0	0	0	0	5,019,503
** closing balance includes the following work in progress									
Infrastructure - Work in Progress	0	0	378,227	0	0	0	14,000	0	392,227

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Car Parks	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Bus Shelters	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Street Lights	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Parks and Ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement. During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - specialised	7(a)	4,234,051	4,764,552	4,617,857
Furniture and equipment	7(a)	146,476	224,616	215,350
Plant and equipment	7(a)	793,359	813,288	873,272
Infrastructure - Roads	8(a)	6,459,509	6,420,073	6,438,477
Infrastructure - Footpaths	8(a)	616,128	601,693	597,712
Infrastructure - Drainage	8(a)	624,224	663,464	611,936
Infrastructure - Carparks	8(a)	348,711	348,713	348,713
Infrastructure - Bus Shelters	8(a)	47,288	47,206	46,334
Infrastructure - Street Lights	8(a)	71,581	71,701	68,550
Infrastructure - Parks & Ovals	8(a)	2,096,471	2,074,912	2,048,729
Infrastructure - Other	8(a)	98,022	98,022	98,022
Right-of-use assets - plant and equipment	10(a)	174,845	176,814	126,991
		15,710,665	16,305,054	16,091,943
Amortisation				
Intangible assets - Intangible assets - Computer Software	11	7,091	0	0
		7,091	0	0
		15,717,756	16,305,054	16,091,943

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings - specialised	2 to 100 years
Furniture and equipment	2 to 15 years
Plant and equipment	3 to 20 years
Infrastructure - roads	12 to 80 years
Infrastructure - roads (sub grade)	Not depreciated
Infrastructure - footpaths	40 to 80 years
Infrastructure - drainage	80 years
Infrastructure - car parks	5 to 20 years
Infrastructure - bus shelters	20 to 25 Years
Infrastructure - street lights	15 to 30 Years
Infrastructure - parks & ovals	10 to 50 Years
Infrastructure - other	30 to 40 Years
Right of use - plant and equipment	Based on the remaining lease

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	517,000	517,000	0	0	0	0	0	0
Buildings - specialised	3,932	0	0	(3,932)	0	0	0	0	1,841	0	0	(1,841)
Plant and equipment	409,139	594,756	186,850	(1,233)	462,537	426,425	1,767	(37,879)	339,599	399,030	70,922	(11,491)
	413,071	594,756	186,850	(5,165)	979,537	943,425	1,767	(37,879)	341,440	399,030	70,922	(13,332)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Law, order, public safety				
Toyota Landcruiser Kwinana South VFB	27,711	49,091	21,380	0
Toyota Landcruiser Mandogalup VFB	28,747	50,909	22,162	0
Toyota Landcruiser Kwinana South VFB	29,786	38,000	8,214	0
Community amenities				
Holden Colorado Dual Cab	20,000	29,091	9,091	0
Holden Trailblazer Lt 4x4	22,050	29,215	7,165	0
Recreation and culture				
Holden Colorado Space Cab	19,800	32,775	12,975	0
Mazda CX-9 H6 Auto Sport	26,152	29,905	3,753	0
Transport				
Volvo L70F Loader	50,000	87,462	37,462	0
Other property and services				
Holden Colorado Crew Cab	20,000	30,275	10,275	0
Ford Ranger Dual Cab Canopy	20,190	31,041	10,851	0
Holden Trailblazer	22,825	28,182	5,357	0
Ford Ranger Utility	20,000	32,632	12,632	0
Caterpillar Roller	20,166	21,855	1,689	0
Mow Master Reel Mower	106	1,335	1,229	0
Bobcat Ride on Mower	1,385	3,521	2,136	0
Kubota Tractor 33HP & Slasher	10,000	13,039	3,039	0
Toro Workman GTX Electric	9,933	8,700	0	(1,233)
Tandem Axle Tilt Trailer	2,000	3,521	1,521	0
Mitsubishi Canter Truck	25,000	29,639	4,639	0
Mitsubishi Canter918 8.5tLWB	26,288	35,810	9,522	0
Suzuki Four Wheel Motor Cycle	3,000	4,004	1,004	0
Suzuki Quadcycle	4,000	4,754	754	0
	409,139	594,756	186,850	(1,233)
Buildings				
Law, order, public safety				
Demolition Kwinana South VFB	3,932	0	0	(3,932)
	3,932	0	0	(3,932)
	413,071	594,756	186,850	(5,165)

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

At the end of each period the carrying amount for each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

CITY OF KWINANA
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FOR THE YEAR ENDED 30 JUNE 2022

10. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
Balance at 1 July 2020		190,679	190,679
Additions		502,496	502,496
Depreciation		(126,991)	(126,991)
Balance at 30 June 2021		566,184	566,184
Depreciation	9(a)	(174,845)	(174,845)
Balance at 30 June 2022		391,339	391,339

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

		2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	9(a)	(174,845)	(126,991)
Interest expense on lease liabilities	29(c)	(5,897)	(3,739)
Short-term lease payments recognised as expense		(223,617)	(186,501)
Low-value asset lease payments recognised as expense		(274,804)	(299,766)
Expenses for variable lease payment not recognised as a liability		0	(5,645)
Total amount recognised in the statement of comprehensive income		(679,163)	(622,642)
Total cash outflow from leases		(170,382)	(151,966)

(b) Lease Liabilities

Current		10,110	174,595
Non-current		371,179	371,179
	29(c)	381,289	545,774

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 29(c).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. INTANGIBLE ASSETS

Note	2022 Actual \$	2021 Actual \$
Intangible assets		
Non-current		
Intangible assets - Computer Software	4,846,593	1,864,163
Less: Accumulated amortisation	(7,091)	0
	4,839,502	1,864,163
Movements in balances of intangible assets during the financial year are shown as follows:		
Balance at 1 July	1,864,163	616,115
Recognition of intangible assets - computer software	2,982,430	1,248,048
Amortisation of intangible assets - computer software	(7,091)	0
Balance at 30 June	4,839,502	1,864,163
TOTAL INTANGIBLE ASSETS	4,839,502	1,864,163

SIGNIFICANT ACCOUNTING POLICIES

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the City are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits;

Computer software (continued)

- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The useful life of the City of Kwinana website was determined to be 50 years.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

12. INVESTMENT PROPERTY

Non-current assets - at fair value

Carrying balance at 1 July
 Closing balance at 30 June

Amounts recognised in profit or loss for investment properties

Rental income

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Less than 1 year

1 to 2 years

2 to 3 years

3 to 4 years

4 to 5 years

> 5 years

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Carrying balance at 1 July	570,000	570,000	570,000
Closing balance at 30 June	570,000	570,000	570,000
Amounts recognised in profit or loss for investment properties			
Rental income	52,089	52,089	52,061
Leasing arrangements			
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:			
Less than 1 year	20,373	20,373	20,455
1 to 2 years	0	0	0
2 to 3 years	0	0	0
3 to 4 years	0	0	0
4 to 5 years	0	0	0
> 5 years	0	0	0
	20,373	20,373	20,455

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. Investment properties are carried at fair value. In accordance with the significant accounting policies disclosed at Note 9.

Fair value of investment properties

A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued payroll liabilities
Bonds and deposits held
Accrued expenses
Accrued interest on long term borrowings
Unit contribution - Banksia Park

2022	2021
\$	\$
3,328,458	2,442,020
1,141,077	1,055,273
1,404,239	477,108
1,923,314	1,813,044
621,128	340,384
18,131	28,315
16,100,000	16,733,635
24,536,347	22,889,779

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the City becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. OTHER LIABILITIES

Current

Contract liabilities - Fees & Charges
 Contract liabilities - Operating Grants
 Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Non-current

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

2022	2021
\$	\$
207,473	185,849
49,646	109,205
2,355,535	6,320,715
2,612,654	6,615,769
36,327,921	28,097,678
36,327,921	28,097,678
38,940,575	34,713,447

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year
 1 to 2 years
 2 to 3 years
 3 to 4 years
 4 to 5 years
 > 5 years

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
257,119	2,355,535
0	153,000
0	6,102,879
0	26,077,184
0	3,994,858
0	0
257,119	38,683,456

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the City's obligations to construct recognisable non-financial assets to identified specifications to be controlled the City which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		2,696,235	13,156,542	15,852,777	2,537,530	15,851,996	18,389,526
Total secured borrowings	29(a)	2,696,235	13,156,542	15,852,777	2,537,530	15,851,996	18,389,526

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the City of Kwinana. Other loans relate to transferred receivables. Refer to Note 5.

The City of Kwinana has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 23.

Details of individual borrowings required by regulations are provided at Note 29(a).

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Other employee provisions

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	2,150,036	2,387,016
Long Service Leave	2,600,166	2,556,990
Other employee provisions	397,661	762,848
	5,147,863	5,706,854
Non-current provisions	600,829	445,000
Long Service Leave	600,829	445,000
	5,748,692	6,151,854

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	3,961,179	4,507,565
More than 12 months from reporting date	1,787,513	1,644,289
	5,748,692	6,151,854

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees.

Expected settlement timings are based on information obtained from employees and historical leave trends and assume no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The City's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	37,847,644	0	0	0	37,847,644	34,691,144	3,156,500	3,156,500	37,847,644
Revaluation surplus - Buildings - specialised	35,970,755	0	0	0	35,970,755	31,335,492	4,635,263	4,635,263	35,970,755
Revaluation surplus - Furniture and equipment	257,497	0	0	0	257,497	257,497	0	0	257,497
Revaluation surplus - Plant and equipment	1,954,408	0	0	0	1,954,408	1,954,408	0	0	1,954,408
Revaluation surplus - Infrastructure - Roads	112,417,177	138,054,119	0	138,054,119	250,471,296	112,417,177	0	0	112,417,177
Revaluation surplus - Infrastructure - Footpaths	14,917,826	0	(1,753,671)	(1,753,671)	13,164,155	14,917,826	0	0	14,917,826
Revaluation surplus - Infrastructure - Drainage	17,185,601	67,199,359	0	67,199,359	84,384,960	17,185,601	0	0	17,185,601
Revaluation surplus - Infrastructure - Carparks	1,837,027	7,341,739	0	7,341,739	9,178,766	1,837,027	0	0	1,837,027
Revaluation surplus - Infrastructure - Bus Shelters	379,791	264,389	0	264,389	644,180	379,791	0	0	379,791
Revaluation surplus - Infrastructure - Street Lights	0	1,318,543	0	1,318,543	1,318,543	0	0	0	0
Revaluation surplus - Infrastructure - Parks & Ovals	4,869,464	24,850,321	0	24,850,321	29,719,785	4,869,464	0	0	4,869,464
Revaluation surplus - Infrastructure - Other	178,078	1,116,073	0	1,116,073	1,294,151	178,078	0	0	178,078
	227,815,268	240,144,543	(1,753,671)	238,390,872	466,206,140	220,023,505	7,791,763	7,791,763	227,815,268

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	10,482,138	900,000	6,968,593

Restrictions

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	3	4,905,557	0	4,670,089
- Financial assets at amortised cost	4	61,940,407	54,847,896	59,711,623
		66,845,964	54,847,896	64,381,712

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	30	64,715,177	54,847,896	62,382,819
Contract liabilities from contracts with customers		257,119	0	295,054
Grants for transfers for recognisable non financial assets		38,683,456	0	34,418,393
Deposits and bonds held		1,923,314	0	1,813,044
Less contract and other liabilities - reserve backed		(38,733,102)	0	(34,527,598)
Total restricted financial assets		66,845,964	54,847,896	64,381,712

**(b) Reconciliation of Net Result to Net Cash Provided
By Operating Activities**

Net result		7,353,344	6,616,691	3,706,635
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		628,518	0	(289,114)
Depreciation/amortisation		15,717,756	16,305,054	16,091,943
(Profit)/loss on sale of asset		(181,685)	36,112	(57,590)
Share of profits of associates		100,235	0	(20,980)
Contributed assets		(5,019,503)		(8,114,781)
Reversal of loss on revaluation of fixed assets		(2,780,113)		
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		2,061,170	500,000	(1,348,956)
(Increase)/decrease in other assets		437,401		917,559
(Increase)/decrease in inventories		0		37,323
(Increase)/decrease in contract assets		0	301,360	(86,417)
Increase/(decrease) in trade and other payables		1,646,568	(38,845)	(1,366,641)
Increase/(decrease) in employee related provisions		(403,162)		235,714
Increase/(decrease) in contract and other liabilities		0	(1,388,698)	7,315,281
Increase/(decrease) in other liabilities		4,227,128	(1,677,348)	0
Non-operating grants, subsidies and contributions		(11,681,790)	(15,838,407)	(10,440,224)
Net cash provided by/(used in) operating activities		12,105,867	4,815,919	6,579,752

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	100,000	100,000
Credit card balance at balance date	(44,278)	(21,962)
Total amount of credit unused	55,722	78,038

Loan facilities

Loan facilities - current	2,696,235	2,537,530
Loan facilities - non-current	13,156,542	15,851,996
Total facilities in use at balance date	15,852,777	18,389,526

Unused loan facilities at balance date	0	0
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CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. CONTINGENT LIABILITIES

The City did not have any contingent liabilities as at 30 June 2022.

The City is currently monitoring the following potentially contaminated sites:

Peace Park - the site has been assessed as low risk.

Kwinana Golf Course - Ground water monitoring has concluded with the site assessed as low risk.

Banksia Road (Reserve R24784) - site assessed as low risk. The property is currently subject to a mining lease, should mining proceed, the site is expected to be re-assessed as moderate risk.

Lot 434 & 304 Thomas Road Landfill - both sites are leased by the City to the Department of Planning and Infrastructure. The lease provides that the lessee is responsible for post operation management.

The above sites have been reported to DWER, currently, Lot 304 Thomas Road is listed as Contaminated remediation required (this is typical of a landfill) and the Kwinana Golf Course and Peace Park are classified as possibly contaminated investigation required.

As the obligation and cost to remediate the sites remain uncertain and is not expected to be material, the City has not recognised a liability as at 30 June 2022.

20. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

2022	2021
\$	\$
2,316,946	1,126,007
0	308,794
2,316,946	1,434,801
2,316,946	1,434,801

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Elected member - Mayor - C Adams			
Mayor's annual allowance	89,753	89,753	89,753
Meeting attendance fees	47,516	47,516	47,516
Other expenses	217	1,125	780
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	589	750	339
	141,575	142,644	141,888
Elected member - Deputy Mayor - P Feasey			
Deputy Mayor's annual allowance	22,438	22,438	22,437
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	1,125	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	57,616	59,491	57,615
Elected member - Cr W Cooper			
Meeting attendance fees	9,282	31,678	31,678
Other expenses	1,000	1,125	0
Annual allowance for ICT expenses	1,026	3,500	3,500
Travel and accommodation expenses	0	750	0
	11,308	37,053	35,178
Elected member - Cr S Lee			
Meeting attendance fees	9,282	31,678	31,678
Other expenses	1,022	1,125	0
Annual allowance for ICT expenses	1,026	3,500	3,500
Travel and accommodation expenses	241	750	377
	11,571	37,053	35,555
Elected member - Cr M Rowse			
Meeting attendance fees	31,678	31,678	31,678
Other expenses	637	1,125	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	35,815	37,053	35,178
Elected member - Cr M Kearney			
Meeting attendance fees	9,282	31,678	31,678
Other expenses	400	1,125	0
Annual allowance for ICT expenses	1,026	3,500	3,500
Travel and accommodation expenses	0	750	0
	10,708	37,053	35,178
Elected member - Cr D Wood			
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	1,125	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	35,178	37,053	35,178
Elected member - Cr S Wood			
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	1,125	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	35,178	37,053	35,178
Elected member - Cr S Kearney			
Meeting attendance fees	22,396	0	0
Annual allowance for ICT expenses	2,474	0	0
	24,870	0	0

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. RELATED PARTY TRANSACTIONS (Continued)

Elected member - Cr B Winmar

Meeting attendance fees	22,396	0	0
Annual allowance for ICT expenses	2,474	0	0
	24,870	0	0

Elected member - M Brown

Meeting attendance fees	22,396	0	0
Annual allowance for ICT expenses	2,474	0	0
	24,870	0	0
	413,559	424,453	410,948

Fees, expenses and allowances to be paid or reimbursed to elected council members.

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Mayor's annual allowance	89,753	89,753	89,753
Deputy Mayor's annual allowance	22,438	22,438	22,437
Meeting attendance fees	269,262	269,262	269,262
Other expenses	3,276	9,000	780
Annual allowance for ICT expenses	28,000	28,000	28,000
Travel and accommodation expenses	830	6,000	716
21(b)	413,559	424,453	410,948

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the City during the year are as follows:

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	930,430	1,029,353
Post-employment benefits	116,203	118,622
Employee - other long-term benefits	22,500	22,953
Employee - termination benefits	131,403	35,210
Council member costs	413,559	410,948
21(a)	1,614,095	1,617,086

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the City's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

Transactions between related parties and the City are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual	2021 Actual
	\$	\$
Sale of goods and services	136,725	84,264
Purchase of goods and services	7,508	101,811

(d) Related Parties

The City's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel.

ii. Other Related Parties

An associate person of KMP was employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

iii. Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. INVESTMENT IN ASSOCIATES

(a) Investment in associate

Resource Recovery Group (RRG) (Formerly the South Metropolitan Regional Council).

The RRG is a statutory local government authority established in 1991 by the local governments of Canning, Cockburn, East Fremantle, Kwinana, Melville and Rockingham. The RRG is responsible for developing environmentally sustainable waste management solutions for the communities of the Participants.

The member local governments jointly agreed to establish RRG under an Establishment Agreement and each participant may participate in regional projects that are governed by a Participants' Project Agreement. There are two core projects, being:

1. The Regional Resource Recovery Centre (RRRC) Project and;
2. The Office Accommodation Project.

Both the projects were established through separate project participants' agreements. The City of Kwinana are not participants in the RRRC project. In addition to the above two projects, the support activities of RRG such as Administrative activities, Education and Marketing and Research and Development, are referred to as Existing Undertakings.

The following local governments have since withdrawn from the Regional Council:
 City of Canning in June 2010, City of Rockingham in June 2012 and City of Cockburn in June 2019.

The City of Kwinana withdrew from the Regional Council effective after 30 June 2021 (1 July 2021).

Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2022	2021
	2022	2021	Actual	Actual
Equity Ratio / Share of Associate Entity's Net Assets	0.00%	18.30%	\$ 0	\$ 535,835
Total equity-accounted investments			0	535,835
Represented by Share of Associate Entity's Statement of Financial Position				
Current assets			0	283,203
Non-current assets			0	351,431
Total assets			0	634,634
Current liabilities			0	96,496
Non-current liabilities			0	2,303
Total liabilities			0	98,799
Net assets			0	535,835
Net increase/(decrease) in share of associate entity's net assets			(535,835)	31,060
Less: City of Kwinana's Share of RRG Loan Liability			435,600	(10,080)
Cost of withdrawal from RRG			(26,985)	0
			(127,220)	20,980

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the City has the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The City does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2022					
Cash and cash equivalents	0.89%	10,482,138	0	10,478,568	3,570
Financial assets at amortised cost - term deposits	1.83%	61,940,407	61,940,407	0	0
Financial assets at amortised cost - Treasury bonds					
2021					
Cash and cash equivalents	0.00%	6,968,593	0	6,964,623	3,970
Financial assets at amortised cost - term deposits	0.32%	59,711,623	59,711,623	0	0

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2022 \$	2021 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	724,225	666,802

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29(a).

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The City's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The City is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

No expected credit loss was forecast for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover outstanding amounts.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	0	2,591,472	0	0	2,591,472	
Loss allowance	0	0	0	0	0	5
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	0	3,471,676	0	0	3,471,676	
Loss allowance	0	0	0	0	0	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.
The below balances are inclusive of GST where applicable.

	Less than 1 month past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.76%	7.45%	13.51%	25.60%		
Gross carrying amount	683,201	20,318	2,436	410,373	1,116,328	
Loss allowance	5,207	1,513	329	105,076	112,125	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.54%	0.78%	32.05%	26.26%		
Gross carrying amount	1,833,721	105,305	57,334	378,238	2,374,598	
Loss allowance	9,821	825	18,376	99,307	128,329	5

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	0	0	128,329	98,606	0	0
Increase in loss allowance recognised in profit or loss during the year	0	0	0	29,723	0	0
Receivables written off during the year as uncollectible	0	0	0	0	0	0
Unused amount reversed	0	0	(16,204)	0	0	0
Closing loss allowance at 30 June	0	0	112,125	128,329	0	0

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contract Assets

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

CITY OF KWINANA
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FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2022					
Trade and other payables	24,536,347	0	0	24,536,347	24,536,347
Borrowings	2,696,235	8,279,772	4,876,770	15,852,777	15,852,777
Contract liabilities	257,119	0	0	257,119	257,119
Other liabilities	2,355,535	36,327,921	0	38,683,456	38,683,456
Lease liabilities	10,110	371,179	0	381,289	381,289
	29,855,346	44,978,872	4,876,770	79,710,988	79,710,988
2021					
Trade and other payables	22,889,779	0	0	22,889,779	22,889,779
Borrowings	2,101,151	9,091,075	7,197,300	18,389,526	18,389,526
Contract & Other liabilities	295,054	0	0	295,054	295,054
Other liabilities	6,320,715	28,097,678	0	34,418,393	34,418,393
Lease liabilities	174,595	371,179	0	545,774	545,774
	31,781,294	37,559,932	7,197,300	76,538,526	76,538,526

**CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No subsequent events have been noted

**CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

25. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

j) Impairment of assets

In accordance with Australian Accounting Standards the City's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

City operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	Members of Council & Governance (includes Audit & other costs associated with reporting to council). Administration, Financial and Information Technology Services are included.
Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.	Supervision of various local laws, fire prevention and animal control.
Health To provide an operational framework for environmental and community health.	Prevention and treatment of human illnesses, including inspection of premises/food control, immunisation and child health services.
Education and welfare To provide services to disadvantaged persons, the elderly, children and youth.	Provision, management and support of services for families, children and the aged and disabled within the community; including pre-school playgroups, day and after school care, assistance to schools, and senior citizens support groups.
Community amenities To provide services required by the community.	City planning and development, rubbish collection services, storm water drainage, the provision of public conveniences, bus shelters, roadside furniture and litter control.
Recreation and culture To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Provision of facilities and support for organisations concerned with leisure time activities and sport, support for the performing and creative arts and the preservation of the national estate. This includes maintenance of halls, aquatic centre, recreation and community centres, parks, gardens, sports grounds and the operation of Libraries.
Transport To provide safe, effective and efficient transport services to the community.	Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the City depot, including plant purchase and maintenance.
Economic services To help promote the City and its economic wellbeing.	Tourism and area promotion, rural services and pest control and the implementation of building controls.
Other property and services To monitor and control the City's overhead operating accounts.	Private works, public works overheads, City plant operations, materials, salaries and wages. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all works and services undertaken by the City.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding non grants, subsidies and contributions			
Governance	206,756	16,368	326,215
General purpose funding	46,326,950	45,534,854	43,963,070
Law, order, public safety	762,116	506,788	512,755
Health	175,389	166,890	146,987
Education and welfare	6,272,889	6,352,795	6,852,921
Community amenities	6,373,712	6,451,590	6,426,256
Recreation and culture	3,313,706	3,021,907	2,930,924
Transport	3,223,113	332,200	372,722
Economic services	1,996,219	1,419,018	1,838,536
Other property and services	527,995	185,096	413,319
	69,178,845	63,987,506	63,783,705
Non Grants, subsidies and contributions			
Law, order, public safety	1,095,077	699,600	156,875
Education and welfare	13,950	30,000	9,771
Community amenities	2,064,427	12,544,283	598,692
Recreation and culture	561,014	849,500	204,546
Transport	8,701,762	3,392,372	10,202,338
Economic services	0	0	6,011
	12,436,230	17,515,755	11,178,233
Total Income	81,615,075	81,503,261	74,961,938
Expenses			
Governance	(2,891,165)	(3,477,775)	(3,922,897)
General purpose funding	(1,107,576)	(919,472)	(895,380)
Law, order, public safety	(3,306,781)	(3,226,391)	(2,943,953)
Health	(995,568)	(1,014,273)	(884,321)
Education and welfare	(10,782,032)	(10,341,993)	(10,030,306)
Community amenities	(9,900,033)	(10,373,632)	(9,548,651)
Recreation and culture	(24,424,973)	(22,914,361)	(22,528,744)
Transport	(15,434,476)	(17,224,514)	(15,384,327)
Economic services	(1,898,923)	(2,144,453)	(1,511,528)
Other property and services	(3,520,204)	(3,249,706)	(3,605,196)
Total expenses	(74,261,731)	(74,886,570)	(71,255,303)
Net result for the period	7,353,344	6,616,691	3,706,635

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY (Continued)

	2022	2022	2021
	Actual	Budget	Actual
(c) Fees and Charges	\$	\$	\$
Governance	11,962	10,000	14,608
General purpose funding	197,135	115,400	107,301
Law, order, public safety	217,145	198,848	216,571
Health	136,317	122,555	104,987
Education and welfare	1,723,338	2,144,323	1,849,690
Community amenities	6,268,987	6,382,390	6,255,128
Recreation and culture	2,743,164	2,595,416	2,511,979
Economic services	1,451,150	1,356,980	1,706,886
Other property and services	315,613	151,497	226,047
	13,064,811	13,077,409	12,993,197

	2022	2021
	\$	\$
(d) Total Assets		
Governance	96,843,778	82,532,953
General purpose funding	9,344	15,007
Law, order, public safety	2,728,071	1,793,157
Health	58,445	74,901
Education and welfare	31,481,764	33,246,314
Community amenities	1,061,125	862,402
Recreation and culture	113,275,184	89,108,023
Transport	542,117,264	332,638,781
Economic services	42,819,737	43,007,933
Other property and services	4,385,954	2,987,678
	834,780,665	586,267,149

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION

(a) General Rates

RATE TYPE				2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Rate Description	Basis of valuation	Rate in \$	Number of Properties	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Improved Residential	Gross rental valuation	0.09858	13,865	207,537,356	19,826,159	535,872	20,379	20,382,410	19,826,157	800,000	0	20,626,157	19,351,557
Improved Special Residential	Gross rental valuation	0.09265	830	16,987,038	1,566,739	(907)	(3,995)	1,561,837	1,566,738	0	0	1,566,738	1,484,716
Improved Commercial and Industrial	Gross rental valuation	0.09834	512	112,216,981	10,886,377	106,021	(15,761)	10,976,637	10,886,377	0	0	10,886,377	10,858,140
Vacant Residential	Gross rental valuation	0.17693	410	6,983,160	1,261,272	(16,832)	31,933	1,276,373	1,261,272	0	0	1,261,272	1,224,161
Vacant Non-residential	Gross rental valuation	0.14788	57	5,319,700	455,700	295,828	25,760	777,288	455,700	0	0	455,700	435,601
General Industrial	Unimproved valuation	0.01839	3	121,200,000	2,228,868	0	0	2,228,868	2,228,868	0	0	2,228,868	2,185,236
Mining and Industrial	Unimproved valuation	0.00885	32	47,558,000	353,646	(18,330)	0	335,316	353,646	0	0	353,646	346,853
Rural	Unimproved valuation	0.0053	129	207,021,000	1,258,989	(95,083)	0	1,163,906	1,258,989	0	0	1,258,989	1,134,897
Sub-Total			15,838	724,823,235	37,837,750	806,569	58,316	38,702,635	37,837,747	800,000	0	38,637,747	37,021,161
Minimum payment		\$											
Improved Residential	Gross rental valuation	1,083	2,476	24,301,940	2,680,425	1,436	1,149	2,683,010	2,680,425	0	0	2,680,425	2,627,282
Improved Special Residential	Gross rental valuation	1,083	5	54,288	5,415	0	0	5,415	5,415	0	0	5,415	7,434
Improved Commercial and Industrial	Gross rental valuation	1,410	64	590,287	90,240	2,820	0	93,060	90,240	0	0	90,240	88,448
Vacant Residential	Gross rental valuation	1,083	1,110	5,230,770	1,149,063	44,899	58,754	1,252,716	1,149,063	0	0	1,149,063	1,050,498
Vacant Non-residential	Gross rental valuation	1,083	21	39,420	8,664	10,530	0	19,194	8,664	0	0	8,664	8,045
General Industrial	Unimproved valuation	1,410	0	0	0	0	0	0	0	0	0	0	0
Mining and Industrial	Unimproved valuation	1,410	13	186,694	18,330	18,330	0	36,660	18,330	0	0	18,330	17,657
Rural	Unimproved valuation	1,083	9	822,600	73,644	10,830	(25,314)	59,160	73,644	0	0	73,644	72,839
Sub-Total			3,698	31,225,999	4,025,781	88,845	34,589	4,149,215	4,025,781	0	0	4,025,781	3,872,203
			19,536	756,049,234	41,863,531	895,414	92,905	42,851,850	41,863,528	800,000	0	42,663,528	40,893,364
Discounts on general rates								0				0	(1,691)
Total amount raised from general rates								42,851,850				42,663,528	40,891,673
* Rateable value is based on the value of properties at the time the rate is raised.													
(b) Rates (excluding general rates)													
Ex-gratia Rates													
Sub-Total			0	0	205,822	0	0	205,822	175,000	0	0	0	176,587
					205,822			205,822	175,000				176,587
(c) Total Rates								43,057,672				42,663,528	41,068,260
												0	

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	20/08/2021	0.00	0.00%	7.00%
Option Two				
First instalment	20/08/2021	10.50	3.00%	7.00%
Second instalment	19/01/2022	0.0	3.00%	7.00%
Option Three				
First instalment	20/08/2021	21.00	3.00%	7.00%
Second instalment	22/10/2021	0.0	3.00%	7.00%
Third instalment	19/01/2022	0.0	3.00%	7.00%
Fourth instalment	21/03/2022	0.0	3.00%	7.00%

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates	243,118	254,400	316,531
Interest on instalment plan	181,499	140,000	138,550
Deferred Pensioner Interest	9,794	0	7,587
Charges on instalment plan	126,756	50,000	33,441
	561,167	444,400	496,109

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. RATE SETTING STATEMENT INFORMATION

		2021/22 2021/22 (30 June 2022 Carried Forward)	Budget (30 June 2022 Carried Forward)	2020/21 (30 June 2021 Carried Forward)
	Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	9(b)	(186,850)	(1,767)	(70,922)
Less: Reversal of prior year loss on revaluation of fixed assets		(2,780,113)	0	0
Less: Movement in liabilities associated with restricted cash		(59,559)	(23,200)	(84,825)
Less: Fair value adjustments to financial assets at fair value through profit and loss		628,518	0	(289,114)
Less: Share of net profit of associates and joint ventures accounted for using the equity method		100,235	0	(20,980)
Movement in pensioner deferred rates (non-current)		(61,099)	0	(86,273)
Add: Loss on disposal of assets	9(b)	5,165	37,879	13,332
Add: Depreciation	9(a)	15,717,756	16,305,054	16,091,943
Non-cash movements in non-current assets and liabilities:				
Employee benefit provisions		(403,162)	0	235,714
Other provisions		(633,635)	0	(241,715)
Non-cash amounts excluded from operating activities		12,327,256	16,317,966	15,547,160
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Movement in non current liability from transfers to acquire or construct non-financial assets to be controlled by the entity		8,230,243	(1,654,148)	11,144,052
Infrastructure received for substantially less than fair value	8(a)			
Movement in current unspent non-operating grants associated with restricted cash		(2,721,253)	(1,226,183)	(5,011,207)
Non-cash amounts excluded from investing activities		5,508,990	(2,880,331)	6,132,845
(c) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	30	(64,715,177)	(54,847,896)	(62,382,819)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(18,444)	(18,444)	(17,847)
- Land held for resale	5	0	0	(498,000)
- Banksia Park DMF Receivable		(246,014)	(319,490)	(212,269)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	2,696,235	2,261,964	2,537,530
- Current portion of unspent non-operating grants, subsidies and contributions held in		2,355,535	16,752,676	5,076,788
- Current portion of contract liability held in reserve		49,646	47,043	109,205
- Current portion of lease liabilities	10(b)	10,110	162,433	174,595
- Banksia Park unit contribution		16,100,000	16,975,350	16,733,635
- Employee benefit provisions		5,147,863	5,505,931	5,706,854
Total adjustments to net current assets		(38,620,246)	(13,480,433)	(32,772,328)
Net current assets used in the Rate Setting Statement				
Total current assets		76,790,191		74,071,190
Less: Total current liabilities		(35,003,209)		(37,924,527)
Less: Total adjustments to net current assets		(38,620,246)		(32,772,328)
Net current assets used in the Rate Setting Statement		3,166,736	0	3,374,335

CITY OF KWINANA
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FOR THE YEAR ENDED 30 JUNE 2022

29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

		Actual							Budget			
		Principal				Principal			Principal			
Purpose	Note	Principal at 1 July 2020	New Loans During 2020-21	Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance												
Loan 99 - Administration Building Renovations		576,328	0	(101,532)	474,796	0	(107,976)	366,820	474,796	0	(107,976)	366,820
Education and welfare												
Loan 96 - Youth Specific Space		95,162	0	(29,407)	65,755	0	(31,663)	34,092	65,755	0	(31,663)	34,092
Loan 100 - Youth Specific Space		1,270,494	0	(134,366)	1,136,128	0	(140,713)	995,415	1,136,129	0	(140,713)	995,416
Recreation and culture												
					0							
Loan 94 - Wellard Sports Pavilion		108,836	0	(52,710)	56,126	0	(56,126)	0	56,127	0	(56,126)	1
Loan 95 - Orelia Oval Pavilion		228,390	0	(70,577)	157,813	0	(75,990)	81,823	157,814	0	(75,991)	81,823
Loan 97 - Orelia Oval Pavilion Extension		1,275,244	0	(224,657)	1,050,587	0	(238,920)	811,667	1,050,584	0	(238,920)	811,664
Loan 102 - Library & Resource Centre		6,820,176	0	(629,004)	6,191,172	0	(657,885)	5,533,287	6,191,171	0	(657,885)	5,533,286
Loan 104 - Recquatic Refurbishment		3,350,000	0	(277,849)	3,072,151	0	(289,216)	2,782,935	3,072,151	0	(289,216)	2,782,935
Loan 105 - Bertram Community Centre		1,269,272	0	(112,529)	1,156,743	0	(116,232)	1,040,511	1,156,742	0	(116,232)	1,040,510
Loan 106 - Destination Park - Calista		1,321,267	0	(102,291)	1,218,976	0	(105,528)	1,113,448	1,218,976	0	(105,528)	1,113,448
Transport												
Loan 98 - Streetscape Beautification		778,044	0	(137,069)	640,975	0	(145,768)	495,207	640,978	0	(145,768)	495,210
Loan 101 - City Centre Redevelopment		2,500,000	0	0	2,500,000	0	(2,500,000)	0	2,500,000	0	(2,500,000)	0
Loan 101B - City Centre Redevelopment		0	0	0	0	2,500,000	(117,285)	2,382,715	0	2,500,000	(118,065)	2,381,935
Total		19,593,213	0	(1,871,991)	17,721,222	2,500,000	(4,583,302)	15,637,920	17,721,223	2,500,000	(4,584,083)	15,637,140
Self Supporting Loans												
Recreation and culture												
Loan 103B - Golf Club Refurbishment		249,972		(17,268)	232,704	0	(17,847)	214,857	232,703	0	(17,847)	214,856
Total Self Supporting Loans		249,972	0	(17,268)	232,704	0	(17,847)	214,857	232,703	0	(17,847)	214,856
**Share of RRG Loan												
		425,520 *	0	0	435,600	0	(435,600)	0	0	0	0	0
Total Borrowings	15	20,268,705	0	(1,889,259)	18,389,526	2,500,000	(5,036,749)	15,852,777	17,953,926	2,500,000	(4,601,930)	15,851,999

All outstanding loans are financed through WA Treasury Corporation.

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

*RRG Loan Principal was \$425,520 at 1 July 2020. City's share of the RRG Loan increased in 20/21 by \$10,080. RRG Loan Principal was \$435,600 at 30 June 2021.

**The City exited the Resource Recovery Group (RRG) as at 1 July 2021.

CITY OF KWINANA
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29. BORROWING AND LEASE LIABILITIES (Continued)

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
Loan 99 - Administration Building Renovations		Governance	99	WATC	6.25%	\$ (31,759)	\$ (31,413)	\$ (38,373)
Loan 96 - Youth Specific Space		Education and welfare	96	WATC	7.53%	(5,055)	(4,855)	(7,212)
Loan 100 - Youth Specific Space		Education and welfare	100	WATC	4.67%	(62,361)	(59,110)	(66,171)
Loan 94 - Wellard Sports Pavilion		Recreation and culture	94	WATC	6.38%	(2,764)	(2,841)	(6,360)
Loan 95 - Orelia Oval Pavilion		Recreation and culture	95	WATC	7.53%	(11,321)	(11,652)	(17,308)
Loan 97 - Orelia Oval Pavilion Extension		Recreation and culture	97	WATC	6.25%	(68,942)	(69,508)	(84,908)
Loan 102 - Library & Resource Centre		Recreation and culture	102	WATC	4.54%	(310,848)	(315,089)	(347,309)
Loan 104 - Recquatic Refurbishment		Recreation and culture	104	WATC	4.05%	(141,481)	(142,512)	(155,693)
Loan 105 - Bertram Community Centre		Recreation and culture	105	WATC	3.25%	(44,892)	(43,760)	(48,108)
Loan 106 - Destination Park - Calista		Recreation and culture	106	WATC	3.14%	(53,240)	(45,790)	(49,688)
Loan 98 - Streetscape Beautification		Transport	98	WATC	6.25%	(42,515)	(42,417)	(51,802)
Loan 101 - City Centre Redevelopment		Transport	101	WATC	4.67%	(14,766)	(35,094)	(79,250)
Loan 101B - City Centre Redevelopment		Transport	101B	WATC	1.3302%	(33,914)	(14,911)	0
Total						(823,858)	(818,952)	(952,182)
Self Supporting Loans Interest Repayments								
Recreation and culture								
Loan 103B - Golf Club Refurbishment		Recreation and culture	103B	WATC	3.32%	(9,130)	(9,169)	(9,831)
Total Self Supporting Loans Interest Repayments						(9,130)	(9,169)	(9,831)
Total Interest Repayments	2(b)					(832,988)	(828,121)	(962,013)

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2022 Actual	2022 Budget	2022 Actual	2022 Budget		
Refinancing City Centre Redevelopment loan to Principal plus interest repayments	WATC	Debenture	10	1.3302%	\$ 2,500,000	\$ 2,500,000	\$ (2,500,000)	\$ (2,500,000)	\$ 178,253	\$ 0
					2,500,000	2,500,000	(2,500,000)	(2,500,000)	178,253	0

* WA Treasury Corporation

CITY OF KWINANA
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29. BORROWING AND LEASE LIABILITIES (Continued)

(c) Lease Liabilities

Purpose	Note	Actual				Budget			
		Principal at	New Leases	Principal	Principal at 30	New Leases	Principal	Principal at 30	Principal at 30
		1 July 2020	During 2020-21	Repayments	June 2021	During 2021-22	Repayments	June 2022	June 2022
		\$	\$	\$	\$	\$	\$	\$	\$
Other Property & Services									
Data#3 Limited Server Storage	E6N0160168	57,708	0	(57,708)	0	0	0	0	0
ELB 4x Proline84 Interactive	E6N0160185	20,999	0	(10,395)	10,604	0	(7,933)	2,671	10,604
Kyocera Equipment	5389066248AUS	44,694	0	(22,929)	21,765	0	(17,754)	4,011	21,765
Photocopier/Printers	E6N0162743	45,659	0	(10,952)	34,707	0	(8,344)	26,363	34,709
Kodak Scanners	5389066248AUS	0	18,147	(2,441)	15,706	0	(5,878)	9,828	15,706
Photocopiers / equipment		0	0	0	0	0	0	0	94,484
Education and welfare									
Vehicle Lease - Bright Futures	1EYT548	2,537	0	(2,537)	0	0	0	0	0
Vehicle Lease - Youth	1EWZ823	2,872	0	(2,872)	0	0	0	0	0
Vehicle Lease - Youth	1HFE114	0	33,530	(2,712)	30,818	0	(6,572)	24,246	30,274
Recreation and culture									
Gym equipment	E6N0163618-1	0	450,819	(28,716)	422,103	0	(110,922)	311,181	422,103
Nilfisk floor scrubber	3510183300688	17,036	0	(6,965)	10,071	0	(7,082)	2,989	10,071
Total Lease Liabilities	10(b)	191,505	502,496	(148,227)	545,774	0	(164,485)	381,289	545,232

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
						\$	\$	\$	
Data#3 Limited Server Storage		Other property and services	E6N0160168	Alleasing	2.00%	0	0	(723)	June 2021
ELB 4x Proline84 Interactive		Other property and services	E6N0160185	Alleasing	2.00%	0	(133)	(342)	June 2022
Kyocera Equipment		Other property and services	5389066248AUS1	Kyocera	3.65%	(381)	(399)	(1,251)	June 2022
Photocopier/Printers		Other property and services	E6N0162743	Maia	1.80%	(551)	(561)	(748)	October 2024
			5389066248AUS3	HP Financial Services	4.18%	(546)	(544)	(235)	February 2024
Kodak Scanners		Other property and services	1EYT548	Toyota Fleet	2.00%	0	0	(17)	February 2021
Vehicle Lease - Bright Futures		Education and welfare	1EQZ823	Easifleet	2.00%	0	0	(12)	November 2020
Vehicle Lease - Youth		Education and welfare	1HFE114	Toyota Finance	1.30%	(357)	(354)	(176)	November 2026
Recreation and culture									
Gym equipment		Recreation and culture	E6N0163618-1	Maia	1.02%	(3,944)	(3,873)	0	June 2025
Nilfisk floor scrubber		Recreation and culture	350183300688	Nilfisk	1.70%	(118)	(116)	(235)	December 2022
Total Interest Repayments	2(b)					(5,897)	(5,980)	(3,739)	

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. RESERVE ACCOUNTS

Municipal Funds

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Aged Persons Units Reserve	772,745	228,166	(155,868)	845,043	750,755	192,961	(190,000)	753,716	741,044	204,781	(173,080)	772,745
(b) Asset Management Reserve	5,190,293	1,865,616	(2,438,289)	4,617,620	5,076,987	1,888,517	(3,741,911)	3,223,593	5,163,247	1,786,973	(1,759,927)	5,190,293
(c) Banksia Park Reserve	209,270	205,549	(170,577)	244,242	109,993	129,074	(90,000)	149,067	23,997	405,898	(220,625)	209,270
(d) City Infrastructure Reserve	1,360,526	6,159	(425,000)	941,685	1,360,527	5,064	(425,000)	940,591	995,255	365,271	0	1,360,526
(e) Community Services & Emergency Relief Reserve	334,163	1,429	0	335,592	249,266	1,720	(200,000)	50,986	340,995	3,168	(10,000)	334,163
(f) Contiguous Local Authorities Group Reserve	278,785	25,805	(34,472)	270,118	346,951	25,196	(38,800)	333,347	265,918	40,401	(27,534)	278,785
(g) Employee Leave Reserve	2,946,683	8,991	0	2,955,674	2,946,683	0	0	2,946,683	2,488,383	458,300	0	2,946,683
(h) Employee Vacancy Reserve	502,648	2,148	0	504,796	502,649	2,544	0	505,193	500,233	2,415	0	502,648
(i) Family Day Care Reserve	1,040,526	5,288	(1,045,814)	0	1,185,048	6,020	(64,186)	1,126,882	1,229,903	6,658	(196,035)	1,040,526
(j) Golf Course Cottage Reserve	29,557	126	0	29,683	29,558	148	0	29,706	29,396	161	0	29,557
(k) Golf Club Maintenance Reserve	17,145	10,038	0	27,183	8,895	5,048	(5,004)	8,939	8,846	8,299	0	17,145
(l) Information Technology Reserve	2,546,175	500,848	(2,952,502)	94,521	2,470,844	90,680	(1,385,000)	1,176,524	2,597,168	1,642,511	(1,693,504)	2,546,175
(m) Plant and Equipment Replacement Reserve	378,327	742,743	(527,286)	593,784	235,952	795,880	(768,875)	262,957	430,899	494,301	(546,873)	378,327
(n) Public Art Reserve	29,900	270,520	0	300,420	29,900	152	0	30,052	0	29,900	0	29,900
(o) Public Open Space	320,613	1,503	0	322,116	320,613	0	0	320,613	0	320,613	0	320,613
(p) Refuse Reserve	5,524,521	10,981	(156,463)	5,379,039	5,557,961	0	(184,178)	5,373,783	5,644,888	0	(120,367)	5,524,521
(q) Renewable Energy Efficiency Reserve	34,354	16,742	0	51,096	34,354	16,707	(9,035)	42,026	34,172	2,295	(2,113)	34,354
(r) Restricted Grants & Contributions Reserve	3,157,387	1,200,901	(2,175,386)	2,182,902	2,563,731	85,000	(2,163,731)	485,000	2,187,985	2,806,947	(1,837,545)	3,157,387
(s) Settlement Agreement Reserve	168,670	680	0	169,350	168,698	856	0	169,554	167,771	899	0	168,670
(t) Strategic Property Reserve	0	455,369	0	455,369	0	512,000	0	512,000	0	0	0	0
(u) Workers Compensation Reserve	324,699	227,746	0	552,445	324,723	732	0	325,455	143,928	180,771	0	324,699
	25,166,987	5,787,348	(10,081,657)	20,872,678	24,274,088	3,758,299	(9,265,720)	18,766,667	22,994,028	8,760,562	(6,587,603)	25,166,987

Developer Contributions Funds

(v) DCA 1 - Hard Infrastructure - Bertram	738,950	793,445	(76,946)	1,455,449	1,224,445	505,652	(14,410)	1,715,687	599,722	668,808	(529,580)	738,950
(w) DCA 2 - Hard Infrastructure - Wellard	1,720,913	6,378	0	1,727,291	1,803,911	59,012	(14,410)	1,848,513	1,988,294	26,682	(294,063)	1,720,913
(x) DCA 3 - Hard Infrastructure - Casuarina	0	0	0	0	0	6,000,000	(5,535,695)	464,305	0	0	0	0
(y) DCA 4 - Hard Infrastructure - Anketell	1,194,025	851,964	(16,597)	2,029,392	1,201,705	3,205,420	(3,503,055)	904,070	521,490	690,529	(17,994)	1,194,025
(z) DCA 5 - Hard Infrastructure - Wandii	972,058	909,066	(22,813)	1,858,311	981,945	504,436	(14,410)	1,471,971	427,218	564,759	(19,919)	972,058
({) DCA 6 - Hard Infrastructure - Mandogalup	753,954	3,175,276	(16,757)	3,912,473	563,066	402,564	(14,410)	951,220	274,055	497,809	(17,910)	753,954
() DCA 7 - Hard Infrastructure - Wellard West	52,702	31,654	(5,954)	78,402	40,416	5,224	(14,410)	31,230	18,171	34,531	0	52,702
() DCA 8 - Soft Infrastructure - Mandogalup	1,418,989	1,550,554	(15,605)	2,953,938	1,303,484	205,876	(14,410)	1,494,950	450,501	975,991	(7,503)	1,418,989
(~) DCA 9 - Soft Infrastructure - Wandii/Anketell	12,810,629	915,025	(1,893,374)	11,832,280	12,900,763	63,108	(3,332,613)	9,631,258	11,941,274	1,052,529	(183,174)	12,810,629
() DCA 10 - Soft Infrastructure - Casuarina/Anketell	197,222	808	(15,605)	182,425	195,571	5,920	(14,410)	187,081	204,182	1,289	(8,249)	197,222
(€) DCA 11 - Soft Infrastructure - Wellard East	6,478,479	39,925	(656,022)	5,862,382	6,489,265	34,020	(14,410)	6,508,875	6,152,977	336,287	(10,785)	6,478,479
() DCA 12 - Soft Infrastructure - Wellard West	9,488,144	993,920	(15,524)	10,466,540	9,486,283	47,468	(14,410)	9,519,341	8,468,096	1,028,087	(8,039)	9,488,144
(.) DCA 13 - Soft Infrastructure - Bertram	269,075	1,097	(15,524)	254,648	255,068	6,184	(14,410)	246,842	263,326	13,489	(7,740)	269,075
(f) DCA 14 - Soft Infrastructure - Wellard/Leda	813,783	105,136	(15,524)	903,395	819,500	8,708	(14,410)	813,798	706,921	122,552	(15,690)	813,783
(,) DCA 15 - Soft Infrastructure - City Site	306,909	34,188	(15,524)	325,573	300,090	6,408	(14,410)	292,088	239,431	75,104	(7,626)	306,909
	37,215,832	9,408,436	(2,781,769)	43,842,499	37,565,512	11,060,000	(12,544,283)	36,081,229	32,255,658	6,088,446	(1,128,272)	37,215,832
	62,382,819	15,195,784	(12,863,426)	64,715,177	61,839,600	14,818,299	(21,810,003)	54,847,896	55,249,686	14,849,008	(7,715,875)	62,382,819

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. RESERVE ACCOUNTS (Continued)

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Aged Persons Units Reserve	Ongoing	to be used to provide funds for the capital acquisition and maintenance of the Aged Persons Units, Callistemon Court.
(b) Asset Management Reserve	Ongoing	to be used to provide funds for renewal projects for the City's building and infrastructure assets, thereby extending the useful economic life of such assets.
(c) Banksia Park Reserve	Ongoing	to be used to provide funds for the capital acquisitions and maintenance of the Banksia Park Retirement Village.
(d) City Infrastructure Reserve	Ongoing	to be used to fund the City's contributions to community infrastructure projects.
(e) Community Services & Emergency Relief Reserve	Ongoing	to be used to provide funding to alleviate the effect of any disaster within the City of Kwinana boundaries and to provide funds to develop community services.
(f) Contiguous Local Authorities Group Reserve	Ongoing	to be used to restrict funds received for the prevention, control and education of mosquito management.
(g) Employee Leave Reserve	Ongoing	to be used to ensure that adequate funds are available to finance employee leave entitlements.
(h) Employee Vacancy Reserve	Ongoing	to be used to ensure that adequate funds are available to finance employee costs.
(i) Family Day Care Reserve	Ongoing	to be used to provide for the capital acquisitions and maintenance of this facility.
(j) Golf Course Cottage Reserve	Ongoing	to be used to provide funds for the maintenance of this building.
(k) Golf Club Maintenance Reserve	Ongoing	to be used to provide funds for the maintenance of this building.
(l) Information Technology Reserve	Ongoing	to be used for the implementation and maintainance of the City's software requirements.
(m) Plant and Equipment Replacement Reserve	Ongoing	to be used to replace existing fleet, plant and other City assets.
(n) Public Art Reserve	Ongoing	to be used to receive monies paid as cash in lieu for public art and the provision of public art expenditure under the Local Planning Policy 5.
(o) Public Open Space	Ongoing	to be used to restrict funds that have been paid in lieu of open space as specified in the Western Australia Planning and Development Act 2005.
(p) Refuse Reserve	Ongoing	to be used to provide funds for the costs and subsidy of Waste Management in the City.
(q) Renewable Energy Efficiency Reserve	Ongoing	to be used to provide funds for renewable energy and water efficiency initiatives.
(r) Restricted Grants & Contributions Reserve	Ongoing	to be used to restrict funds, being city funds, grants and contributions, required to complete projects from prior financial years.
(t) Strategic Property Reserve	Ongoing	to be used to provide funds for future investment opportunities.
(u) Workers Compensation Reserve	Ongoing	to be used to fund workers compensation costs incurred by the City where the maximum contribution amount for a previous year has been reached and there is a claim which remains open and requires the City to pay costs relating to the open claims in the current and future years.
(v) DCA 1 - Hard Infrastructure - Bertram	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 1 - Hard Infrastructure Bertram.
(w) DCA 2 - Hard Infrastructure - Wellard	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 2 - Hard Infrastructure Wellard.
(x) DCA 3 - Hard Infrastructure - Casuarina	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 3 - Hard Infrastructure Casuarina.
(y) DCA 4 - Hard Infrastructure - Anketell	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 4 - Hard Infrastructure Anketell.
(z) DCA 5 - Hard Infrastructure - Wandii	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 5 - Hard Infrastructure Wandii.
({) DCA 6 - Hard Infrastructure - Mandogalup	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 6 - Hard Infrastructure Mandogalup.
(l) DCA 7 - Hard Infrastructure - Wellard West	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 7 - Hard Infrastructure Mandogalup West.
(j) DCA 8 - Soft Infrastructure - Mandogalup	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 8 - Soft Infrastructure Mandogalup.
(~) DCA 9 - Soft Infrastructure - Wandii/Anketell	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 9 - Soft Infrastructure Wandii/Anketell.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. RESERVE ACCOUNTS (Continued)

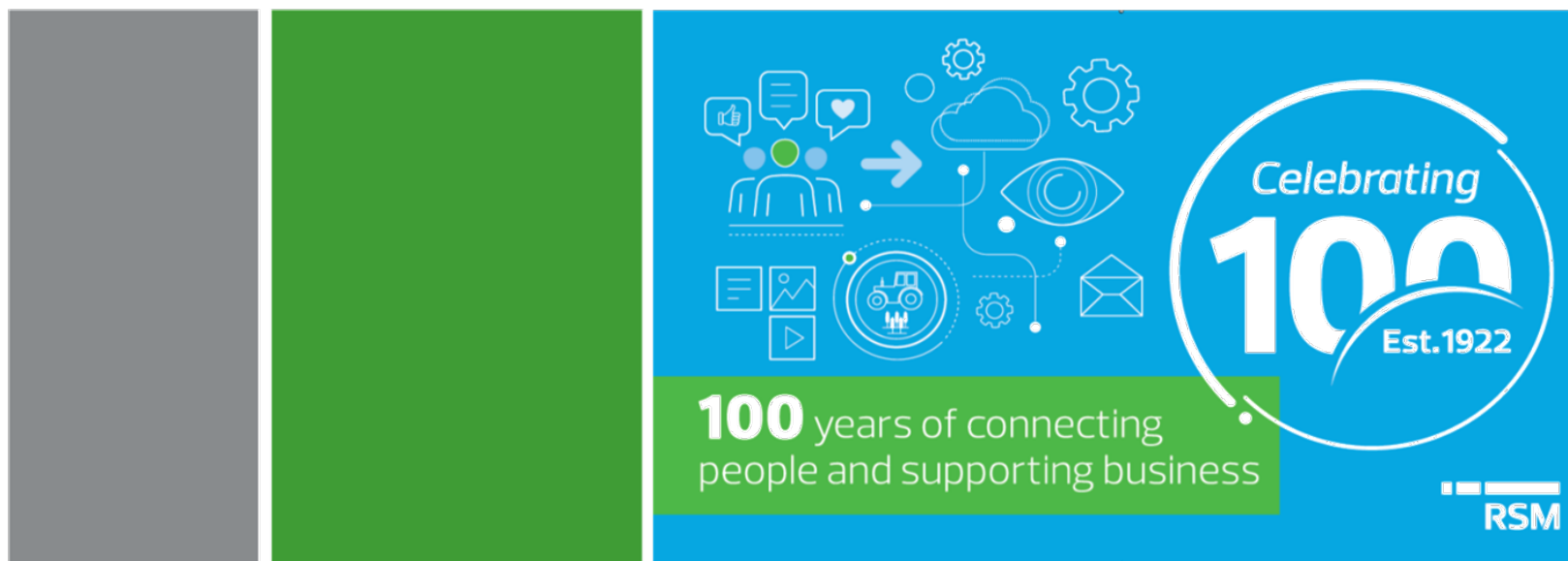
(i) DCA 10 - Soft Infrastructure - Casuarina/Anketell	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 10 - Soft Infrastructure Casuarina/Anketell.
(€) DCA 11 - Soft Infrastructure - Wellard East	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 11 - Soft Infrastructure Wellard East.
(j) DCA 12 - Soft Infrastructure - Wellard West	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 12 - Soft Infrastructure Wellard West.
(,) DCA 13 - Soft Infrastructure - Bertram	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 13 - Soft Infrastructure Bertram.
(f) DCA 14 - Soft Infrastructure - Wellard/Leda	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 14 - Soft Infrastructure Wellard/Leda.
(„) DCA 15 - Soft Infrastructure - City Site	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 15 - Soft Infrastructure City Site.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

31. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
APU Security Bonds	21,434	2,000	(580)	22,854
Contiguous Local Authorities Group (CLAG)	5,161	601	(55)	5,707
Abandoned Vehicles	4,829	2,016	0	6,845
	31,424	4,617	(635)	35,406



CITY OF KWINANA

AUDITOR'S CLOSING REPORT

Year ended 30 June 2022

THE POWER OF BEING UNDERSTOOD
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1. EXECUTIVE SUMMARY

The primary purpose of this Auditor's Closing Report is to brief the City of Kwinana ("City") on the results of our substantially completed audit of financial statements for the year ended 30 June 2022.

This report should be read in conjunction with our Audit Planning Memorandum (APM).

Based on RSM's recommendation, the Office of the Auditor General (OAG) intends to issue an unmodified auditor's report on the financial statements for the year ending 30 June 2022. The audit procedures were designed to support our auditor's opinion and cannot be expected to identify all weaknesses or inefficiencies in your systems and working practices.

Scope and Approach

There have been no changes in the audit scope or approach set out in the APM.

Matters of significance





Under section 24(1) of the *Auditor General Act 2006*, the Auditor General is required to report on matters arising out of the performance of the Auditor General's functions that are, in the opinion of the Auditor General, of such significance as to require reporting. We confirm that no such matters came to our attention during our audit work.

Our appreciation

We wish to express our appreciation for the cooperation provided by the City during the audit.

AMIT KABRA
Director – Assurance & Advisory
RSM Australia

EFTHALIA SAMARAS
Senior Director – Financial Audit
WA Office of Auditor General

OVERALL SUMMARY	
 STATUS OF AUDIT 5 <i>Outstanding matters for audit completion</i>	 KEY AREAS OF AUDIT FOCUS 6 <i>Areas assessed as key risks</i>
 INTERNAL CONTROL OBSERVATIONS 10 <i>Improvements to the design and implementation of internal controls</i>	 IDENTIFIED MISSTATEMENTS 2 <i>Number of adjusted and unadjusted misstatements identified during the audit</i>

2. STATUS OF THE AUDIT

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Action	Responsibility	Due on/by
1. Receipt of the signed certification of financial report	Management	12 December 2022
2. Receipt of signed management representation letter	Management	12 December 2022
3. Completion of subsequent events procedures to the date of signing the audit report	RSM / Management	12 December 2022
4. Issuing contract auditor's opinion to the Office of the Auditor General	RSM	13 December 2022
5. Issue of signed auditor's report to the Local Government	OAG	Within 5 business days of receiving the signed contractor's audit report from RSM



3. KEY AREAS OF AUDIT FOCUS



In performing our audit, we have identified the following areas which we consider, in our professional judgment, of most significance in the audit of the financial report for the year ended 30 June 2022:

1. Management override of controls

Summary of response

Our audit procedures, among other things, included:

- Testing journal entries recorded in the general ledger and adjustments on a sample basis based on data analytics to identify journal entries that exhibit characteristics of audit interest;
- Assessing accounting estimates for evidence of biases;
- Review unusual, significant transactions and related party transactions; and
- Conduct an unpredictability test.

Findings

Based on our work, nothing has come to our attention to indicate that there aren't proper processes and controls to manage the risk of management override of controls and that material key estimates and judgments are properly assessed and recognised.

3 KEY AREAS OF AUDIT FOCUS (CONTINUED)

2. Revenue recognition – Grants, subsidies and contributions, fees and charges, other revenue

Summary of response

Our audit procedures, among other things, included:

Control testing:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the revenue cycle, including application controls;
- Reviewing the IT general controls related to the core financial accounting system.

Substantive testing:

- Performing test of details, on a sample basis, over fees and charges and grants, subsidies and contributions and other revenue throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in line with the Local Government's revenue recognition policy;
- Performing calculation checks for contract liabilities related to grants, subsidies and contributions and vouching to agreements;
- Reviewing receivables balances on a sample basis and performing subsequent receipt testing;
- Performing testing on journal entries for any management override of internal controls related to revenue recognition.

Findings

Based on our procedures, we are satisfied that revenue, in all material respects, have been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the *Local Government Act 1995 (LG Act)* and the *Local Government (Financial Management) Regulations 1996 (Financial Management Regulations)*.

3 KEY AREAS OF AUDIT FOCUS (CONTINUED)

3. Infrastructure and property, plant and equipment

Summary of response

Our audit procedures, among other things, included:

Control testing:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the infrastructure, property, plant and equipment cycle, including application controls.

Substantive testing:

- Performing test of details, on a sample basis, material additions to Property, Plant and Equipment (which includes works in progress) to ensure they qualify for capitalisation under AASB 116 *Property, plant and equipment*;
- Testing accuracy and completeness of data sets including reviewing useful lives, condition assessments and depreciation rates;
- Performing analytical procedures over the annual depreciation charge;
- Reviewing management impairment assessment for any indication of management bias;
- Reviewing management fair value estimates of infrastructure valuation report and reconciliations to general ledger, and consider the scope, competency, and methodology of management's valuation to determine fair values, including consideration of significant assumptions, methods and data utilised.
- Checking the accounting treatment and entries for revaluation adjustments.
- Performing test of details, on a sample basis, infrastructure valuation assets to ensure the inputs used in the valuation report are accurate and in line with the methodology used by management.
- Reviewing the disclosures in the notes to the financial statements is appropriate.

Findings

Based on our procedures, other than the matter noted below, we are satisfied that that infrastructure and property, plant and equipment, in all material respects, have been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

During the audit we noted the following in relation to the revaluation model:

- Management does not have a formal policy to assess and validate the markup for design, planning and project management used as an input in the revaluation model; and
- The condition rating given to the assets does not consider the overall age of the assets, for example *Asset No. PG035 Kwinana Adventure Park* was built in 2016 and was estimated to have a useful life of 15 years. During the revaluation process at 30 June 2022 management assessed the asset to have a condition score of 5 (brand new condition) hence the remaining use life is reset at 15 years. Had the original useful life of the asset been considered, the fair value of the asset would have decreased from \$3.5m to approximately \$2.1m. Whilst it is possible that regular maintenance can enhance the useful life of assets, we recommend the City should consider engaging an independent third-party valuer to assess the fair value of assets on a periodic basis to ensure that management's valuation methodology and techniques are current and the valuation can be validated.

3 KEY AREAS OF AUDIT FOCUS (CONTINUED)

KEY BALANCES

1. Rates revenue

Summary of response

Our audit procedures, among other things, included:

Control testing:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the revenue cycle, including application controls.
- Reviewing the IT general controls related to the core financial accounting system.

Substantive testing:

- Reviewing rates receivables balances on a sample basis and performing subsequent receipt testing
- Performing analytical procedures on rates through a detailed comparison with Landgate valuation data and approved rate in the dollar.
- Determining if the disclosures in the notes to the financial report related to revenue recognition policy are appropriate

Findings

Based on our procedures, we are satisfied that rates revenue, in all material respects, have been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations.

3 KEY AREAS OF AUDIT FOCUS (CONTINUED)

2. Materials and contracts

Summary of response

Our audit procedures, among other things, included:

Control testing:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the purchasing and procurement cycle, including application controls.
- Reviewing the IT general controls related to the core financial accounting system.

Substantive testing:

- Performing test of details, on a sample basis, over materials and contracts expense. The samples will be selected from transactions occurring throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in the correct period;
- Performing a search for unrecorded liabilities.

Findings

Based on our procedures, we are satisfied that Materials and contracts, in all material respects, have been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations.

3 KEY AREAS OF AUDIT FOCUS (CONTINUED)

3. Employee benefits expense

Summary of response

Our audit procedures, among other things, included:

Control testing:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the payroll cycle, including application controls.
- Reviewing the IT general controls related to the core financial accounting system.

Substantive testing:

- Analytical procedures over employee benefit expenses and amounts allocated from employee benefits to capital projects;
- Analytical procedures over annual leave and long service leave provisions;
- Checking the mathematical accuracy of the long service leave computation, including consideration of significant assumptions, methods and data utilised;
- Performing test of details, on a sample basis, of Key Management Personnel ('KMP') remuneration disclosures in the financial report.

Findings

Based on our procedures, we are satisfied that Employee benefits expense, in all material respects, has been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations.

3 KEY AREAS OF AUDIT FOCUS (CONTINUED)

Other critical disclosures within the financial statements

RSM has also audited the following critical disclosures in the financial statements by verifying the underlying calculations and auditing the evidence to support the amounts disclosed. Our findings are outlined in the below table.

Description of disclosure	RSM Audit response	Findings
Related party disclosures	Reviewing the disclosures and supporting material to ensure compliance with AASB 124 <i>Related Party Disclosures</i> . Assessing the Group's internal controls around the identification and proper disclosure of related party transactions and the Elected Members' and Senior Officers' remuneration.	Our procedures regarding related parties did not identify any significant matters.
Areas subject to accounting estimates	<p>We have considered the areas of the Group's financial statements that are subject to estimation uncertainty, few are of sufficient quantum to be susceptible to material misstatement.</p> <p>We determined that the balances listed below include estimates that may be susceptible to material misstatement due to the measurement of the monetary amount.</p> <ul style="list-style-type: none"> Financial and non-financial assets- assessment of impairment indicators; Useful life used to depreciate infrastructure, property, plant and equipment; Infrastructure valuation model inputs –asset condition rating and cost mark-up; Employee benefits provisions – the probability of leave vesting, discount rates, wage inflation rates and timing of future cash flows. <p>Our additional audit work encompassed performing more granular assessments regarding the risk that accounting estimates are materially misstated. In addition, we focused on appropriately responding to the levels of estimation uncertainty, complexity and subjectivity in the accounting estimate.</p>	<p>Our procedures regarding accounting estimates we identified one moderate internal control finding within section 4 of this report regarding infrastructure valuation model inputs.</p> <p>Based on our procedures, other than the matter noted above we did not identify any further matters.</p>
Capital and other commitments for expenditure	We will check the underlying calculations and review the evidence to support the amounts disclosed.	Our procedures regarding capital and other commitments for expenditure did not identify any significant matters.

4. INTERNAL CONTROL FINDINGS

Based on our testing, we have included an update on the status of prior year findings as well as the following control weaknesses identified during the preliminary and final audit stages:

Current year – financial statements audit

The following control weakness was identified during the financial statements audit:

Findings	Rating	Status
1. Infrastructure Valuation	Moderate	Open

Current year – general computer controls review

The following control weaknesses were identified during the general computer controls review together with prior year recommendations still open:

Findings	Rating	Status
1. Network Access Management – Generic Accounts	Moderate	Complete*
2. Network Security Management	Moderate	Open
3. Financial System – User Access Management	Minor	Complete*

* As reported by management. Will be validated by us next year.

Prior year

At the date of this report, six recommendations noted in the prior year's audit remain open.

Findings	Rating	Status
Financial statements audit		
1. Capitalisation of work in progress	Moderate	Closed
General computer controls review		
2. Network - User access management	Significant	Open ¹
3. Physical and environmental security	Moderate	Open ¹
4. Business continuity	Moderate	Open ¹
5. Network penetration management	Minor ²	Open ¹
6. IT governance – policies and procedures	Minor ³	Open ¹
7. Network password management	Minor	Open ¹
8. IT change management procedures	Moderate	Closed

¹ – prior year recommendations still open as at FY22, hence raised again in FY22.

² – prior year was rating was Significant, FY22 rating is Minor.

³ – prior year was rating was Moderate, FY22 rating is Minor.

5. IDENTIFIED MISSTATEMENTS

Materiality

We have not included misstatements identified that are considered by management or us to be trivial, either taken individually or in aggregate.

Adjusted Misstatements

The following adjustments were posted by management as a result of our audit.

Description	Assets Dr/(Cr) \$	Liabilities Dr/(Cr) \$	Equity Dr/(Cr) \$	Profit and Loss Dr/(Cr) \$
1. Understatement of grant revenue	75,289	-	-	(75,289)
2. Infrastructure revaluation – incorrect model used	8,771,351	-	(8,771,351)	-
Total	8,846,640	-	(8,771,351)	(75,289)

Unadjusted Misstatements

We did not identify any misstatements during our audit which are unadjusted.

Disclosure Deficiencies in the Financial Statements





We did not identify any disclosure deficiencies in the financial statements for the year ended 30 June 2022.






APPENDICES

APPENDIX 1 – REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Under Australian Auditing Standards, we are required to communicate the following matters to the Chief Executive Officer and the Council:

Matter	How we addressed this matter	Result
Independence	We have fully satisfied ourselves that we do not have any actual or perceived conflict of interest.	
Subsequent events	Based on our work within the scope of our engagement, nothing came to our attention to indicate the subsequent events are not adequately disclosed or adjusted for within the financial report.	
Compliance with laws and regulations	Based on our work within the scope of our engagement, nothing came to our attention to indicate the key controls around compliance with laws and regulations are ineffective.	
Responsibilities relating to fraud	We did not become aware of any fraud during our audit.	

Matter	How we addressed this matter	Result
External confirmations	There were no instances where management refused or denied us sending a request for external confirmation.	
Contingent liabilities or commitments	Based on our work within the scope of our engagement, nothing came to our attention to indicate the contingent liabilities or commitments are not adequately disclosed within the financial report.	
Going concern	No events or conditions have been identified during the audit that may cast doubt on the Group's ability to continue as a going concern for 12 months from the date of our auditor's report.	

APPENDIX 2 – CHANGES IN ACCOUNTING STANDARDS

Standard or pronouncement	Description	Who does it affect	Effective date
AASB 2020-1 Amendment to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	<p>This narrow-scope amendment to AASB 101 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period; and also clarifies the definition of settlement of liability.</p> <p>For example, a liability must be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.</p> <p>AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.</p>	All entities	Annual reporting periods beginning on or after 1 January 2023
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	<p>This amending standard makes narrow-scope amendments to several standards:</p> <ul style="list-style-type: none"> ▪ AASB 1: to simplify its application by a subsidiary that becomes a first-time adopter after its parent concerning the measurement of cumulative translation differences; ▪ AASB 3: updating the reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; ▪ AASB 9: clarifying which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; ▪ AASB 116: requiring an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use, and the related cost, in profit or loss, instead of deducting the amounts received from the cost of the asset; ▪ AASB 137: specifying the costs that an entity includes when assessing whether a contract will be loss-making; and ▪ AASB 141: Remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards. 	All entities	Annual reporting periods beginning on or after 1 January 2022

APPENDIX 2 – CHANGES IN ACCOUNTING STANDARDS (CONTINUED)

Standard or pronouncement	Description	Who does it affect	Effective date
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	<p>This amending Standard impacts several standards:</p> <ul style="list-style-type: none"> AASB 7: clarifying that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; AASB 101: requiring entities to disclose their material accounting policy information rather than their significant accounting policies; AASB 108: clarifying how entities should distinguish changes in accounting policies and changes in accounting estimates. AASB 134: identifying material accounting policy information as a component of a complete set of financial statements; and AASB Practice Statement 2, guides how to apply the concept of materiality to accounting policy disclosures. 	All entities	Annual reporting periods beginning on or after 1 January 2023

For more information, visit: www.rsm.global/australia/service/audit-and-assurance-services



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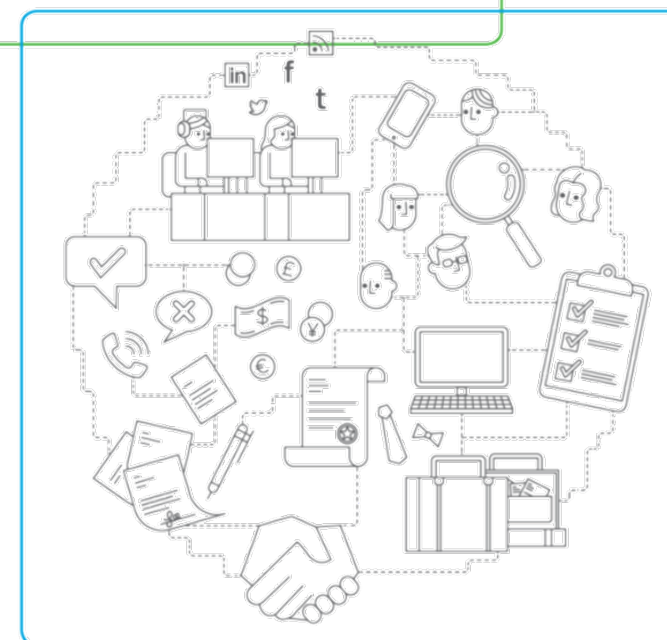
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HELPING YOU MOVE FORWARD
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CITY OF KWINANA**PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Findings identified in the current audit			
1. Infrastructure valuation		✓	

KEY TO RATINGS

The ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We consider these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating may be reported as a matter of non-compliance in the audit report in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

CITY OF KWINANA**PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Infrastructure valuation****Finding:**

During financial year ending 30 June 2022, management conducted an in-house revaluation of the entire infrastructure class of assets. As with any valuation exercise, the revaluation included a number of inputs that are subject to significant judgement. In our review of the valuation, we noted the following area which significant judgement has been applied:

Project management costs: Management has applied a 15% markup to the costs of materials and services (applied to roads, footpaths, carparks, parks, and ovals). This mark-up is in relation to survey, design and project management costs conducted inhouse. Management used a historical rate of 15% which has been used in the previous years. Management does not have a formal policy to determine and retest the validity of the markup on a regular basis. Management have since provided a calculation to support the markup percentage. Although the methodology appears reasonable, it is difficult to ascertain the accuracy of the number as it has been performed on an adhoc basis just for one year.

Rating: Moderate**Implication:**

Given the significant value of Infrastructure assets, even small variations in judgement can lead to a material change to the fair value.

Recommendation:

The City should consider engaging an independent third-party valuer to assess the fair value of assets on a periodic basis to ensure that management's valuation methodology and techniques are current and the valuation can be validated.

Management comment:

Agree.

Responsible position: Manager Finance

Completion date: 30 June 2023

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Network Access Management – Generic Accounts		✓	
2. Network Security Management		✓	
3. Financial System – User Access Management			✓
Matters outstanding from prior year audit			
4. Network - User Access Management	✓		
5. Physical and Environmental Security		✓	
6. Business Continuity		✓	
7. IT Governance – Policies and Procedures			✓
8. Network Security Management			✓
9. Network Password Management			✓

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

1. Network Access Management – Generic Accounts

Finding

The City does not have a documented policy or procedure that outlines the requirements for managing generic accounts, including provisioning and deprovisioning.

We identified that:

- 14 generic accounts are shared by casual employees, and 6 accounts are shared by external contractors.
- 5 new generic accounts were created for contractors without formal request or approval. None of these accounts have an appropriate description for their use.
- 11 out of a total of 82 generic and system accounts were unable to be identified for their business use or were deemed as not required by management.

Rating: Moderate**Implication**

Without appropriate processes to manage generic accounts, there is an increased risk of inappropriate or unauthorised access to the City's IT systems and/or information. It is also likely to result in a compromise of confidential or critical information and/or data.

Recommendation

The City should:

- Develop, document, and implement generic account management policy and procedures (Including provisioning, review and deprovisioning).
- Remove shared generic accounts and assign all casual employees and external contractors with a personalised named account.
- Ensure all generic accounts are appropriately requested and approved.
- Enhance the current user account review process to include generic accounts to ensure they have an appropriate business use and are needed.

Management Comment

Agree. This has been addressed, with all generic accounts removed or recorded. Regular account review process created included automated detection of unused accounts.

Responsible Person: Manager Information Technology

Completion Date: Complete

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

2. Network Security Management**Finding**

Effective monitoring and logging mechanisms provide the ability to track user activities in preventing, detecting, or minimising the impact of a security / data compromise. The presence of logs in all environments allows thorough tracking, alerting, and analysis. The cause of a compromise is very difficult, if not impossible, to determine without system activity logs.

We identified that the City's systems have the capability to produce network and system logs. However, logs are only reviewed when incidents are reported and are not actively monitored.

Further, there is no technology that supports threat detection, compliance and security incident management through the collection and analysis (both near real time and historical) of security events, as well as a wide variety of other event and contextual data sources.

Rating: Moderate**Implication**

Without effective logging and monitoring processes, there is an increased risk that the City will not be able to detect and or respond to unauthorised access or malicious activity. This could lead to potential downtime, unauthorised access, loss or compromise of confidential or critical information and data.

Recommendation

The City should:

- Develop, document and implement appropriate security logging and monitoring processes and requirements
- Conduct appropriate independent routine reviews of the key system / activity logs
- Consider appropriate technology that supports threat detection, compliance and security incident management through the collection and analysis of security events to ensure adequate protection in preventing, detecting, or minimising the impact of a security / data compromise. (E.g., Security information and event management (SIEM) technology).

Management Comment

Agree. The draft IT Strategy includes using the SIEM system to address this deficit.

Responsible Person: Manager Information Technology

Completion Date: 30 December 2023

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

3. Financial System – User Access Management

Finding

We identified that 85 out of 417 active Civica Authority user accounts belonged to terminated users, of these accounts:

- 22 accounts were disabled with standard roles assigned in Civica Authority.
- 59 accounts were active with all roles removed and the "Terminated User" role assigned.
- 4 accounts were active with standard roles assigned.

We acknowledge that these accounts have been deactivated in the City's network. As Civica Authority is authenticated through the network these users would not be able to log into the system.

Rating: Minor**Implication**

Without appropriate user access management controls in place to ensure terminated users are removed from systems there is an increased risk of inappropriate or unauthorised access to the City's IT systems and/or information. This could impact the confidentiality, integrity and availability of City information.

Recommendation

The City should ensure that terminated users are removed / disabled in the Civica Authority system as part of their user termination process.

Management Comment

Disagree. Cybersecurity is always a balance of risk and effort. The City's approach is to cancel access using the AD account. To support the approach, the City has introduced complex passwords and MFA. Any remaining risk is negligible and does not warrant further effort. The City disables all user access through the AD account. The City considers any further effort to be related to neatness rather than security. Accordingly, no action to neaten up legacy profiles is planned.

Responsible Person: N/a**Completion Date: N/a**

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

MATTERS FROM PRIOR YEAR AUDIT

4. Network - User Access Management

2021 Finding

We noted the following deficiencies with the City's network access management process:

- evidence of periodic user access reviews for domain administrator and privileged access in Civica Authority is not retained;
- 22 out of 106 active user accounts have not logged into the network in the last 6 months; and
- 20 out of 106 active user accounts have never logged into the network.

2022 Status

We noted the following deficiencies with the City's network access management process:

- Evidence of periodic user access reviews was not retained. We could not confirm if reviews were performed in the audit period.
- 5 out of 390 active user accounts have not logged into the network in the last 6 months:
 - 2 accounts were disabled after audit's identification
 - 2 accounts belong to employees currently on maternity leave
 - 1 account belongs to an employee who requires the account when acting in a temporary role.
- 2 out of the 13 identified privileged accounts were deemed as inappropriate or not required by management. These accounts were disabled after audit's identification
- 1 out of 390 active network accounts belonged to a terminated user. This user logged on the network post the termination date. This account was disabled after audit's identification.
- 2 out of 390 active network accounts could not be matched with HR's current employee list. These accounts were disabled after audit's identification.

Rating: Significant

Implication

Without an effective user access management process there is an increased risk of unauthorised access or excessive access to the City's network. This may cause a loss of the confidentiality, integrity or availability of data.

Recommendation

The City should regularly review and monitor user access to the network to ensure it is in line with employee roles and levels of responsibility. Evidence of these reviews should be retained and inactive accounts should be removed or disabled.

2021 Management Comment

Formally documented IT governance policies and standards for network user account management standards will be addressed by a Cyber Security Policy and Manual that is currently being developed. Where appropriate, processes and controls will be implemented to address these findings.

2021 Responsible Person: *Manager Information Technology (new incumbent)*

2021 Completion Date: 31 December 2021

2022 Management Comment

- *City now records periodic user reviews in the Case system.*

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

- *The City has a 6-month cut-off for inactive accounts due to the large number of casuals in the workforce. There is no intention to change this approach.*
- *Process for Administration and Contractor accounts has been developed and implemented.*
- *The remaining issue is related to pseudo-staff, where the City hosts an employee of another organisation (not including agency staff). A process for managing these accounts requires development.*

2022 Responsible Person: Manager Information Technology**2022 Completion Date: 30 June 2022**

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

5. Physical and Environmental Security

2021 Finding

Several deficiencies in the physical and environmental security management of the datacentre located at the City were noted. We noted there was no documented and approved policy or procedure to outline physical and environmental requirements for data locations, access management, and monitoring of environmental controls.

2022 Status

The City has defined their physical and environmental requirements in their "Cyber Security Manual".

We identified the following deficiencies in the physical and environmental controls in place for the primary data centre (server room) located at the City's offices:

- The server room is secured by a key locked door. However, the door lock could be opened by other similar keys as the door lock is not unique.
- There are no security cameras, physical access monitoring or logging in place to ensure only authorised access to the server room.
- There are no tracking / reporting requirements which defines what actions were performed within the server room relating to hardware maintenance.
- There are no environmental monitoring devices within the server room, to proactively alert IT staff to increased temperature and / or humidity within the server room.

Rating: Moderate

Implication

Without appropriate controls in place to manage physical and environmental controls, there is an increased risk of inappropriate, unauthorised access and potential failure of critical hardware to support key infrastructure or systems. This could impact the confidentiality, integrity and availability of the City's systems and information.

Recommendation

The City should investigate and implement:

- Appropriate physical access to the server room (i.e., electronic card access, locking devices etc.) to restrict, monitor and review access
- An appropriate monitor and review process for actions performed in the server room
- Environmental monitoring equipment and tools that alerts management on any abnormal temperature / humidity fluctuations.

2021 Management Comment

The lack of formally documented IT governance policies and standards for physical and environmental security will be addressed by a Cyber Security Policy and Manual that is currently being developed. Physical/environmental security controls will be implemented where appropriate.

2021 Responsible Person: *Manager Information Technology (new incumbent)*

2021 Completion Date: 30 June 2022

2022 Management Comment

Agree. Swipe card access installation is in process. Environmental monitoring will not be pursued as the City will be moving away from on-site servers over the next few years, as identified in the draft IT Strategy.

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

2022 Responsible Person: Manager Asset Management Services

2022 Completion Date: 30 March 2023

6. Business Continuity

2021 Finding

During the audit we noted there was no evidence to support if the City's Disaster Recovery Plan (DRP) had been reviewed since January 2018. We also noted the City did not undertake IT disaster recovery tests. The 2020 finding remains unresolved.

2022 Status

The City has developed and approved an Disaster Recovery Plan (DRP) for critical IT systems and infrastructure during our audit. However, there was no documentation regarding the disaster recovery test performed.

Rating: Moderate

Implication

Without regular IT DRP testing there is an increased risk that critical business functions and processes may not be appropriately recovered or restored following a major incident.

Recommendation

The City should regularly test and document the results of DRP. The DRP tests should be used to confirm key IT systems and services can be recovered and data backups can be restored in accordance with the agreed recovery requirements.

2021 Management Comment

The IT Backup and DR plan and processes will be updated as part of deploying an IT Cloud hosted DR/BCP solution and as part of the Cyber Security Policy, Manual and ICT Strategy. Documented DR/BCP testing will take place for a minimum of one business system.

2021 Responsible Person: Manager Information Technology (new incumbent)

2021 Completion Date: 31 December 2021

2022 Management Comment

Disagree. The DR plan requires the test to be completed 12 months after review. As the DR plan was reviewed in the financial year, a test of the plan is not due. A test will be completed in the 2022/23 financial year.

2022 Responsible Person: N/a

2022 Completion Date: N/a

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

7. IT Governance – Policies and Procedures

Finding

2021 Finding

When reviewing the City's IT policies and procedures we identified the 'Acceptable Use of IT Systems' policy has not been reviewed since November 2007 and there were no formal policies and procedures for the following key IT functional areas:

- Information security, objectives, principles, responsibilities and compliance requirements;
- Incident management (Handling of security breaches and or inappropriate use);
- System and user password requirements and configuration;
- Protection from malware and malicious code;
- User access / remote access / wireless networks management (Granting / revoking access to systems);
- Review and monitoring of user access / System audit logging and monitoring;
- Restrictions on software user and installations;
- Mobile device management / Data loss prevention management;
- Information system back-up and recovery; and
- IT asset management and disposal.

In addition to this we noted the following:

- the City's network diagram is not periodically reviewed to ensure the diagram accurately reflect the City's current network architecture; and
- the City's IT Strategy (2016 to 2020) has not been reviewed and updated to be aligned to the City's business strategy for the current and future financial years.

2022 Status

The City has developed a Cyber Security Manual which includes the relevant IT functional areas identified in our previous audits.

However, we identified that the City does not have a current up to date IT strategy aligned to the City's business strategy for the current and future financial years.

We acknowledge that the City is in the process of developing an appropriate IT strategy.

Rating: Minor

Implication

Without an appropriately documented and approved IT strategic plan, there is an increased risk that IT resources (e.g. finance, systems and people) will not be aligned to the City's strategy and priorities.

Recommendation

The City should develop, approve, implement and communicate IT Strategies to all key stakeholders to ensure that IT investments support business objectives.

2021 Management Comment

A new ICT Strategic Plan will be developed. Formally documented ICT governance policies and standards will be addressed by a Cyber Security Policy and Manual that is currently being developed. Where appropriate, processes and controls will be implemented to address these findings. The network diagram is being updated to reflect the current architecture.

2021 Responsible Person: *Manager Information Technology (new incumbent)*

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

2021 Completion Date: *31 December 2021 - Cyber Security Policy and Manual
30 June 2022 - ICT Strategic Plan*

2022 Management Comment
Agree. IT Strategy is currently being finalised.

2022 Responsible Person: Manager Information Technology
2022 Completion Date: 30 March 2023

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

8. Network Security Management

2021 Finding

We noted that the City have not performed a full network security/penetration testing since 2018 to understand the City's network security posture and identify any potential security weaknesses or vulnerabilities to the network.

2022 Status

The 2021 finding remains unresolved. It was noted that Management made the decision to delay their scheduled penetration test until planned major changes have been implemented.

Rating: Minor

Implication

Failure to regularly test network security may result in vulnerabilities going undetected. These vulnerabilities may be exploited which could result in unauthorised access to the City's systems and information.

Recommendation

The City should establish a process to perform cyclical security/penetration testing on a regular basis on critical infrastructure and systems to improve network security and provide protection against any potential vulnerabilities or cyber breaches.

2021 Management Comment

The finding is accepted. Penetration testing will be performed in the second quarter 2022 once remediation of the outstanding OAG findings has taken place.

2021 Responsible Person: *Manager Information Technology (new incumbent)*

2021 Completion Date: 30 June 2022

2022 Management Comment:

Disagree. Copy of memo regarding timing of penetration testing provided as part of the audit. This was a management decision based on a plan to reconfigure the network. Finding should reflect a decision of management to delay the test pending network change.

2022 Responsible Person: N/a

2022 Completion Date: N/a

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

9. Network Password Management

2021 Finding

The 2020 finding remains unresolved. In addition to this we note the account lockout functionality is disabled.

2022 Status

The City has documented password requirements and configured network password settings to conform with industry better practice.

However, we identified that the documented password policy does not align with the network password configuration settings (see below):

Password Details	City's Network Settings	City's Documented Policy
Lockout Duration	30 minutes	Indefinitely – Employee must contact IT to unlock

Rating: Minor

Implication

Without adequate password management protocols and procedures, there is an increased risk of unauthorised access or compromises to network and system security. The network and systems may become susceptible to potential security breaches, such as brute force or social engineering attacks.

Recommendation

The City's Cybersecurity manual should be updated to reflect that user accounts will be automatically unlocked after 30 minutes.

2021 Management Comment

The password parameters listed above have been implemented. Formally documented IT governance policies and standards for password management will be addressed by a Cyber Security Policy and Manual that is currently being developed. Where appropriate, processes and controls will be implemented to address these findings.

2021 Responsible Person: *Manager Information Technology (new incumbent)*

2021 Completion Date: 31 December 2021

2022 Management Comment

Disagree. The interpretation of the City's Cybersecurity Manual is disagreed. The wording of the Cybersecurity manual is 'should' not 'must'. As per the recommendation of the Cybersecurity manual, the account is locked after 6 attempts. The City has chosen to unlock the account after 30 minutes, unless contact is made with the IT team to unlock the account earlier. In practice, staff contact the IT team earlier, as they are normally not in a position to wait 30 minutes. If the account has been locked from a login attempt outside of the network (i.e. remote), the user will also be required to authenticate with multi-factor authentication. The City is satisfied that the approach is robust, considering the use of complex passwords and the introduction of MFA, and is consistent with the Cybersecurity manual in that the account is locked after 6 attempts, wording used in the manual is suggestive rather than mandatory, and the manual is silent on resetting accounts automatically after a period of time. Furthermore, the second column of the manual suggests users could unlock their own account, providing MFA is used.

ATTACHMENT

CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED JUNE 2022

FINDINGS IDENTIFIED DURING THE ITGC AUDIT

Updating the Cybersecurity Manual is not considered warranted, as the current process is consistent with the document.

2022 Responsible Person: N/a

2022 Completion Date: N/a





Acknowledgement of Country

City of Kwinana acknowledges the Traditional Custodians of the land on which we live, work and play, the Nyoongar people. We recognise their connection to the land and local waterways, their resilience and commitment to community, and pay our respect to Elders past and present.

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Annual Report 2021/22

Welcome

Mayor's Welcome

Like in previous years, 2021/22 brought with it a level of uncertainty due to the ongoing global pandemic, however the Kwinana community continued to demonstrate its resilience and prosper during these times.

Arguably one of the most challenging tasks as a Councillor involved budget considerations, and Council once again took a conservative approach with a two per cent average rates increase for residential properties in the City of Kwinana.

This increase enabled three key projects from the Strategic Community Plan to be developed including the Kwinana Loop Trail Masterplan, the reinstatement of the Community Events budget and the introduction of the Healthy Kwinana initiative.

The community events that were reinstated included the always entertaining OMG! Fringe Festival, Get in the Grove, and Summer Sounds.

While it was heartening to see people coming together again in a more normal fashion, the Children's Festival was affected by the ongoing pressures of the pandemic and the City continued to be responsive and agile to these changing circumstances.

Council welcomed newly elected members in October 2021 including its first Indigenous Elected Member, Councillor Barry Winmar. We also farewelled outgoing Councillor Wendy Cooper after a decade of service on Council and Sandra Lee who we acknowledge for her 16 years of service to Kwinana. I take this opportunity to publicly thank all Councillors for their service and commitment to the community.

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Annual Report 2021/22

Together, we made further progress on the Reconciliation Action Plan, as always in consultation with the Boola Maara (Many Hands) Advisory Group of which I am a member.

Acknowledgement of Country signage was placed on City facilities and community calls to rename a portion of Harry McGuigan Park as Ngalang Moort Manjar (Our Families Meeting Place) were supported by Council. It should also be noted that two local Elders, Maria Taylor and Des Little, were also named Elder of the Year at the NAIDOC Perth Awards on 25 June.

This financial year, the region saw industry adapt rapidly to global demands with increased activity in the Kwinana Industrial Area and a number of local announcements regarding renewable and clean sources of energy.

It is exciting to welcome these new developments, while honouring our heritage as we approach the historic milestone of 100 years since the SS Kwinana — the town's namesake — came to rest upon Kwinana Beach during a storm.

Margaret Feilman was Australia's first female qualified town planner, tasked with planning the Town of Kwinana. She was immortalised this year in a mural painted on the wall of the Kwinana Social Club by acclaimed artist 'Shakey'.

Margaret was described by the Australian National Trust as 'a trailblazer in her professional life, and coupled with her passion for the environment, the arts and making a difference in future generation, her contribution to Western Australia has been truly enormous.'

I believe she helped map out Kwinana's future as a place of innovation, leading the way in the State while caring for the environment and celebrating the rich spirit of the area to make a difference for future generations.

We truly live in a unique and liveable City, celebrated for and connected by its diverse community, natural beauty and economic opportunities.

Carol Adams OAM
City of Kwinana Mayor

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Annual Report 2021/22 (Part 1 – Community)

CEO's Welcome


This financial year saw the City's operations continue and respond to the rapidly changing dynamics of the world around us while continuing to lead and serve the local community.

A key example of this was a Love My Neighbourhood project initiated at Worrall Court in Orelia in September 2021.

An award-winning model from Napier in New Zealand was engaged, which saw the City coordinate representatives from various State agencies and Departments and even local youth to drive a transformation of the housing complex. As a result, calls to Police fell 70 per cent in just a matter of months.

The use of best practice approaches such as this Love My Neighbourhood project enables us to implement new ways of working and to learn from others experiences that results in a better quality of life in Kwinana.


And yet this is just one of many examples where staff have worked tirelessly to achieve the outcomes outlined by the community in the Strategic Community Plan.



We are constantly learning from one another and are far from insular in our place in the world.

In fact, we have much ahead that will put us on the map and further boost job opportunities including the imminent opening of Costco in Casuarina in 2022 and the State Government's plans for the Outer Harbour in Kwinana in coming years.

The City of Kwinana continues to experience the lowest unemployment rates in decades and our population growing at a healthy rate.



Meeting the community's vision for the area is therefore vital and dynamic work for the City as we welcome new residents requiring housing, facilities, services and more.

I commend the dedicated staff at the City of Kwinana. This year has again been filled with stops and starts and the changing priorities brought on by the pandemic but our employees continue to work to help make Kwinana the wonderful place that it is.

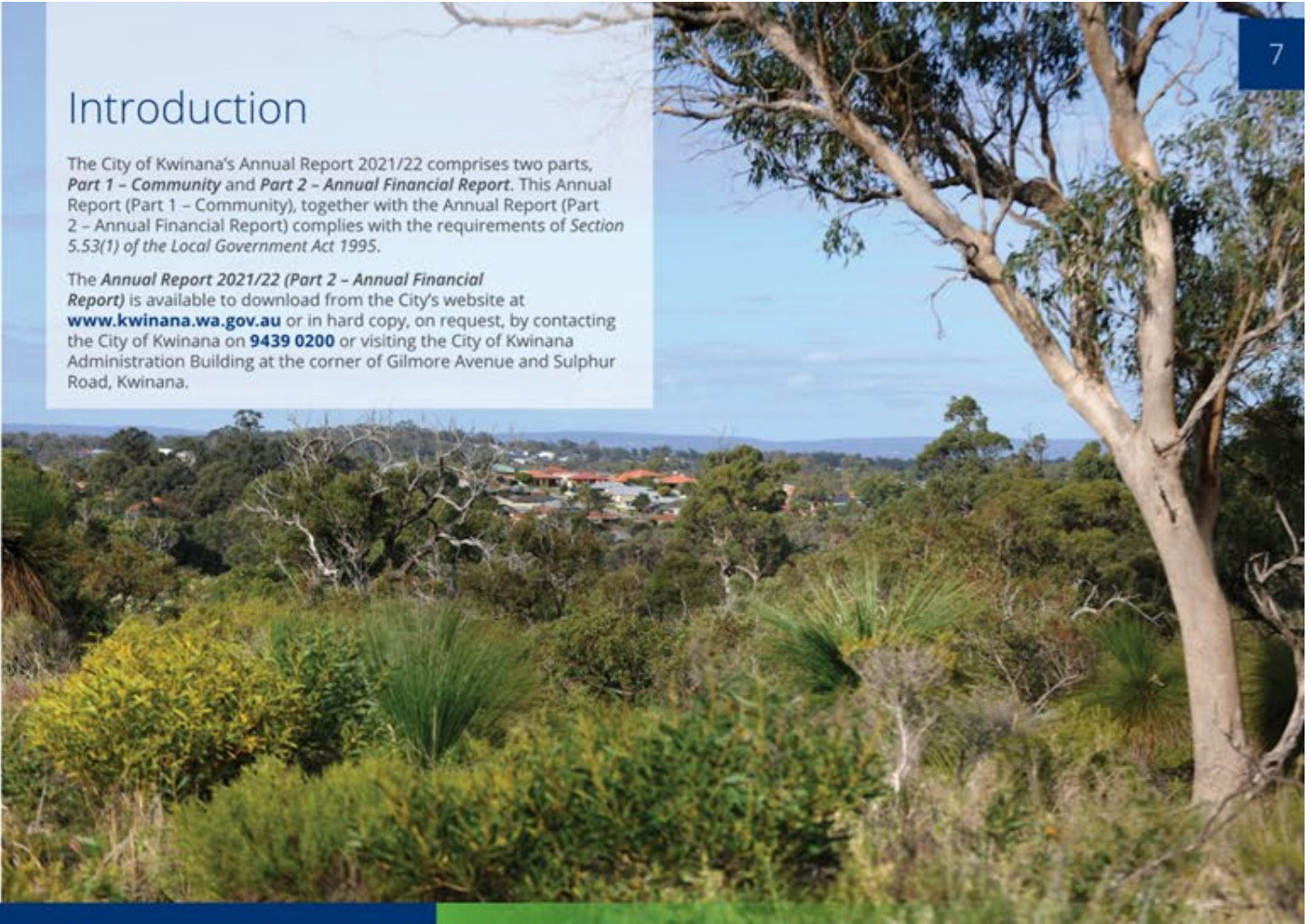
Wayne Jack
City of Kwinana Chief Executive Officer

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Introduction

The City of Kwinana's Annual Report 2021/22 comprises two parts, **Part 1 – Community** and **Part 2 – Annual Financial Report**. This Annual Report (Part 1 – Community), together with the Annual Report (Part 2 – Annual Financial Report) complies with the requirements of *Section 5.53(1) of the Local Government Act 1995*.

The *Annual Report 2021/22 (Part 2 – Annual Financial Report)* is available to download from the City's website at www.kwinana.wa.gov.au or in hard copy, on request, by contacting the City of Kwinana on **9439 0200** or visiting the City of Kwinana Administration Building at the corner of Gilmore Avenue and Sulphur Road, Kwinana.



2021/22 Snapshot

To view these stories in full visit
www.kwinana.wa.gov.au/news.

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Annual Report 2021/22 (Part 1 – Community)

Kwinana at a Glance

Residential Dwellings: 18,562

Land area: 120.01km²

Population: 45,867

Natural Bushland: 355 hectares

Total length of roads: 470km

13,888 tonnes of domestic waste collected

3,100 tonnes of domestic recycling collected

Average household size: 2.7

35km from the CBD

Active Parks: 13
Passive Parks: 79

Facilities (total): 329

Parks: 52 (Dryland)

(Data from ABS 2021 Census.)

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City of Kwinana Council

The Council consists of a Mayor, a Deputy Mayor and six Councillors who represent the community across the municipality of the City of Kwinana. The term for each Elected Member is four years. The Mayor and Deputy Mayor are elected by the Council every two years.

	Mayor Carol Adams OAM Term of office expires 2025		Deputy Mayor Peter Feasey Term of office expires 2023
	Councillor Michael James Brown Term of office expires 2023		Councillor Susan Kearney Term of office expires 2025
	Councillor Barry Winmar Term of office expires 2025		Councillor Sherilyn Wood Term of office expires 2023
	Councillor Matthew Rowse Term of office expires 2025		Councillor Dennis Wood Term of office expires 2023
	Councillor Wendy Cooper Term of office expired 2021		Councillor Merv Kearney Term of office expired 2021
	Councillor Sandra Lee Term of office expired 2021		

Elected Member attendance at Council meetings 2021/2022

Elected Member	Ordinary Council Meetings Attended	Special Council Meetings Attended	Electors General Meeting Attended
Total meetings held	21 meetings held in 2021/2022	Two meetings held in 2021/2022	One meeting held in 2021/2022
Carol Adams	20	2	1
Peter Feasey	21	2	1
Michael James Brown (Elected October 2021)	14 ¹	2	1
Sue Kearney (Elected October 2021)	14 ¹	2	1
Matthew Rowse	21	2	1
Barry Winmar (Elected October 2021)	14 ¹	2	1
Dennis Wood	13	0	1
Sherilyn Wood	19	2	1
Wendy Cooper (outgoing Elected Member)	6 ²	n/a	n/a
Merv Kearney (outgoing Elected Member)	4 ²	n/a	n/a
Sandra Lee (outgoing Elected Member)	7 ²	n/a	n/a

NOTE:

¹ 14 Ordinary Council Meetings held since elected to office.

² 7 Ordinary Council Meetings held whilst elected to office.

n/a: no Special Council Meetings or Electors General Meetings held whilst elected to office.

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City of Kwinana Staff

Employees

Full Time Equivalent (FTE) employees as at 30 June 2022:

Full Time: 193

Part Time: 93

Casual: 102

Total: 388 (head count)

Total FTEs: 299.93

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City of Kwinana Leadership Team (as at 30 June 2022)

Wayne Jack

Chief Executive Officer

Maria Cooke

Director City Development and Sustainability

Doug Elkins

Director City Infrastructure

Garry Fisher

Director City Life

Warwick Carter

Executive Manager Governance and Advocacy

Stacey Hobbins

Chief Financial Officer

Sue Wiltshire

Manager Human Resources

Brian Cameron

Manager Building Services

Stuart Martin

Manager Essential Services

Troy Morley

Manager Environment and Health

Paul Neilson

Manager Planning and Development

Pascal Balley

Manager Engineering Services

David Boccuzzi

Manager City Operations

Ann Nicholas

Manager Asset Management Services

Vacant

Manager Information Technology

Fiona Grieves

Manager Community Services

Vacant

Manager Community Engagement

Natasha Dransfield

Manager Customer and Communications

Russell Mark

Manager Governance and Legal

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Annual Report 2021/22 (Part 1 – Community)

City of Kwinana
Products and Services

The primary role of Local Government is to provide infrastructure, facilities, governance, and community services to support the community. The City of Kwinana offers hundreds of products and services for the benefit of its community, to promote wellbeing and to offer community members a choice and range of options to suit their lifestyle.

The City manages depot works, including:

- footpath, crossover, road, kerb and drainage maintenance;
- maintenance of street furniture, fencing, BBQs, playgrounds and water features;
- rubbish and litter collection and removal of illegal dumping;
- fire control assistance and emergency response to storms, floods, fire etc; and
- mowing, weed control, turf renovation, irrigation maintenance, landscaping, pruning, weeding, mulching, fertilising, and planting.

The City provides a safety and security program, including:

- local law enforcement (including parking, littering and animal control);
- emergency services and volunteer fire brigades;
- enforcing off-road vehicle and illegal camping laws;
- community safety and security initiatives; and
- Community Liaison Service.

The City offers community services, including:

- community events, arts, culture and heritage programs;
- community centres;
- community grants and citizenship ceremonies;
- library and community information services;
- community support and social inclusion; and
- community engagement programs.

The City provides health and fitness programs, including:

- local parks and public open spaces;
- health and wellbeing programs including walking trails, sporting club development; and
- Kwinana Recquatic.

The City offers youth support, including:

- youth facilities such as the Zone Youth Space and Edge Skate Park;
- Lyrik Youth Development Programs; and
- school holiday and term activity programs.

The City manages the local environment, including:

- waste, recycling, green waste and bulk goods collections;
- environmental health investigations;
- advice on food hygiene, control of diseases, public events, food preparation premises, public swimming pools, control of diseases and noise nuisances;
- bushland management including weed control, feral animal control and firebreak maintenance;
- environmental planning and protection, fencing, biodiversity and revegetation; and
- sustainability initiatives including water and energy conservation.

The City provides expertise in planning, building and engineering, including:

- building assessments, site inspections, demolition licenses etc;
- upkeep of the City's buildings;
- development applications, structure plan assessments, planning policy development and implementation, and administering town planning schemes;
- roads, pathways, bridges, drainage, landscaping and street lighting; and
- road safety audits, traffic analysis, transport coordination and car parking studies.

The City uses a number of survey and evaluation methods to regularly assess community needs. Results of the City's Community Perception and Wellbeing Survey are used to gauge satisfaction and importance in relation to the products and services that it delivers to the community. The City strives to ensure that it is continually reviewing and continuously providing essential services to meet the needs of its growing community.

To find out more about the range of products and services provided by the City of Kwinana visit www.kwinana.wa.gov.au/a-z.

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Annual Report 2021/22 (Part 1 – Community)

Our Vision

The City's vision for the future of the Kwinana community is:

A unique and liveable City, celebrated for and connected by its diverse community, natural beauty and economic opportunities.

This vision was developed as a result of the City's community engagement in 2021 to support the review of the Strategic Communication Plan. The community engagement then drove the development of the City's new strategic direction as outlined in the Strategic Community Plan 2021-2031.

The City's vision is supported by several community outcomes, which are activated by strategic objectives. The achievement of these strategic objectives is delivered through the City's driving strategies/ plans, supporting services and key projects.

Our Mission

The City's mission for the organisation is:

Through visionary leadership, retain and enhance Kwinana's unique character by sustainably supporting and developing its community, economy and environment.

This mission aims to activate the City's new strategies/plans and services through a mission statement designed to empower the organisation with a clear purpose.

Guiding Principles

The City has endeavored to align with the UN Sustainable Development Goals, to guide its strategic direction.

The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all. The goals address the challenges we face, including poverty, inequality, climate change, environmental degradation and peace and justice which align well to the City's Strategic Community Plan.

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS






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Annual Report 2021/22 (Part 1 – Community)



21	21																														
<div>Key Items of Expenditure</div> <p>Expenditure for key projects and programs delivered in the 2021/22 year include:</p> <ul style="list-style-type: none">• \$3.5 million in upgrades to local roads.• \$527,000 on upgrades to Kwinana South Fire Station, using grants provided by DFES.• \$1.9m during 2021/22 on the construction of the pavilion at the Honeywood Primary School Oval funded by the Developer Contribution Scheme and a \$400,000 grant from the Community Sporting and Recreation Facilities Fund (CSRFF). The project will continue into the 2022/23 financial year.• \$404,000 towards the City's street tree program.• \$2.1 million for support for young people via The Zone.• \$1.9 million for expansion for a range of safety and security initiatives including the expansion of CCTV coverage.• Ongoing support for local businesses worth \$610,000.• \$335,000 on the Community Events program.• \$71,000 on the introduction of the Healthy Kwinana initiative with the initiative set to continue into 2022/23.	<div>2021/22 Key Performance Indicators</div> <p>In line with the five key priorities areas outlined in the Strategic Community Plan 2021-2023 the following organisational key performance indicators were achieved for the 2021/22 year, under the four key focus areas. These include:</p> <div>Leadership and Strategy</div> <table><tr><th colspan="3">Focus – Provide innovative and inspirational leadership and smart strategy to assist in achieving the vision of the Council</th></tr><tr><th>Key Result Area/Action</th><th>Status</th><th>Update</th></tr><tr><td colspan="3">1.1 Effective implementation of the Strategic Community Plan</td></tr><tr><td>1.1.1 Implement the Strategic Community Plan and the Corporate Business Plan</td><td>●</td><td>The updated Corporate Business Plan was adopted in May 2022 and the plan is on track for 94 per cent completion at xxxx.</td></tr><tr><td colspan="3">1.2 Develop an organization that is a high performing team based on a culture of customer service and excellence</td></tr><tr><td>1.2.1 Demonstrated improvement in employee engagement survey results</td><td>●</td><td>The Leadership Development Program and the Organisational Cultural Impact Survey were both completed.</td></tr><tr><td>1.2.2 Benchmark City of Kwinana through LG Performance Excellence Program</td><td>●</td><td>Completed.</td></tr><tr><td colspan="3">1.3 Develop plans to enhance Economic and Social inclusion in the community.</td></tr><tr><td>1.3.1 Develop and implement a local Economic Strategy that is aligned to a regional spatial plan developed through the South West Group.</td><td>●</td><td>The Sound West Group Spatial Plan was completed, and the Local Economic Development Strategy was drafted and following an engagement period is due to go to Council in 2022/23 (see pages 33 and 34).</td></tr><tr><td>1.3.2 Develop and implement the City's Social Strategy</td><td>●</td><td>The City's Social Strategy was endorsed, and the implementation is ongoing (see page 47).</td></tr></table> <div>Status key: ● complete ● in progress, on track ● behind schedule</div>	Focus – Provide innovative and inspirational leadership and smart strategy to assist in achieving the vision of the Council			Key Result Area/Action	Status	Update	1.1 Effective implementation of the Strategic Community Plan			1.1.1 Implement the Strategic Community Plan and the Corporate Business Plan	●	The updated Corporate Business Plan was adopted in May 2022 and the plan is on track for 94 per cent completion at xxxx.	1.2 Develop an organization that is a high performing team based on a culture of customer service and excellence			1.2.1 Demonstrated improvement in employee engagement survey results	●	The Leadership Development Program and the Organisational Cultural Impact Survey were both completed.	1.2.2 Benchmark City of Kwinana through LG Performance Excellence Program	●	Completed.	1.3 Develop plans to enhance Economic and Social inclusion in the community.			1.3.1 Develop and implement a local Economic Strategy that is aligned to a regional spatial plan developed through the South West Group.	●	The Sound West Group Spatial Plan was completed, and the Local Economic Development Strategy was drafted and following an engagement period is due to go to Council in 2022/23 (see pages 33 and 34).	1.3.2 Develop and implement the City's Social Strategy	●	The City's Social Strategy was endorsed, and the implementation is ongoing (see page 47).
Focus – Provide innovative and inspirational leadership and smart strategy to assist in achieving the vision of the Council																															
Key Result Area/Action	Status	Update																													
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1.3.2 Develop and implement the City's Social Strategy	●	The City's Social Strategy was endorsed, and the implementation is ongoing (see page 47).																													

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Annual Report 2021/22 (Part 1 – Community)

Service Delivery

Focus – Foster and drive a culture of a can-do attitude and openness in the delivery of service to our community and stakeholders with a focus on providing exceptional customer service.

Key Result Area/Action	Status	Update
2.1 Develop and enabling operating model		
2.1.1 Develop and implement the Small Business Development Program to support small business through an integrated approval process.	●	The City's Small Business Friendly Approvals Program Action Plan was adopted in September 2021. The City is leading Local Government in its approach and implementation of its initiatives.
2.2 Ensure Customer service delivery has exceptional customer service		
2.2.1 Customer satisfaction results achieve an improvement from the previous results.	●	The biennial Community Service and Wellbeing Scorecard will be undertaken in late 2022. The City's Customer Experience Improvement Strategy continued to be implemented as per the plan.

Innovation and Excellence

Focus – Ensure innovation and excellence is demonstrated in an environment of transparency, trust and openness

Key Result Area/Action	Status	Update
3.1 Enhance corporate business planning and reporting		
3.1.1 Implement the Corporate Business System with phase 1 launching in 2021/22.	●	Phase one of the Corporate Business System launched on 1 July 2022 (see page 58).
3.2 Ensure the City is a leader in transparency		
3.2.1 Ensure systems and processes are in place for the City to be a leader in good governance, transparency and accountability.	●	<ul style="list-style-type: none"> Internal auditor appointed. InfoCouncil system implemented. Developer Contribution Plan audit conducted. Regulation 17 review conducted.

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3.3 Strengthen and enhance community engagement

3.3.1 Develop and build a culture that recognised community engagement and the benefits that it delivers.

- Community Engagement Framework adopted in June 2021.
- IAP2 Engagement training rolled out to 44 staff across the organisation.
- Love My Kwinana Engagement Hub.

Financial and Risk Management

Focus – Lead the management and implementation of appropriate frameworks, systems and procedures to identify, access and address risks.

Key Result Area/Action	Status	Update
4.1 Manage the City's finances operationally and strategically to maintain and improve the City's financial sustainability		
4.1.1 Deliver a high-quality annual budget process in collaboration with Council.	●	<ul style="list-style-type: none"> The reviewed Long Term Financial Plan was adopted by Council in December 2021. The City's operating surplus was achieved. The City's financial sustainability is improving with an asset renewal ratio of 38 per cent.
4.2 Manage the City's risk profile and ensure appropriate risk control procedures are in place to ensure acceptable level of residual risk.		
4.2.1 Develop and implement risk management procedures and reporting to ensure the City's risks are identified and appropriate control measures in place for an acceptable residual risk level.	●	<ul style="list-style-type: none"> The City's Risk Management Framework was reviewed and updated. The City has implemented the CAMMS risk management system. Risk training and workshops were held with staff. Risks were managed to tolerance levels.

Status key: ● complete ● in progress, on track ● behind schedule

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Annual Report 2021/22 (Part 1 – Community)

Outcome Areas

Outcome 1: A naturally beautiful environment that is enhanced and protected

Strategic Objective

1.1 Retain and improve our streetscapes and open spaces, preserving the trees and greenery that makes Kwinana unique.

1.2 Maintain and enhance our beautiful, natural environment through sustainable protection and conservation.

Sustainability Goals

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Sustainability Statement

Sustainability Statement' here: Over the past year, the City has committed to purchasing green energy through the WALGA renewable energy agreement. The City's 12 top energy using sites are now powered by wind farms in WA.

The City continues to advocate for the protection of environmentally sensitive areas throughout the region and has met with State Government agencies to present opportunities to identify and acquire environmental offsets locally in order to preserve our natural environment.

Along with continued efforts to revegetate areas, the City has progressed with local policy initiatives to protect local fauna, including a new Cat Local Law and raising awareness of the need for responsible pet ownership to help manage our local environment.

Driving Strategies/Plans:

Local Biodiversity Strategy	Natural Areas Management Plan
Environmental Education Plan	Waste Plan
Urban Forest Plan	Waste Education Plan
Climate Change Plan	Local Planning Strategy
Landscape Strategy	Local Planning Scheme
Sustainable Water Management Plan	Energy Sustainability Plan
Kwinana Adventure Park Management Plan	Kwinana Local Emergency Management Plan
Mosquito and Midge Management Plan	

24,260 plants were planted throughout the City

Outcome 1

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Key Actions:

Strategic Objective	Key Actions	Timeframe	Status	Update
1.1	Retain and improve our streetscapes and open spaces, preserving the trees and greenery that makes Kwinana unique			
1.1	Implement the Landscape Strategy	2021-2025	<div></div>	A number of key actions from the Landscape Strategy have been implemented including the Gilmore Avenue landscape upgrade, the Sulphur Road median planting, and tree planting within the Kwinana Industrial Area and Bertram which were all completed as part of the 2021/22 capital projects.
	Implement the City Operations Annual Maintenance Program	2021-2025	<div></div>	Annual maintenance programs implemented for the 2021/22 financial year included street tree planting, turf renovations for active play fields, litter and illegal dumping collection, landscape and irrigation maintenance, weed control, mowing and slashing operations.
	Implement the Kwinana Adventure Park Management Plan	2021-2025	<div></div>	Over 30 per cent of the actions within the Kwinana Adventure Park Management Plan are complete with a number commenced as well. The remaining actions will be prioritised and progressed over the remaining life span of the plan.
	Implement the Urban Forest Plan	2021-2025	<div></div>	The City spent much of the 2021/22 financial year scoping out the Urban Forest Plan, examining other best practice approaches and determining what data sources are needed to inform the development of the Plan. The project is then to be commenced in the 2022/23 financial year.
1.2	Maintain and enhance our beautiful, natural environment through sustainable protection and conservation			
1.2	Develop a Local Biodiversity Strategy	2021-2022	<div></div>	The City has commenced and progressed the majority of the Local Biodiversity Strategy during the 2021/22 financial year. The Strategy is due to be completed during the during the first half of 2022/23 financial year and will form an important sub-strategy to the City's Local Planning Strategy.
	Implement the Natural Areas Management Plan	2021-2025	<div></div>	A bushland condition and weed mapping survey is in progress and is expected to be completed in late 2022. These will help to inform the development of the new Natural Area Management Plan.

Status key: complete in progress, on track behind schedule

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Annual Report 2021/22 (Part 1 – Community)

Strategic Objective	Key Actions	Timeframe	Status	Update
1.2 Maintain and enhance our beautiful, natural environment through sustainable protection and conservation				
1.2	Implement the Local Planning Strategy	2021-2025	●	Council adopted the draft Local Planning Strategy in March 2021. The Strategy was sent to the Western Australian Planning Commission (WAPC) for consent to advertise, which the City expects to receive in late 2022. Once endorsed, the Local Planning Strategy will inform the City's decision making for planning and development proposals into the future.
	Prepare the Local Planning Scheme	2021-2024	●	The City commenced the project planning and preparations for the development of the Local Planning Scheme within the 2021/22 financial year. This included establishing an accurate mapping base for the new scheme and considering future land use and scheme provisions.
	Upgrade the Kwinana Loop Trail	2021-2023	●	The Kwinana Loop Trail Masterplan was significantly progress during the 2021/22 financial year with the Masterplan due to be complete and endorsed late in 2022. Applications for funding will then commence in early 2023, seeking external funding from Lotterywest and advocating for increased funding for the project as a whole.
	Implement the Environmental Education Plan	2021-2025	●	Actions from the Environmental Education Plan are progressing on schedule, most notably the annual Living Green Series, Month of Biodiversity and community planting program.
	Implement the Waste Education Plan	2021-2025	●	The Waste Education Plan has progressed through the 2021/22 financial year, implementing key actions including the annual bin tagging program, waste and recycling guide and community workshops on composting, worm farming and reusable nappies.
	Implement the Waste Plan	2021-2025	●	Implementation of actions within the Waste Plan has seen the adoption of the City's inaugural Waste Local Law. Additionally, both the Litter and Illegal Dumping Strategy and a three bin feasibility assessment have commenced and are both on-schedule to be completed in 2022/23.
	Implement the Climate Change Plan	2021-2025	●	Key achievements from the implementation of the Climate Change Plan include the WALGA Green Power Purchase Agreement that is anticipated to reduce the City's overall emissions by more than 70 per cent, the Southwest Group EV Charging Infrastructure Plan, delivery of the annual Sustainable Living and Switch Your Thinking community courses.

Status key: ● complete ● in progress, on track ● behind schedule

Outcome 1

27

Strategic Objective	Key Actions	Timeframe	Status	Update
1.2 Maintain and enhance our beautiful, natural environment through sustainable protection and conservation				
1.2	Implement the Sustainable Water Management Plan	2021-2025	●	The Sustainable Water Management Plan underwent a review and re-adoption in November 2021. Several other actions have also progressed and are on schedule, including the retention of the City's Gold Waterwise Accreditation.
	Develop an Energy Efficiency Plan	2021-2022	●	The development of an Energy Efficiency Plan was deferred to 2022/23 due to the re-allocation of resources to the Sustainability Strategy development.
	Implement the Mosquito and Midge Management Plan	2021-2025	●	Actions within the Mosquito and Midge Management Plan progressed well throughout the financial year and included the delivery of the annual trapping and treatment program and a treatment pilot at The Spectacles Wetland in partnership with Department of Health and Department of Biodiversity, Conservation and Attractions.



<div>28</div> <div>Annual Report 2021/22 (Part 1 – Community)</div> <div>Key supporting services update for 2021/22:</div> <div>Environment and Health</div> <p>The City of Kwinana is renowned for its extensive green spaces and rich biological diversity. The maintenance and preservation of the City's natural areas continued to be a focal point for a number of initiatives implemented during the 2021/22 financial years including the annual feral animal management program which targets foxes, rabbits and feral cats; the annual weed management and revegetation programs and the Living Green series of events which ran from April to June 2022 and contributed towards the City's total of 24,260 plants being planted within the City during the year. The City also hosted 41 environmental workshops and events which attracted over 700 participants.</p> <p>At a strategic level the City reviewed and adopted its Sustainable Water Management Plan as well as retained its gold water-wise accreditation.</p> <p>One of the key actions within the City's Climate Change Plan 2021-2025 was to acquire energy from renewable sources. In April 2022, the City signed the WALGA Green Power Partnership Agreement, switching power sources for its top 12 energy-using sites including its main locations the Kwinana Recquatic Centre, Darius Wells Library and Resource Centre, the Zone, City Administration Building, Works Depot and Kwinana Business Incubator. The Council has the potential to save up to \$243,000 per year across the initial three-year agreement and reduce its emissions by over 70 per cent.</p> <p>The City has undergone mosquito trapping and other efforts as part of the annual mosquito and midge management program. Following the confirmed presence of Ross River Virus (RRV) at The Spectacles in 2021, the City of Kwinana and the Department of Health worked collaboratively on a trial of aerial treatment at selected sites in early 2022 to manage mosquito numbers.</p>	<div>City Assist</div> <p>Our four-legged friends are an important part of the community here in the City of Kwinana, so to support pet owners the City introduced a number of initiatives in the 2021/22 financial year. This included completing upgrades to the Animal Management Facility at the City's Operations Centre, with new cat enclosures within the cattery.</p> <p>The City also implemented the Cat Local Law, which came into effect in April 2022. The Local Law provides the City with a greater ability to regulate cat ownership by requiring a permit to keep more than two cats at a premises within Kwinana, and the ability for the City to issue fines for cats found to be causing a nuisance.</p> <p>During the 2021/22 financial year 4,599 dogs and 1,500 cats were registered in the City of Kwinana. Additionally, 2,063 animals were impounded and of these 60 per cent of them were returned home and 31 per cent found new homes.</p> <div>4,599 dogs and 1,500 cats were registered with the City</div> 	<div>Over 30 fire incidents were attended by Brigades</div>  <div>Emergency Management</div> <p>Emergency management is crucial for a Local Government area such as the City of Kwinana. To ensure the City is as prepared as possible for any unforeseen eventuality that may arise the City undertook the following activities to assist with its approach to emergency management:</p> <ul style="list-style-type: none">received \$376,000 in grant funding, which was obtained through the Mitigation Activity Fund, to deliver bush fire mitigation activities on City road verges and reserves;commenced the redevelopment of the Kwinana South Bush Fire Station;reinvigorated the Bush Fire Advisory Committee; andintroduced a two-week extension to the 2022 Prohibited Burn Period, due to prolonged dry conditions. <p>Over the course of the year the City's local Fire Brigade Stations attended over 30 fire incidents. The City issued 136 Fire Permits to burn greenwaste and encourage safe fire practices, while it issued 140 infringements for Bush Fires Act 1954 related offences to discourage unsafe and potentially threatening practices.</p>	<div>Outcome 1</div> <div>29</div> <div>City Operations</div> <p>The City of Kwinana is blessed to have a number of beautiful and well-maintained parks and natural areas for the enjoyment of the community. However, a considerable amount of work goes into the upkeep and maintenance of these areas including:</p> <ul style="list-style-type: none">treating 152 hectares of the City's natural area reserves for perennial veldt grass, through the annual contracted spray program;assisting with the City's annual revegetation program, planting 13,000 native plants across 13 reserves;installing 165m of rabbit-proof fencing at Thomas Oval Bushland and 619m mix of post-and-rail and standard reserve fencing at Bertram Sanctuary;completing 25.60 hectares of turf renovation works across the City's active sports fields;undertaking tree pruning to 6,746 trees in Orelia, Parmelia, Wandj, Wellard, Casuarina, Kwinana Beach, Calista and Medina; andplanting 231 new trees as part of replacement and requested plantings. 
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Annual Report 2021/22 (Part 1 – Community)

Engineering (Design and Maintenance)

From the upkeep of the City's natural areas to its built areas the City undertook the following design, construction and maintenance activities during the 2021/22 financial year:

- Upgrades to the landscape along Gilmore Avenue, median planting on Sulphur Road, tree planting within the Kwinana Industrial Area and Bertram, were all completed as part of the 2021/22 capital works program.
- The road stormwater drainage pipe on Cimbor Way was upgraded as part of the Local Road Community Infrastructure Program - Stage 2, which was funded by the State Government.
- The road stormwater drainage pipe on Tanson Road was upgraded as part of the municipality fund project.
- Several other drainage systems were renewed as part of the City's road infrastructure renewal program.

31

Outcome 1



Awards:
The City's Gold Waterwise Accreditation was retained

Measures:

Measure	Target/ Industry Average (%)	Performance (%)
Community satisfaction with efforts to adopt sustainable practices and respond to climate change*	53	59
Community satisfaction with conservation, land and environmental management*	58	60
Community satisfaction with water resource management*	59	59
Community satisfaction with general waste and recycling collection services*	67	65
Community satisfaction with verge side bulk rubbish collections*	70	67
Community satisfaction with management of food, health, noise and pollution issues*	57	56
Community satisfaction with animal and pest control*	54	58
Community satisfaction with streetscapes*	53	60
Retain water-wise council accreditation	Accredited	Accredited
Decrease average household waste generated per year	1% decrease per year	2.3% decrease in 2021/22
Increase green canopy coverage	9% between 2022 and 2024	34.8% vegetation coverage (2020)

*results from the 2020 Community Wellbeing and Perception Survey



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Annual Report 2021/22 (Part 1 – Community)

Outcome 2: A resilient and thriving economy with exciting opportunities

Strategic Objectives:

2.1

Enable a thriving and sustainable local economy that supports and sustains quality jobs and economic opportunities

2.2

Create strong regional connections that will improve the ability for residents to access jobs, training and goods and services

Sustainability Goals:

1

NO POVERTY

2

ZERO HUNGER

4

QUALITY EDUCATION

8

DECENT WORK AND ECONOMIC GROWTH

9

INDUSTRIAL, INNOVATION AND INFRASTRUCTURE

11

SUSTAINABLE CITIES AND COMMUNITIES

Driving Strategies/Plans:

Economic Development Strategy

Local Planning Strategy

Pathways to Employment Plan

Local Commercial and Activity Centres Strategy

Economic and Spatial Governance Plan

Advocacy and Investment Plans

Sustainability Statement

Development of the City with population projected to increase in a planned manner with approximately 1,930 new residents in the past year. Business growth has been largely focussed on small business start-ups, with the City delivering courses targeted at supporting small business marketing and finance to help them establish.

Further work has been completed this year in supporting regional development initiatives to support the growth of the region as a whole, supporting the coordinated development of opportunities for housing, employment and leisure in the south-west region of Perth. This will help to create connected centres that meet the needs of our community.

Over the past five years the City's population increased by 6,949 people to a total of 45,867 (2021 census)

Outcome 2

33

Key Actions:

Strategic Objective	Key Actions	Timeframe	Status	Update
2.1	Enable a thriving and sustainable local economy that supports and sustains quality jobs and economic opportunities			
2.1	Develop a Local Economic Development Strategy	2021-2022	<div></div>	During the 2021/22 financial year the City conducted an engagement process to help inform the development of the Economic Development Strategy, which is due to be presented to Council for endorsement in late 2022.
	Implement the Local Planning Strategy	2021-2025	<div></div>	As above (Strategic Outcome 1.2).
	Review the Local Commercial and Activity Centres Strategy	2021-2022	<div></div>	The City commenced and progressed the majority of the review of the Local Commercial and Activity Centres Strategy during the 2021/22 financial year. The review is due to be complete in late 2022 and will form an important sub-strategy to the City's Local Planning Strategy.
	Develop a Small Business Friendly Approval System	2021-2022	<div></div>	The City of Kwinana's Small Business Friendly Approvals Program Action Plan, developed in collaboration with the Small Business Development Corporation, was finalised in September 2021. The City has since implemented a number of items including the development of a business hub on the City's website, implemented online food stallholder applications, online trading permits and food business applications, and removed the requirement for a building permit for low risk temporary structures as well as progressing numerous other actions.

There are 15,652 dwellings in the City of Kwinana (2021 census)

Status key: complete in progress, on track behind schedule

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Outcome 2

Status key: ● complete ● in progress, on track ● behind schedule

Strategic Objective	Key Actions	Timeframe	Status	Update
2.2	Create strong regional connections that will improve the ability for residents to access jobs, training and goods and services			
2.2	Review Advocacy and Investment Plans	2021-2022	●	The review of the Advocacy and Investment Plans has been undertaken and complete, with the plans then due to be formally updated in the 2022/23 financial year with the newly released Australian Bureau of Statistics (ABS) census data.
	Attract a Mini Golf provider to Kwinana	2021-2022	●	The City's effort to attract a mini golf provider to Kwinana were delayed due to a need to seek specialist legal advice. It is anticipated that this project will recommence, and plans will start to progress in the 2022/23 financial year.
	Contribute to the development of an Economic and Spatial Governance Plan	2021-2022	●	The City of Kwinana worked collaborative as an active member of the South West Group to contribute towards their Spatial Plan which was published in March 2022.



Key supporting services update for 2021/22:

Economic Development

The City has continued to make Economic Development a focus in 2021/22 through the following initiatives:

- Hosting regular business support groups, networking events and specialist forums to build a connected and informed local business community.
- Delivering digital skills training and professional development opportunities for local businesses.
- Expanding the Commercial Support Grant program to include homebased business as well as retail outlets, and delivering over \$40,000 in grants to local business.
- Supporting the Stay Loyal, Shop Local campaign with pop-up trading opportunities at local markets.
- Delivering a Family Business Sundowner event to recognise the importance of small family businesses to the WA economy.

Grants

Over the course of the year the City contributed \$153,000 back to the local community in the form of grants. The City had a number of different grants, rebates and funding options that it made available including:

- achievement grants (15 applications received), placemaking grants (seven applications received);
- event funding (13 applications received), greening fund (one application received), Kwinana Community Funding (16 applications received);
- Neighbour Day Events (six applications received) and Street Meets (previously Neighbour Day Everyday) (eight applications received); and
- CCTV Rebates (40 applications received).


Over the 106 applications that were received across the eight different categories 96 per cent of applications were approved.

Strategic Urban Planning

A number of key Strategic Urban Planning projects were progressed, which helped to set up the strategic landscape for the City of Kwinana for many years to come. This included:

- The preparation of the Local Planning Strategy and Local Planning Scheme. The City's Local Planning Strategy (LPS) sets out the land use planning and development directions and actions for a 15-year horizon (2036) and the new planning scheme will provide the statutory basis for implementing the strategy. The project planning and preparation of the new planning scheme have been significant with the mapping data base being developed, and land uses and new scheme requirements being developed. The Local Planning Strategy is expected to be completed in 2022/23.

The medium age in the City of Kwinana is 33



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- control. The City provided a detailed submission in early 2022 setting out its preference for the locality amongst the land use scenarios.
- A considerable amount of work was undertaken in regards to developer contributions, from progressing complex local planning scheme amendments, meeting annual review and cost apportionment schedule legislative timeframes, to streamlining processes.

- The review of the Local Commercial and Activity Centres Strategy (LCACS) over the year focused on the community need for shops, commercial areas, service commercial uses and the distribution of these uses across the City. In time, this work will feed into more detailed precinct planning for the Kwinana City Centre, Neighbourhood and Local Centres. The LCACS will also form an important informing strategy for the City's draft Local Planning Strategy.
- The City determined 28¹ planning applications in 2021/22. These varied in type and complexity with a number of Joint Development Assessment Panel (JDAP) applications determined during the period. Some significant applications included the Synergy battery storage and substation (DA9965) located at the Kwinana Power Station in Naval Base, valued at \$120 million; and the new Coogee Chemicals fuel terminal (DA10283) located in Kwinana Beach, valued at \$60 million.
- New subdivision and development has continued to occur across the City with the biggest growth areas being Mandogalup and Wellard areas including new development south of Wellard Village, the Sunrise Estate and Providence. There were 21 new subdivisions assessed by the City and 11 new Local Development Plans adopted over 2021/22.

Building Services received more than 1,100 building applications throughout the 2021/22 financial year, with 99 per cent of all applications being approved within the mandated ten day (certified application) or 25 days (uncertified application) timeframe for approval. There were also 23 building renewal projects completed during the year despite the challenges presented by the ongoing building and construction industry shortages in both labour and materials.

National Volunteer Week in May 2022 celebrated the important role the City's current internal and agency referral volunteers play in the City of Kwinana through a thank you morning tea, displays and opportunities to be involved in volunteering.

Throughout the year internal volunteers were provided opportunities in diverse areas including the library, home library, programs, digital literacy, historical research, Justice of the Peace, volunteer centre and youth services. There were 11 new volunteers placed this year in roles internally with the City of Kwinana. There was also a 25 per cent increase in need for volunteers from Kwinana's Volunteer Involving Organisations compared to the previous year.

The City introduced online bookings through SpacetoCo on the City's website. Booking request waiting time improved from an average of 7-10 days to an average of 30 minutes thanks to the SpacetoCo system.

The City assessed and approved the hiring and activation of Community Facilities and spaces totaling 9,206.75 hours, including community centres, ovals, courts, function and meeting spaces. There were 477 Community Functions booked this year with community sports making up 45 per cent of all bookings.

The City formed a cross functional inter-department group, the Facilities Experience Collective, to work with hirer groups to improve their experience using the City's facilities. Some of the actions from this ongoing review include:

- introducing a single point of contact to report safety, maintenance or bookings issues;
- safety audits and regular checks for hireable spaces; and
- improved engagement and relationship-building with seasonal and ongoing hirers.

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Annual Report 2021/22 (Part 1 – Community)

Community Programs

The City ran 72 unique programs and events, and supported community organisations with their own programs and events, throughout the 2021/22 financial year. Programs included:

- Literacy development – including regular Baby Rhymetime, Toddlertime, Storytime, and Creative Writing programs, Children’s Book Week activities, Conversational English classes for adults, and the Better Beginnings family literacy program.
- Job and career development – including a partnership with South Metropolitan TAFE Jobs and Skills Centre and a new Mumpreneur event.
- Digital literacy – including regular Tech Time programs, Get Online Week activities, Hour of Code, and Tech Help programs for assistance with the ServiceWA app.
- Healthy living – including Food Sensations, Morning Meditation, and active movement programs.
- Sustainability – including making your own veggie gardens and environmentally friendly cleaning products and educational family shows.
- Creative skills – including making mosaics, photography, illustration and printmaking.
- Digital health literacy projects addressed the greatest digital skill need this year of access to government services, with 562 people assisted to securely access health records and navigate government websites or apps.

Measures:

Measure	Target/ Industry Average (%)	Performance (%)
Community satisfaction with economic development – what the City is doing to attract investors, attract and retain businesses and create more job opportunities*	43	48
Community satisfaction with how the industrial area is being developed*	n/a	57
Community satisfaction with access to attract goods and services in the area*	48	53
Community satisfaction with planning and building approvals*	46	53
Community satisfaction with access to housing that meets community needs*	57	64
Increase in number of new businesses locally	n/a	80%
Increased number of residents employed in the South West metro region	n/a	16.10%
Develop the Local Planning Strategy and adopt with WAPC within four years	within 4 years	60%
Develop and adopt a Local Economic Development Strategy	within 4 years	60%


*results from the 2020 Community Wellbeing and Perception Survey

Awards:

National Growth Areas Alliance Award for Advocacy

Outcome 2

39



40

Annual Report 2021/22 (Part 1 – Community)

Outcome 3: Infrastructure and services that are affordable and contribute to health and wellbeing

Strategic Objectives:

3.1

Develop quality, affordable infrastructure and services designed to improve the health and wellbeing of the community

3.2

Provide for an accessible and well-connected City by integrating public transport and improving safe streets for driving, walking and cycling

3.3

Maintain infrastructure, playgrounds, parks and reserves to a high standard through sustainable asset maintenance and renewal

Sustainability Goals:

3

HEALTH AND WELL-BEING

6

CLEAN WATER AND SANITATION

9

INDUSTRIES, INNOVATION AND INFRASTRUCTURE

11

SUSTAINABLE CITIES AND COMMUNITIES

Sustainability Statement

The City looks to manage its asset base based on the long-term cost of maintenance and renewal, ensuring that decision making takes into account the future cost of managing assets. This approach allows the City to make better financial decisions for a more economically and environmentally sustainable method of asset management.

The City has begun to plan for further bike and walk plans to decrease car dependency and create a well-connected City by providing the missing linkages, helping to create a more active community. The ongoing development of the Waste-to-Energy facility in the Kwinana Industrial Area will create a long-term solution for waste that cannot be reused or recycled.

Driving Strategies/Plans:

Sustainability Strategy	Social Strategy
Public Health Plan	Waste Plan
Community Infrastructure Plan	Asset Management Strategy
Parks and Reserves Asset Management Plan	Buildings Asset Management Plan
Long Term Financial Plan	Public Lighting Asset Management Plan
Roads and Transport Asset Management Plan	Drainage Asset Management Plan
Bike and Walk Plan	Parks Upgrade Strategy

Outcome 3

41

Key Measures:

Strategic Objective	Key Actions	Timeframe	Status	Update
3.1	Develop quality, affordable infrastructure and services designed to improve the health and wellbeing of the community			
	Review the Community Infrastructure Plan	2021-2022	●	A draft of the Community Infrastructure Plan was endorsed for public comment. Once the public comment period has closed, a further report will be presented to Council for final endorsement in 2022/23.
	Develop a Sustainability Strategy	2021-2023	●	The development of a Sustainability Strategy is progressing and the project is on-schedule for completion during the 2022/2023 financial year.
	Implement the Waste Plan	2021-2025	●	As above (Strategic Outcome 1.2)
3.1	Implement the Infrastructure Strategy	2021-2025	●	The Infrastructure Strategy was developed and endorsed together with the Strategic Community Plan in June 2021. The key considerations from the strategy included scale of new facilities, staff and ability to fund. This was then used to inform the City's Long Term Financial Plan.
	Implement the Buildings Asset Management Plan	2021-2025	●	The asset management plans and forward works programs continue to be implemented, assisting the City in making informed decisions with regards to the suitability and affordability of assets such as the Honeywood Pavilion, which is currently under construction and will be completed late 2022.
	Implement the Long Term Financial Plan	2021-2025	●	The Long Term Financial Plan is updated annually to ensure the City continues to reflect the changing needs of the community and the City. A review of the Long Term Financial Plan was undertaken, and an updated four year Plan was adopted in December 2021.

There were 1.4 million individual bin collections

Status key: ● complete ● in progress, on track ● behind schedule

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Annual Report 2021/22 (Part 1 – Community)

Strategic Objective	Key Actions	Timeframe	Status	Update
3.2	Provide for an accessible and well-connected City by integrating public transport and improving safe streets for driving, walking and cycling			
3.2	Implement the Bike and Walk Plan	2021-2025	🟡	The City continued to invest in the expansion of its path and bike infrastructure network each year. A large section of bike path has recently been completed on Gilmore Avenue, with design for another section complete and awaiting State Government funding.
	Implement the Roads and Transport Asset Management Plan	2021-2025	🟡	The forward works programs considered the requirements of plans such as the Bike and Walk plan and the Road and Transport Asset Management Plan when determining asset renewal requirements, this in turn feeds into the Asset Management Plan and Infrastructure Strategy.
	Implement the Public Lighting Asset Management Plan	2021-2025	🟡	The Public Lighting Asset Management Plan was used to inform the development of the City's forward works program for the surrounding lighting assets maintained by the City.
3.3	Maintain infrastructure, playgrounds, parks and reserves to a high standard through sustainable asset maintenance and renewal			
3.3	Implement Parks Upgrade Strategy	2021-2025	🟡	The City continued to implement the Parks Upgrade Strategy including the Ascot Park upgrade which was completed as a 2021/2022 capital project.
	Implement the Parks and Reserves Asset Management Plan	2021-2025	🟡	The asset management plans and forward works programs assisted the organisation in making informed decisions with regard to the suitability and affordability of assets and services to the community.
	Implement the Drainage Asset Management Plan	2021-2025	🟡	The Drainage Asset Management Plan was used to inform the development of the City's forward works program for the surrounding drainage assets maintained by the City.

20,781 tonnes of
waste and recycling collected

Status key: 🟢 complete 🟡 in progress, on track 🔴 behind schedule

Outcome 3

43

Key supporting services update for 2021/22:

Financial Management

The Long Term Financial Plan is updated annually to ensure the City continues to reflect the changing needs of the community and the City. A review of the Long Term Financial Plan was undertaken, and an updated four year Plan was adopted in December 2021.

The City also put out a tender for the long-term lease of Lot 904 Chisham Ave, with the intention of assisting in creating additional revenue for the City and to activate this key piece of central land which is currently unused.

Asset Management and Infrastructure

The City continued planning for and providing great public places for its community by ensuring that these spaces were well thought out, built and maintained. During this period the City refurbished and upgraded the City Operations Centre and the customer service area at the administration building, commenced the construction of Honeywood Pavilion; and undertook the demolition and construction of Kwinana South Volunteer Bush Fire Station.

From a business-as-usual perspective the City also completed 11.14 km of road shoulder grading work, cleaned 847 drainage pits including 48 gross pollutant traps, completed 15,470 km of crack sealing of specified roads, replaced 497 km of damaged road kerb and fixed 1031.9 m² of damaged footpaths.



The current replacement cost of assets based on 2021/2022 valuations includes:

- roads and transport \$532,986,550
- stormwater drainage \$127,880,366
- buildings \$160,060,497
- public open space \$101,588,893

Engineering

Engineering within the City oversaw the implementation of some key 2021/22 capital works projects including the completion of the upgrade to Ascot Park and the annual road pavement and surface renewal program which was also completed.

Over 95 per cent of the City's 2021/22 capital works program was completed with the small proportion of remaining projects being delayed due to factors including the non-availability of contractors (due to COVID 19), rise in fuel and asphalt cost, and capacity due to an increase in local road and community infrastructure projects.

Waste Management

The City continued to be guided in its approach to waste management by the City of Kwinana Waste Plan 2021-2025 and the Waste Education Plan 2021- 2025, which were adopted by Council in March 2021.

Under the guidance of these plans 20,781 tonnes of total combined waste and recycling was collected over the course of the year including 13,888 tonnes of kerbside waste, 3,100 tonnes of kerbside recycling, 2,508 tonnes of verge bulk and 1,285 tonnes of verge green waste.

Looking at the City's approach to waste from a strategic perspective the City's Waste Local Law was developed and adopted in June 2022. Additionally, a revised bulk waste service was implemented and a new style Waste and Recycling Guide was developed and distributed to all City of Kwinana residents.

Measures:

Measure	Target/ Industry Average (%)	Performance (%)
Community satisfaction with road maintenance*	54	64
Community satisfaction with Community Centres and facilities*	60	67
Community satisfaction with traffic management on local roads*	56	64
Community satisfaction with footpaths and cycleways*	53	62
Community satisfaction with playgrounds, parks and reserves*	68	75
Asset Consumption Ratio	60-75%	76%
Asset Sustainability Ratio	80%	41%
Asset Renewal Funding Ratio	75%	78%
Operating Surplus Ratio	>0%	-10%
Debt Service Ratio	200%	201%
Own Source Revenue Ratio	>40%	72%

*results from the 2020 Community Wellbeing and Perception Survey

75 tonnes of waste was removed from Gross Pollutant Traps



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Annual Report 2021/22 (Part 1 – Community)

Outcome 4

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Outcome 4: A unique, vibrant and healthy City that is safe, connected and socially diverse

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Strategic Objectives:

- 4.1 Create, activate and manage places and local centres that are inviting, unique and accessible
- 4.2 Improve Kwinana's perception by leveraging and promoting the unique attributes of the area and supporting feelings of safety and security in community
- 4.3 Enhance opportunities for community to meet, socialise, recreate and build local connections
- 4.4 Develop wellbeing programs and implement physical recreation that is culturally appropriate for Kwinana's community

Sustainability Goals:

3

5

10

4

Sustainability Statement

The City has continued to support the community through a wide range of services, including a modern and contemporary library service, aquatic and recreation facilities and youth engagement. Over the year the City has made progress in supporting the health and wellbeing of the community through new programs and supported a wide range of community groups.

Kwinana has a diverse community, with a wide range of events and activities celebrating our multiculturalism, rich history and inclusive community. Further programs strengthening our community safety included the implementation of innovative CCTV projects, engagement with disaffected people and support for the vulnerable.

Related Plans:

Social Strategy	Local Planning Strategy
Innovate Reconciliation Action Plan	Disability Access and Inclusion Plan
Place Plans	Welcoming Diversity Strategy
Economic Development Strategy	Public Art Masterplan
Heritage Implementation Plan	Public Health Plan
Local Commercial and Activity Centre Strategy	

Key Actions:

Strategic Objective	Key Actions	Timeframe	Status	Update
4.1	Create, activate and manage places and local centres that are inviting, unique and accessible			
4.1	Implement the Social Strategy	2021-2025	🟡	The City's Social Strategy was endorsed by Council in September 2021 and has since informed and guided the implementation of important initiatives including the Disability Access and Inclusion Plan and the Reconciliation Action Plan as well as the delivery of 38 community and civic events and over 20 community-delivered events throughout the year.
	Implement the Local Planning Strategy	2021-2025	🟡	As above (Strategic Outcome 1.2).
	Develop Place Plans	2021-2022	🟡	The City's Place Plans were endorsed by Council in October 2020 with the City having made significant progress, in particular having recently seen a huge investment in the Wellard precinct, driven by a community workshop with the well-known Place Maker, David Engwicht, as well as the development of plans to stimulate other parts of Wellard and Medina.
	Review the Local Commercial and Activity Centres Strategy	2021-2022	🔴	As above (Strategic Objective 2.1).

There were 52,302 visits to the Kwinana Public Library

24,500 lolly bags were distributed as part of the Lolly Run Event

Status key: 🟢 complete 🟡 in progress, on track 🔴 behind schedule

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Annual Report 2021/22 (Part 1 – Community)

Strategic Objective	Key Actions	Timeframe	Status	Update
4.2 Improve Kwinana's perception by leveraging and promoting the unique attributes of the area and supporting feelings of safety and security in community				
4.2	Implement the Social Strategy	2021-2025	●	As above (Strategic Objective 4.1).
	Implement the Public Art Masterplan	2021-2025	●	The Public Art Masterplan was developed and endorsed by council for public comment. The public comment period closes in August 2022 and the comments will be used to inform an item back to council for final adoption.
	Implement the Heritage Implementation Plan	2021-2025	●	The Heritage Implementation Plan continued to be implemented during the 2021/22 financial year and included a workshop for staff focusing on heritage facilities and generating consensus.
	Review the Emergency Services Delivery Model	2021-2023	●	The City reviewed the Emergency Services Delivery Model through mapping of the unit's services, assessing deliverables and non-deliverables that are being undertaken and looking at comparisons with other Local Governments.
4.3 Enhance opportunities for community to meet, socialise, recreate and build local connections				
4.3	Implement the Innovate Reconciliation Action Plan	2021-2025	●	The City has continued to implement the Innovate Reconciliation Action Plan (RAP), which was adopted by Council and endorsed by Reconciliation Australia in November 2020. Actions within the plan have been developed with the Boola Maara (Many Hands) Advisory Group and align with the outcome areas: Relationships, Respect, Opportunities (see page xxx).
	Implement the Disability Access and Inclusion Plan	2021-2025	●	The City has continued to implement its Disability Access and Inclusion Plan since being adopted by Council in early 2021. Implementation of the Plan is ongoing and align actions to the key areas of focus which include access to services and events, access to buildings, access to information, equal level and quality of service, the same opportunity to make complaints and to be consulted, and to receive the same employment opportunities (see page xxx).
	Construct a Children's Safety Bike Track	2021-2023	●	Concept planning for a children's safety bike track has been completed and the detailed design process has commenced. Construction for the bike track is expected to be completed in early-mid 2023.

Status key: ● complete ● in progress, on track ● behind schedule

Outcome 4

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Strategic Objective	Key Actions	Timeframe	Status	Update
4.4 Develop wellbeing programs and implement physical recreation that is culturally appropriate for Kwinana's community				
4.4	Develop the Kwinana Healthy Lifestyles Program	2021-2022	●	<p>The Kwinana Healthy Lifestyle Program continued to be implemented during the 2021/22 financial year and saw a number of initiatives undertaken including:</p> <ul style="list-style-type: none"> two free 10-week community fitness sessions including an over 50's outdoor strength and mobility style class, and a dance style class; an active transport initiative which mapped out five safe routes and painted them with stop and walk signs, to assist primary students in Wandi travel to school actively and safely; free health talk by Cancer Council WA about men and cancer as a part of elder abuse awareness; seniors workshop to promote healthy and active ageing in the City; dedicated page for health information on the City's website; and creation of internal working/advisory group for Healthy Lifestyles.

136,923 items were issued at the Kwinana Public Library



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Annual Report 2021/22 (Part 1 – Community)

Key supporting services update for 2021/22:

Community Events

As restrictions around COVID-19 started to ease and life began to return to some form of normality, the City was able to recommence its events program and hosted a number of crowd-pleasing community events across the 2021/22 events season. This included Get in the Grove! Summer Fest, Light up the Square, Seniors Christmas Lunch, Lolly Run, Summer Sounds and OMG! Fringe.

Civic Functions

Together with these major community events the City of Kwinana held a number of Civic functions throughout the year, to recognise certain groups within the community, including the Pioneers High Tea, Local Organisations Christmas Function, Emergency Services Sundowner and the Annual Bush Fire Brigades Awards Dinner.

The City also upheld one of its more important functions and hosted 14 citizenship ceremonies to welcome 605 new citizens from 62 countries. The top three nationalities who chose to make Kwinana their home and become citizens throughout the year included Philippines, India and the UK.

Place Making and Activation

The City continued to build connections to deliver local initiatives, facilitate collaborative projects and support local leadership. This included the continued delivery of place plans for Bertram, Medina and Wellard, as well as working with local schools on activating spaces, place audits with local communities; community-led projects such as Ascot Park Pop Up Skate Workshops, pop up activation stalls at Medina and Honeywood Markets, Co-design workshops, and community artwork and murals.

One of the highlights was the photo exhibition of Bob Ridley installed at Bertram Community Centre, which aimed to celebrate local champions. The exhibition, by a local photographer, was support by one of the City of Kwinana's Place Making Grants.

Arts and Culture

The City's Public Art Master Plan was endorsed by Council in May 2022. The implementation commenced immediately with the following initiatives completed:

- Hidden Nature Things by artist Tim Meakins, which was a sculpture project commissioned for Bulrush Park in Wellard;
- Margaret Feilman Mural by artist Shakey. A mural project commissioned for Medina and located at the Kwinana Social Club;
- Three Perspectives Exhibition by artists Susana Micallef, Soma Mandal Datta and Noelene Mantellato. This exhibition was followed by a community art workshop and ephemeral chalk art on the windows at Darius Wells; and
- Home Place a community art project and exhibition with artists Arif and Audrey Satar.

Local History

2022 marked 100 years since the SS Kwinana came ashore. The City recognised the occasion with a commemorative event, an art workshop and new interpretive signage. Along with this major milestone the City conducted a significance assessment for the collection at Smirk's Cottage in collaboration with Kwinana Heritage Group and held 'Dark Corners' a spooky interactive walking tour of Smirk's Cottage, that shared the history of colonial Kwinana and its earliest settlers in an exciting and interactive way.

The City also collaborated with the Museum of Perth and Kwinana in Transition on the continued conservation of Sloan's Cottage.

Outcome 4

51

The City's Libraries hosted 'Free Range Kids', an exhibit of life in the 1950's, which featured the opening of a time capsule from 1979. Nineteen of the original contributors were located and their contributions from the capsule were returned to them.

Community Wellbeing

During 2021/22 the City supported hundreds of community members experiencing hardships including 27 people experiencing homelessness. Of these, the City was successful in finding housing for three people and helped provide ongoing support to the remainder. Additionally, the City supported 41 young people to be entered into services to provide them with intensive case management and support, and provided funding to the Home Hub for community and interagency workshops to develop a community led intervention strategy around homelessness.

The City facilitated community wellbeing information days to show case the City's internal and external services and stakeholders, as well as free health talks by the Cancer Council and seniors workshops to discuss ways to promote health and active ageing in the City.


Healthy Lifestyles

The City's focus on helping the Kwinana community maintain a healthy lifestyle remained a key priority with the City organising summer and winter sports expos, professional development club networking nights for local sporting clubs, and a goal post renovation program at Kelly Park, Rhodes Park and Wellard Oval.

The City was also successful in its application for funding for the Department of Local Government, Sport and Cultural Industries (DGLSCI) Club Night Lights Program for Wellard Oval, with construction due to commence in 2022/23. Additionally, the City also commenced the master planning for the Kwinana Loop Trail and well as

construction for the Community Sporting and Recreation Facilities Fund (CSRFF) Grant funded Ngook Boorn Mia-Mia / Honeywood Pavilion.

4,137 new items were added to the library's collections

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	<p>Kwinana Recquatic</p> <p>Kwinana Recquatic continued to enhance opportunities for the Kwinana community to be physically and mentally healthy. Along with its standard operations the Recquatic held several events throughout the year including the Christmas in July pool party, Women's Health Week and RU Ok Day initiatives, a fitness session for members of the Volunteer Fire Brigade, school holiday clinics including Flames Basketball Camp and Volleyball Clinic, and the inaugural 3x3 basketball tournament.</p> <p>The Centre received some upgrades including access control gates at reception to allow for greater control of entries and streamlined access for the community. Updates to centre signage allowing inclusive sighting of room names and an Indigenous welcome sign, an online portal for swim school enrolments, group fitness bookings and membership sign-up was implemented, as well as a new member journey software, with the commissioning of new health and fitness equipment to elevate members experiences at the Centre.</p> <p>The improvements made across the centre saw a 12 per cent increase in total visits at 410,296 with a total of 1,065 memberships. Recquatic also had a 13 per cent increase in total swim school enrolment at 5,836, which was the highest on record, and a total of 45,750 swim school attendances.</p>	<p>program (in partnership with the Western Australian Police Force and Neighbourhood Watch) and a new CCTV registration rebate.</p> <p>Along with the CCTV rebate, a mobile CCTV unit was trialed on a temporary basis at Wells Park and Wellard Pavilion, and the City conducted an audit of the City's CCTV system.</p> <p>Finally, the City supported community safety through the distribution of over 2,000 community safety packs at numerous community events and also worked with the local schools to implement a school parking patrol program to help improve safety around our local schools.</p> <p>Community Services and Programs</p> <p>The City's 2021/22 special events program focused on the two themes of celebration and vibrancy and included the Light Up The Square and May the Fourth events as well as school holiday programs.</p> <p>The annual Love My Kwinana photography competition was held in early 2022, with the theme – City of Trees. In total 133 entries were received and will be featured in an exhibition at the start of 2022/23.</p> <p>Children's programs continued to be a key offering for local families, including 29 school holiday program activities, regular early literacy development programs and partnerships with local schools to deliver Children's Book Week activities, National Simultaneous Storytime, incursions and excursions, and the Better Beginnings family literacy program. Over 400 people attended Children's Book Week sessions in the library to learn from the visiting presenters and the City had 3,391 attendances over 120 sessions throughout the year for popular early years literacy programs RhymeTime, StoryTime and ToddlerTime.</p> <p>Additional programs to inspire and develop skills, included National Science Week activities and Hour of Code. Popular adult programs included chat and play, learn to make mosaics, coffee and a chat and creative writing classes.</p>	
	<p>Youth</p> <p>The City's focus on youth continued with a range of services being provided to young people in the area, predominantly from the Zone Youth Space, which had over 6,470 young people attend the centre and ran 67 different programs including drop-in sessions, Kwinana Beats music sessions, Dungeons and Dragons Facilitator Training, Beatball and more.</p> <p>Outside of the Zone, the team worked on case management for vulnerable young people, advocacy, place-based programs, outreach and more. Some of these initiatives included:</p>		



Library and Community Centres

Digital literacy and community outreach were two main areas of focus for the City's Library and Community Centres during the 2021/22 year.

The home library this year delivered 3,658 resources to 32 residents with librarians offering a personalised service choosing specific books based on borrowing histories and relationships with library members. This service had a 95 per cent high satisfaction rating and a membership increase of 30 per cent over the year.

The City's Library provided a range of support and assistance for digital literacy specifically in response to COVID-19 and the increased need for community members to access digital vaccination certificates, travel documents and to navigate government sites for health information and grants. Over 300 people received assistance with COVID-19 digital literacy issues and in total Library staff assisted with 5,472 technology issues.

A \$1,000 grant for Get Online Week enabled the City to engage in numerous collaborations to create opportunities to improve community digital literacy skills, including 22 digital skills collaborations such as eSafety for families, online job seeking skills, small business accessing business grade internet and seniors connecting with others through video calls and photo sharing. Another successful Get Online Week grant funding enabled the City to work with Gilmore Collage on an intergenerational education opportunity for students to level up the basic digital literacy skills of Indigenous Elders, to access email, government services and proof of vaccination.

On top of this, the Kwinana Public Library held 130 activations and 87 displays, of note was the library remaining open late for Light Up The Square, and also the inclusion of a new sensory space for customers with diverse needs.

Measures:

Measure: Community satisfaction with...	Industry Average (%)	Performance (%)
... access to community grants and funding*	n/a	55
... access to health and wellbeing services, including mental health*	56	52
... access to services and facilities for people with a disability*	51	58
... facilities, services and care available for seniors*	55	58
... festivals, events and cultural activities*	64	63
... how local history is preserved and promoted*	59	60
... Kwinana Recquatic*	70	74
... library and information services*	72	78
... lighting of streets and public places*	55	57
... multiculturalism and racial harmony*	56	56
... opportunities to take part in physical activity*	n/a	62
... safety and security*	55	42
... services and facilities for families*	58	65
... services and facilities for youth*	48	66
... sport and recreation facilities*	66	67
... the area's character and identity*	58	58
... volunteer support and recognition*	63	62

*results from the 2020 Community Wellbeing and Perception Survey

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Annual Report 2021/22 (Part 1 – Community)

Outcome 5: Visionary leadership dedicated to acting for its community

Strategic Objectives:

5.1

Model accountable and ethical governance, strengthening trust with the community

5.2

Develop strong community engagement through strong partnerships with the community

5.3

Provide a high standard of customer service with the community as priority

5.4

Establish a culture of continuous improvement achieving high levels of business excellence

Sustainability Goals:

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Sustainable Cities and Communities

12

Responsible Consumption and Production

16

Peace, Justice and Strong Institutions

17

Partnerships for the Goals

Sustainability Statement

The City focused on implementing steps to improve the transparency of Council. The implementation of live streamed Council meetings, along with the accompanying policy and infrastructure works was a key outcome. This puts the City ahead of the released State Governments Local Government Reforms which will mandate this outcome in the coming years. The City continues to have independent members of it's Audit and Risk Committee, including an independent chair, innovations that are now being mandated in other Councils throughout the State.

This financial year also saw the completion of the 2021 Local Government Election. The City actively promoted the nominations process and the election was held in accordance with the legislation, resulting in three new elected members from a large field of nominees.

Related Plans:

Strategic Community Plan	Corporate Business Plan
Long Term Financial Plan	Infrastructure Strategy
Workforce Plan	Community Engagement Strategy
Customer Experience Strategy	Advocacy and Investment Strategy
Business Excellence Framework	In Strategic Procurement Plan

32,418 followers on Facebook

Outcome 5

57

Key Measures

Strategic Objective	Key Actions	Timeframe	Status	Update
5.1	Model accountable and ethical governance, strengthening trust with the community			
	Implement the Strategic Community Plan and Corporate Business Plan	2021-2025		The City's new Corporate Business Plan was endorsed by Council on 8 June 2022. While the City undertakes its day-to-day operations as usual, the Corporate Business Plan helps to prioritise and align these services with the City's new strategic direction and defines the key services which support the achievement of the Strategic Community Plan.
	Implement the Long-Term Financial Plan	2021-2025		As above (Strategic Objective 3.1)
5.1	Implement the Infrastructure Strategy	2021-2025		As above (Strategic Objective 3.1).
	Develop a Strategic Procurement Plan Annually	2021-2025		The City's strategic procurement practices are captured in its Procurement Policy and complemented by incorporating all upcoming procurement onto the City's website to demonstrate known procurement planning and activities for the upcoming financial year.
	Implement the Innovate Reconciliation Action Plan	2021-2025		As above (Strategic Objective 4.3).
5.2	Develop strong community engagement through strong partnerships with the community			
5.2	Implement the Community Engagement Strategy	2021-2025		The City has maintained its focus on engagement throughout the 2021/22 financial year and has made significant progress in the areas of training and development, the development of support tools and increasing focus on community engagement by assigning dedicated resources to it.

Status key:

complete in progress, on track behind schedule

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Annual Report 2021/22 (Part 1 – Community)

Strategic Objective	Key Actions	Timeframe	Status	Update
5.3	Provide a high standard of customer service with the community as priority			
5.3	Continue to Implement the Customer Experience Plan	2021-2025	<div></div>	The City has continued to implement its customer experience improvement strategy and is working towards initiatives such as implementing a customer satisfaction tool as well as an upgrade to its internal customer knowledge base. The City continues to track its customer services interactions and saw a significant increase in enquiry touch points from the previous year, with August 2021 having over 6,000 customer enquiries – the highest on record.
5.4	Establish a culture of continuous improvement achieving high levels of business excellence			
5.4	Develop the Business Excellence Framework	2021-2022	<div></div>	The City is working towards aligning the organisation to Business Excellence principles as outlined in the Business Excellence Framework. One initiative that aligns to this is the City's ongoing implementation of the the Nintex Promapp system which is utilised by the majority of the organisation to improve process mapping and streamline continuous improvement within the organisation.
	Implement the Workforce Plan	2021-2025	<div></div>	The City's Workforce plan identifies strategic priorities for the City's workforce, which include aligned and active leadership; right people, right behaviour; all work together as one team; empowered and effective teams; and systems and processes. The actions identified within the Workforce Plan are currently being implemented across the City to enable the achievement of these strategic priorities.
	Implement the Corporate Business System Project	2021-2024	<div></div>	The Corporate Business System project went live on 1 July 2022, delivering the first phase of core enterprise modules from Technology One, including Finance, Contracts, Supply Chain Payroll, Assets and Works Operations. The system was delivered following intensive training, workshops and the development of support material to assist staff with the implementation of the new system. The project will now continue into phase two in the new financial year which will include project scoping and development of the deliverables for this stage.

35,606 followers across the City's socials (Facebook, Instagram and Twitter)

Status key: complete in progress, on track behind schedule

Key supporting services update for 2021/22:

Governance

The City undertook a number of initiatives to ensure effective governance continued to be adhered to at the City of Kwinana. A review of the City's Delegated Authority Register in accordance with section 5.46(2) of the Local Government Act 1995, was undertaken which involved a major update to the City's register to improve efficiency of decision-making at all levels of the organisation. A major review of the City's Certificates of Authorisation to Officers was also conducted to ensure that all authorisations were appropriate and met the needs of the City.

The City achieved compliance in regard to its annual obligations to lodge a Compliance Audit Return with the Department for Local Government, Sport and Cultural Industries as well as with its obligations under regulation 17 of the Local Government (Audit) Regulations 1996, to conduct a review of systems and procedures relating to legislative compliance, risk management and internal controls on a triennial basis.

Local Laws

A number of Local Laws were progressed over the course of the year including the implementation of the Cat Local Law, which came into effect in April 2022 and aims to provide the City greater ability to regulate cat ownership within the district. The Signs and Bill Posting Repeal Local Law was also put out for public notice. Council has approved the draft Waste Local Law in June 2022 for public consultation, which will occur within the 2022/23 financial year.

Council

The 2021 Local Government Election was held on Saturday, 16 October 2021. The Election received a total of 29,787 votes which resulted in the re-election of current Elected Members Carol Adams and Matthew Rowse and saw new Elected Members join Council, including Michael James Brown, Sue Kearney, and Barry Winmar as the City's first Aboriginal Elected Member.

At the City's Special Council Meeting held following the Local Government Election, Carol Adams was re-elected as Mayor and Peter Feasey as Deputy Mayor. The City farewelled outgoing Councillors Sandra Lee and Merv Kearney and retiring Councillor Wendy Cooper.

The City also introduced a Live Streaming and Recording Policy and commenced live streaming of Ordinary Council Meetings in March 2022.

Economic Development and Advocacy

The City conducted meetings with a range of commercial businesses to highlight the opportunities in the area and to try and increase, and diversify, the economic activity in the City of Kwinana. This was further enhanced by tours provided by the City to showcase the local economic opportunities available to a range of business associations.

Lobbying and advocacy remain an important activity to the City to ensure that the City of Kwinana is front of mind at both State and Federal levels. The City has worked to raise awareness of freight issues associated with the planned Westport project and successfully managed to secured funding for upgrades to Thomas Kelly Pavilion as part of the Federal Election. The CEO also represented the City's roles and interests as part of the Global Advanced Industries Hub Ministerial Taskforce as well as on a number of other taskforces and collectives.

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Outcome 5

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Annual Report 2021/22 (Part 1 – Community)

Customer Service

Over the past year the City has continued to implement its Customer Experience Improvement Strategy and is working towards initiatives such as implementing an email base, and point of sale, customer satisfaction tool, as well as upgrading its internal customer knowledge base to streamline customer enquiries throughout the organisation. During the course of the year the City saw a significant increase in enquiry touch points from the previous year, with August 2021 having over 6,000 customer enquiries – the highest on record, with the City's primary enquiry topics consistently including rates, City Assist and waste.

Community Engagement Planning

The Love My Kwinana Engagement Platform has continued to provide a digital solution to engagement projects for the City. Over the course of the year the platform hosted 38 different projects on the site and had over 5,000 visitors to the platform.

Human Resources

One of the major initiatives progressed by Human Resources during the year was the implementation of the City's Workforce Plan, which contains strategic priorities with associated actions.

Some of the actions that were progressed include a leadership program across all levels of staff, customer-centric focused training, implementation of staff retention and ageing workforce strategies, further enhanced continuous improvement processes and the development and alignment of the City's safety and well-being framework to the new Work Health and Safety legislation.

Average total website visitors per month **55,000**

Outcome 5

61

Measures:

Measure	Industry Average (%)	Performance (%)*
Community satisfaction with Council's leadership within the community*	50	57
Community satisfaction with the City's development of a clear vision for the area*	34	44
Community satisfaction with how the community is engaged about local issues*	47	48
Community satisfaction with Elected members (the Councillors) having a good understanding of community needs*	29	32
Community satisfaction with staff having a good understanding of community needs*	34	36
Community satisfaction with how open and transparent Council processes are*	44	50
Community satisfaction with the City clearly explaining the reasons for its decisions and how residents' views have been taken into account*	27	33
Community satisfaction with how the community is informed about what's happening in the local area (including local issues, events, services and facilities)*	54	62
Community satisfaction with the City's website*	57	62
Community satisfaction with the City's newsletter (The Spirit)*	64	64
Community satisfaction with social media presence (Facebook, etc)*	54	58
Community satisfaction with customer service*	62	63
Development Applications assessed within statutory timeframes**	100	82
Local Development Plans assessed within statutory timeframes**	100	63
Subdivision Applications assessed within statutory timeframes**	100	50
Building Approval Certificates processed and issued within 10 days**	100	100
Certified Building Permits processed and issued within 10 days**	100	99
Uncertified Building Permits processed within 25 days**	100	100

*results from the 2020 Community Wellbeing and Perception Survey

** The benchmarking standard targets are set by the Department of Local Government, Sport and Cultural Industries

*** Current values for Business Performance and Assets are as at 30 June 2022.

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Future Measures

The City has a number of additional Key Actions that have been identified in the City's Strategic Community Plan to commence in the coming years.

Outcome Area	Strategic Objective	Key Action	Timeframe
Outcome 2: A resilient and thriving economy with exciting opportunities	2.1 Enable a thriving and sustainable local economy that supports and sustains quality jobs and economic opportunities	Develop a Pathways to Employment Plan	2022-2023
Outcome 3: Infrastructure and services that are affordable and contribute to health and wellbeing	3.1 Develop quality, affordable infrastructure and services designed to improve the health and wellbeing of the community	Investigate options for Bulk Waste Collection	2023-2024
Outcome 4: A unique, vibrant and healthy City that is safe, connected and socially diverse	4.3 Enhance opportunities for community to meet, socialise, recreate and build local connections	Implement the Economic Development Strategy	2022-2025
	4.4 Develop wellbeing programs and implement physical recreation that is culturally appropriate for Kwinana's community	Review the Public Health Plan	2022-2023
Outcome 5: Visionary leadership dedicated to acting for its community	5.1 Model accountable and ethical governance, strengthening trust with the community	Review Advocacy and Investment Plans	2022-2023

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Statutory Reporting

Disability Access and Inclusion Plan


Throughout 2021/22 the City continued to actively work to ensure all people living, working in and visiting the City had unconditional access to its services and facilities. Key areas of focus included access to services and events, access to buildings, access to information, equal level and quality of service, the same opportunity to make complaints and to be consulted and to receive the same employment opportunities.

City staff actively investigate how to make events and services more inclusive and accessible for the community. Some initiatives worked on throughout the year include:

- In November 2021 the City's annual 'Light-up The Square' Christmas event included Stage Left AUSLAN interpreters allowing for a more inclusive event. The City's National Simultaneous Storytime colouring competition in May 2022 offered hard copy and digital colouring options. Allowing the digital colouring options meant individuals could use technology to participate. It has been noted that the arts programs were popular for people with disabilities and their support workers/carers – e.g. Social Mosaics and Make Mosaics which ran from July 2021 to March 2022. The City will continue to explore new options for accessible arts programs with a focus on providing opportunities for people with disabilities to create and sell their art.

- The City has made notable changes to infrastructure and City-owned buildings and facilities over the past year. These have included automated sliding door at the Seniors Citizen Centre and upgrades to Ascot Park. The City also assess all new drawings for parks submitted by Developers against the AS1428.
- The City became aware that the front door to the Senior Citizen Centre was a barrier for individuals entering the building and restricted people's ability to be actively involved with the group. City staff met with the President and Secretary to discuss options for a new door to be installed and investigated the request and allocated funding to undertake the redevelopment work. The Senior Citizens Centre now has an automated sliding door which has reduced accessibility barriers and created a more inclusive space.
- As part of the City's Parks for People projects the City selects parks within the local area to update and upgrade. Accessibility is always considered throughout the development and completion of these upgrades. Recent upgrades to Ascot Park improved accessibility to the existing amenities (playground) by providing accessible surfaces, use of accessible park furniture including an accessible BBQ model, and improvements to access to the public open space from the existing on-street parking bays.

<div>64</div> <div>Annual Report 2021/22 (Part 1 – Community)</div> <div><ul style="list-style-type: none">• The City continued to provide access to its publications, on request, in alternative formats. This is promoted in the City's major publications as per a requirement outlined in the City's style guide. The City is currently working on developing a new website for Kwinana Recquatic, which will see this site brought in line with the Web Content Accessibility Guidelines.• The City has continued to provide training to employees to ensure the best customer service for all consumers. In line with the City's Customer Experience Improvement Strategy, staff are provided with information regarding Disability Access and Inclusion awareness during their initial HR inductions.• The City received the following feedback which demonstrates the quality of service provided by City staff at the Recquatic: "We have been at the Kwinana Recquatic Swim school for seven years now and have all three kids enrolled in the swimming program. Our experience has been nothing but positive, the staff have always gone above and beyond to meet each child's individual needs. My daughter Ruby is eight years old, legally blind, with an intellectual disability. Ruby is in the SAIL program, the instructors have helped her to become confident in the water, improve muscle development, and for her to generally have so much fun in every lesson that she doesn't want to leave. Staff have always worked with our therapist to find new ways to encourage her and communicate. We couldn't be happier with the service and our experience, we thank the team so much."• The City of Kwinana, the City of Mandurah and the City of Rockingham continue to facilitate the Access and Inclusion Networking Meetings. This year the group expanded to include the City of Cockburn. These meetings are open to service providers, organisations and people working in the access and inclusion space, and offer opportunities to network, and collaborate. Incorporating all four local government areas ensures that we reflect the needs of people with disability by supporting organisations, people and families across a broader regional area. Staff from all four LGAs have collaborated to facilitate the Mandurah Cockburn Kwinana Rockingham Access and Inclusion Network (MCKRain); this approach</div>	<div>has increased the scope for networking with other community organisations, and has reduce any networking duplication. These meetings offer the opportunity for the City to seek consultation with people with disabilities through their service providers and networks.</div> <div>Following on from the engagement conducted when reviewing the DAIP in early 2021 the City has continued to consult with people with disability, service providers, and carers throughout the development of the City's New DAIP 2022-2027. This has included taking initial steps in re-establishing the City's Disability Reference Group to ensure the City has a first point of contact when engaging with people with disability.</div> <div></div>	<div>65</div> <div>Reconciliation Action Plan</div> <div>*****</div> <div><p>The City has continued to implement the Innovate Reconciliation Action Plan (RAP). The RAP was adopted by Council and endorsed by Reconciliation Australia in November 2020. Reconciliation Australia sets the outcome areas within the plan: Relationships, Respect, Opportunities. Actions within the plan have been developed with the Boola Maara (Many Hands) Advisory Group and align with the outcome areas. City officers and community have continued to work together to achieve positive outcomes, including actions from the Innovate RAP.</p><p>The City has continued to maintain and strengthen relationships with Aboriginal and Torres Strait Islander Communities organisations and groups to help us better understand the needs of community and enhance community and organisational outcomes. This has been achieved through:</p><ul style="list-style-type: none">• Facilitating regular Boola Maara Advisory Group meetings to seek support and advice when working towards achieving RAP deliverables.• Continuing to consult with the Boola Maara Advisory Group and service providers on appropriate actions/protocols to follow when engaging with the local Aboriginal and Torres Strait Islander community.• Seeking advice and feedback on City strategies and procedures such as the City's Strategic Community Plan, Social Strategy and Public Art Master Plan.• Planning and delivering National Reconciliation Week Activities. This included partnering with local organisation Moorditj Koort, to support the local Sorry Day event. The City also planned and delivered a screening of the Reconciliation WA virtual breakfast. The breakfast included Welcome to Country from across the state, key note speakers and dance performances. The event included speeches by local Elected Members highlighting key achievements from the RAP over the past year.<ul style="list-style-type: none">• The City has also provided ongoing feedback and updates regarding RAP deliverables to local Elders and community leaders via the Medina Aboriginal Cultural Centre.<p>The City continues to demonstrate respect and a commitment to improving awareness of Aboriginal and Torres Strait Islander cultural practices histories and knowledge by:</p><ul style="list-style-type: none">• Observing the significance of cultural protocols by including Welcome to Country ceremonies at significant events and activities and sharing with stakeholders a list of appropriate persons who have authority to provide Welcome to Country within the local area.• Providing Acknowledgement of Country at the commencement of meetings, events and activities to demonstrate respect for Traditional Custodians and Owners of the Land.• Acknowledgement of Country Signage presented on City owned buildings, and the City's website.• Recognition of Aboriginal cultures and histories during "Story Trees Trail" activity (April School holidays).• Supported the recognition of a significant Aboriginal meeting place via naming a portion of Harry McGuigan Park: 'Nglang Moort Manjar', initiated by Ngalla Yorgan Waankhan group.• Continue to investigate and discuss opportunities for Dual Nyoongar Naming on City-owned buildings.• Provided funding and partnered with local organisations and the Aboriginal and Torres Strait Islander community members to plan 2021 NAIDOC events.</div>
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<div>66</div> <div>Annual Report 2021/22 (Part 1 – Community)</div> 	<p>The City has continued to identify, create, and support opportunities for current and future generations by building capacity and developing pathways for improved economic and social outcomes:</p> <ul style="list-style-type: none">▪ Investigated and implemented an Aboriginal traineeship at the City's Depot and the City Assist team in partnership with Fremantle Group Training.▪ Continued to engage Aboriginal and Torres Strait Islander people and organisations to identify barriers to employment and map employment pathways.▪ Continued to investigate opportunities to deliver culturally appropriate programs through collaboration with local service providers and community groups.▪ Expanded a list of Nyoongar suppliers that the City staff can draw upon for the procurement of goods and services.▪ Collaborated with South Metropolitan Health Services and the Kwinana Marketplace to present Ngamari Stories (stories from local Aboriginal community) in the promotion of smoking cessation. <p>The City maintains a strong working relationship with the local Aboriginal people and service providers. Staff have continued to work collaboratively to ensure we are actively working towards reconciliation within our community. The City will continue to work with Boola Maara (Many Hands) Advisory Group and the wider Aboriginal community to progress actions and deliverables within the Innovate Reconciliation Action Plan.</p>	<div>67</div> <h2>Reporting Requirements</h2> <p>XXXXXXXXXXXXXXXXXXXX</p> <h3>National Competition Policy</h3> <p>The City of Kwinana has met its obligations in regard to the National Competition Policy with no issues being raised with the City.</p> <h3>Local Government Act 1995</h3> <p>This Annual Report (Part 1 – Community), together with the Annual Report (Part 2 – Annual Financial Report), complies with the requirements of section 5.53(1) of the Local Government Act 1995 to prepare an annual report for each financial year.</p> <h3>Elected Member Conduct</h3> <p>Under section 5.121 of the Local Government Act 1995, no breaches were found as a result of Elected Member conduct in the financial year ending 30 June 2022.</p> <h3>Local Government (Financial Management) Regulation 1996</h3> <p>Under section 6.4 of the Local Government Act 1995, a Local Government is to prepare an Annual Financial Report for the preceding financial year and such other financial reports as are prescribed in the Local Government (Financial Management) Regulations 1996.</p>	<h3>State Records Act 2000</h3> <p>The State Records Act 2000 is currently being assessed for the need for review by the State Records Office of Western Australia. The City of Kwinana's Records Management Coordinator provided input and observations via the Local Government Records Managers Association.</p> <p>Approved by the State Records Commission in 2016, the City's updated Recordkeeping Plan 2016-2021 describes the City's commitment to good and compliant record keeping procedures. These include monitoring the process and compliance of the retention, storage and destruction of digital and hardcopy records. The Records and IT team liaise to achieve digital compliance. The Recordkeeping Plan has been deferred until the end of 2022 to enable the implementation of One Council ECM.</p> <p>Training is an important component of record keeping for the City, and has continued to be provided to all staff to ensure appropriate awareness of record keeping obligations and responsibilities. Induction and training programs were again provided to 68 individual new employees, and group sessions and updates carried out as required. Each officer is issued a comprehensive User Guide when completing induction training and the User Guide is available to all staff via the City intranet.</p>
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Annual Report 2021/22 (Part 1 – Community)

Freedom of Information Act 1992

In accordance with Section 96(1) of the Freedom of Information Act 1992, residents have the legally enforceable right to access records (which are not otherwise exempt) held by State and Local Government agencies. The following FOI applications were received:


	2020-2021
FOI Requests	10
Access in Full	3
Edited Access	7
Applications withdrawn	0
Access deferred	0
Access refused	0

Public Health Act 2016 and Food Safety Standards

The City has complied with the requirements to provide a report to the Department of Health on the performance of functions under the Food Act 2008 and Public Health Act 2016.

The Food Act 2008 was applied to all food premises within the City based on a risk-assessment approach by way of inspection. The City carried out 358 food business inspections during the 2021/22 financial year.

The reduction in the number of inspections compared to 2020/21 financial year is largely due to the departure of experienced Environmental Health Officers and vacancies during recruitment. Three new Environmental Health Officers who joined the team between late 2021 to early 2022 have been undergoing training and development. Key highlights for 2021/22 included the introduction of iAuditor electronic inspections and implementation of new food safety compliance standards.



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Equal Opportunities

The City of Kwinana reviewed and updated its Equal Employment Opportunity Management Plan 2020-2023. The plan was submitted and acknowledged by the EEO Commission in April 2022 and the City has complied with the reporting requirements to the EEO Commission for the period ending June 2022.

Work Health and Safety (WHS)

The City's Work Health and Safety vision is to achieve excellence in safety and health management through a framework that is an integral part of business planning with Safety and Health Management goals and targets established to drive continuous improvement in performance. The City will achieve this through strengthening and growing a safety culture at the City.

The City recognises its corporate responsibility under the Work Health and Safety Act 2020 (the Act) and associated legislation and is fully committed to ensuring, that as far as practicable, it will provide a consistent framework to secure the health and safety of workers and workplaces by:

- Protecting workers and other persons against harm to their health, safety and welfare through the elimination or minimisation of risks arising from work;
- Providing for fair and effective workplace representation, consultation, cooperation and issue resolution in relation to work health and safety;
- Fostering cooperation and consultation, and the provision of participation between applicable parties, in the formation and implementation of work health and safety standards to current levels of technical knowledge and development and encouraging the applicable parties to take a constructive role in promoting improvements in work health and safety practices;

- Promoting the provision of advice, information, education and training in relation to work health and safety;
- Securing compliance with the WHS legislation through effective and appropriate compliance and enforcement measures;
- Ensuring appropriate scrutiny and review of actions taken by persons exercising powers and performing functions under the WHS legislation; and
- Providing a framework for continuous improvement and progressively higher standards of work health and safety.

Further, the City will encourage and promote a culture of hazard identification, injury prevention and Work Health and Safety (WHS) awareness throughout the workplace. This commitment extends to ensuring the City's operations do not place the community at risk of injury, illness or property damage. The City, in partnership with its employees, will endeavour to recognise the potential risks associated with hazards that may exist within the workplace and will take practical steps to provide and maintain a safe and healthy work environment. To this end, the City has developed, and is implementing, a Safety and Wellbeing Strategic Plan for 2022 – 2024 with the following Strategic Priorities:

- Health and Safety by Design (Hazards are eliminated or minimized at the design stage of projects);
- Health and Safety leadership and capabilities (Individuals have the work health and safety capabilities they require);
- Well-being (Well-being is enhanced for the City of Kwinana staff);
- Safety system improvement – systems and processes (Risk management processes and policies are improved and updated); and
- Legislative compliance (Continually improve compliance with WHS and other regulatory requirements).

Item 8.6 - Attachment E

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Annual Report 2021/22 (Part 1 – Community)

Review of Local Laws

Section 3.16 of the Local Government Act 1995 requires that all of the Local Laws of a Local Government must be reviewed within an eight-year period after their commencement to determine if they should remain unchanged or be repealed or amended.

A review of several local laws was undertaken during the 2021/22 financial year, with the following Local Laws being progressed to varying levels:

- The Cat Local Law 2022 came into effect which provides the City greater ability to regulate cat ownership within the district. A permit is now required to keep more than two cats at a premises within Kwinana. Fines may also be issued for cats found to be causing a nuisance.
- The proposed Cat Amendment Local Law 2022 was put out for public comment, which is intended to add cat prohibited areas to key identified parks and reserves.
- The proposed Signs and Bill Posting Repeal Local Law 2022 was put out for public comment, which is intended to reduce red tape relating to advertising signage.
- Council adopted the City's Waste Local Law 2022 in June 2022.

Annual Salaries

The Local Government Act 1995 requires each Local Government to provide the number of employees who are entitled to an annual salary of \$100,000 or more. The figures below are as at 30 June 2022, noting that they include any staff on the Enterprise Agreement who are entitled to an annual salary of \$100,000 or more.

Salary Range	No. Employees
\$100,000 and \$110,000	11
\$110,000 and \$120,000	5
\$120,000 and \$130,000	6
\$130,000 and \$140,000	6
\$150,000 and \$160,000	1
\$160,000 and \$170,000	4
\$170,000 and \$180,000	1
\$190,000 and \$200,000	1
\$210,000 and \$220,000	2
\$300,000 and \$310,000	1
Total	38

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Part 2 – Annual Financial Report

Annual Financial Report 2021/22 is available online at www.kwinana.wa.gov.au.



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9 LATE AND URGENT BUSINESS

Note: In accordance with Clauses 3.13 and 3.14 of Council's Standing Orders, only items resolved by Council to be Urgent Business will be considered.

10 ANSWERS TO QUESTIONS WHICH WERE TAKEN ON NOTICE

Nil

11 CLOSE OF MEETING