

# Annual Report 2020/21 (Part 2 – Annual Financial Report)





# Introduction

The City of Kwinana's Annual Report 2020/21 comprises of two parts, Part 1 – Community and Part 2 – Annual Financial Report. This Annual Report (Part 2 – Annual Financial Report), together with the Annual Report (Part 1 – Community) complies with the requirements of Section 5.53(1) of the Local Government Act 1995.

The Annual Report 2020/21 (Part 1 – Community) is available to download from the City's website [www.kwinana.wa.gov.au](http://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, Corner Gilmore Avenue and Sulphur Road, Kwinana.



**CITY OF KWINANA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**COMMUNITY VISION**

Kwinana 2030: Rich in spirit, alive with opportunities, surrounded by nature - it's all here!

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

**CITY OF KWINANA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Kwinana for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the City of Kwinana at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

8<sup>th</sup>

day of

December

2021

  
\_\_\_\_\_  
Chief Executive Officer

Wayne Jack  
\_\_\_\_\_  
Name of Chief Executive Officer

**CITY OF KWINANA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Rates	28(a)	40,893,364	39,933,543	39,435,048
Operating grants, subsidies and contributions	2(a)	7,501,276	6,617,653	7,445,800
Fees and charges	2(a)	12,993,197	11,913,171	11,438,704
Interest earnings	2(a)	780,513	1,220,577	1,825,211
Other revenue	2(a)	1,234,339	709,222	1,308,211
		63,402,689	60,394,166	61,452,974
<b>Expenses</b>				
Employee costs		(26,492,092)	(28,033,854)	(27,440,286)
Materials and contracts		(24,605,200)	(27,604,630)	(24,052,350)
Utility charges		(2,444,838)	(2,557,908)	(2,500,313)
Depreciation on non-current assets	11(b)	(16,091,943)	(14,691,676)	(15,630,143)
Interest expenses	2(b)	(965,752)	(987,579)	(1,058,626)
Insurance expenses		(588,958)	(583,736)	(574,494)
Other expenditure	2(b)	(53,188)	(446,888)	(37,756)
		(71,241,971)	(74,906,271)	(71,293,968)
		(7,839,282)	(14,512,105)	(9,840,994)
Non-operating grants, subsidies and contributions	2(a)	11,178,233	13,434,461	10,810,522
Profit on asset disposals	11(a)	70,922	124,510	124,076
(Loss) on asset disposals	11(a)	(13,332)	(83,085)	(1,247,307)
Fair value adjustments to financial assets at fair value through profit or loss		289,114	0	112,779
Share of net profit of associates accounted for using the equity method	27	20,980	0	18,131
		11,545,917	13,475,886	9,818,201
<b>Net result for the period</b>		<b>3,706,635</b>	<b>(1,036,219)</b>	<b>(22,793)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	7,791,763	0	431,670
<b>Total other comprehensive income for the period</b>		<b>7,791,763</b>	<b>0</b>	<b>431,670</b>
<b>Total comprehensive income for the period</b>		<b>11,498,398</b>	<b>(1,036,219)</b>	<b>408,877</b>

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





**CITY OF KWINANA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Governance	2(a)	314,460	69,728	457,683
General purpose funding		43,963,070	42,182,728	43,528,014
Law, order, public safety		503,891	388,050	579,054
Health		144,542	117,705	167,748
Education and welfare		6,568,332	7,115,493	6,525,695
Community amenities		6,413,521	5,884,872	6,060,354
Recreation and culture		2,930,924	2,547,762	2,343,973
Transport		372,722	330,000	345,961
Economic services		1,815,083	1,308,015	1,164,861
Other property and services		376,144	449,813	279,631
		63,402,689	60,394,166	61,452,974
<b>Expenses</b>				
Governance	2(b)	(3,875,109)	(4,117,231)	(4,938,245)
General purpose funding		(895,379)	(981,665)	(1,153,777)
Law, order, public safety		(2,943,953)	(3,257,074)	(3,098,933)
Health		(884,321)	(931,464)	(856,942)
Education and welfare		(9,956,721)	(11,124,719)	(10,204,491)
Community amenities		(9,548,651)	(10,967,514)	(9,540,849)
Recreation and culture		(21,805,547)	(21,263,137)	(20,669,023)
Transport		(15,253,274)	(15,406,121)	(14,915,194)
Economic services		(1,511,528)	(1,875,875)	(1,360,878)
Other property and services		(3,601,736)	(3,993,892)	(3,497,010)
		(70,276,219)	(73,918,692)	(70,235,342)
<b>Finance Costs</b>				
Governance	2(b)	(41,672)	(52,164)	(50,204)
General purpose funding		(1)	0	(253)
Education and welfare		(73,585)	(74,362)	(82,765)
Recreation and culture		(719,441)	(729,860)	(785,313)
Transport		(131,053)	(131,193)	(140,091)
		(965,752)	(987,579)	(1,058,626)
		(7,839,282)	(14,512,105)	(9,840,994)
Non-operating grants, subsidies and contributions	2(a)	11,178,233	13,434,461	10,810,522
Profit on disposal of assets	11(a)	70,922	124,510	124,076
(Loss) on disposal of assets	11(a)	(13,332)	(83,085)	(1,247,307)
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This statement is to be read in conjunction with the accompanying notes.

**CITY OF KWINANA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	NOTE	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	6,968,593	25,471,026
Trade and other receivables	6	5,717,945	4,455,262
Other financial assets	5(a)	59,941,739	34,124,318
Inventories	7	0	37,323
Contract assets	2(a)	130,805	44,388
Other assets	8	814,108	1,731,667
Assets classified as held for sale	8	498,000	0
<b>TOTAL CURRENT ASSETS</b>		<b>74,071,190</b>	<b>65,863,984</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	846,399	760,126
Other financial assets	5(b)	3,920,502	3,542,013
Investment in associate	27	535,835	504,775
Property, plant and equipment	9(a)	137,825,552	135,058,794
Infrastructure	10(a)	366,067,324	363,572,821
Investment property	15	570,000	0
Intangible assets	13(a)	1,864,163	616,115
Right-of-use assets	12(a)	566,184	190,679
<b>TOTAL NON-CURRENT ASSETS</b>		<b>512,195,959</b>	<b>504,245,323</b>
<b>TOTAL ASSETS</b>		<b>586,267,149</b>	<b>570,109,307</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	22,889,779	24,256,420
Contract and other liabilities	17	6,615,769	10,444,540
Lease liabilities	18(a)	174,595	114,357
Borrowings	19(a)	2,537,530	2,314,779
Employee related provisions	20	5,706,854	5,505,931
<b>TOTAL CURRENT LIABILITIES</b>		<b>37,924,527</b>	<b>42,636,027</b>
<b>NON-CURRENT LIABILITIES</b>			
Contract and other liabilities	17	28,097,678	16,953,626
Lease liabilities	18(a)	371,179	77,148
Borrowings	19(a)	15,851,996	17,953,926
Employee related provisions	20	445,000	410,209
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>44,765,853</b>	<b>35,394,909</b>
<b>TOTAL LIABILITIES</b>		<b>82,690,380</b>	<b>78,030,936</b>
<b>NET ASSETS</b>		<b>503,576,769</b>	<b>492,078,371</b>
<b>EQUITY</b>			
Retained surplus		213,378,682	216,805,180
Reserves - cash/financial asset backed	4	62,382,819	55,249,686
Revaluation surplus	14	227,815,268	220,023,505
<b>TOTAL EQUITY</b>		<b>503,576,769</b>	<b>492,078,371</b>

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 2021**

			RESERVES CASH/FINANCIAL		
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2019</b>		<b>216,347,293</b>	<b>55,730,366</b>	<b>219,591,835</b>	<b>491,669,494</b>
Comprehensive income					
Net result for the period		(22,793)	0	0	(22,793)
Other comprehensive income	14	0	0	431,670	431,670
Total comprehensive income		(22,793)	0	431,670	408,877
Transfers from reserves	4	15,090,636	(15,090,636)	0	0
Transfers to reserves	4	(14,609,956)	14,609,956	0	0
<b>Balance as at 30 June 2020</b>		<b>216,805,180</b>	<b>55,249,686</b>	<b>220,023,505</b>	<b>492,078,371</b>
<b>Restated balance at 1 July 2020</b>		<b>216,805,180</b>	<b>55,249,686</b>	<b>220,023,505</b>	<b>492,078,371</b>
Comprehensive income					
Net result for the period		3,706,635	0	0	3,706,635
Other comprehensive income	14	0	0	7,791,763	7,791,763
Total comprehensive income		3,706,635	0	7,791,763	11,498,398
Transfers from reserves	4	7,715,875	(7,715,875)	0	0
Transfers to reserves	4	(14,849,008)	14,849,008	0	0
<b>Balance as at 30 June 2021</b>		<b>213,378,682</b>	<b>62,382,819</b>	<b>227,815,268</b>	<b>503,576,769</b>

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 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		40,780,843	41,633,543	39,956,734
Operating grants, subsidies and contributions		6,013,943	209,359	6,682,681
Fees and charges		9,956,385	11,913,171	8,649,778
Interest received		780,513	1,220,577	1,811,395
Goods and services tax received		3,014,253	0	2,738,222
Other revenue		1,234,339	709,222	1,308,211
		61,780,276	55,685,872	61,147,021
<b>Payments</b>				
Employee costs		(26,607,740)	(28,033,854)	(26,697,613)
Materials and contracts		(25,184,052)	(27,504,630)	(23,107,086)
Utility charges		(2,473,457)	(2,557,908)	(2,500,313)
Interest expenses		(967,888)	(987,579)	(1,060,470)
Insurance paid		(588,958)	(583,736)	(574,494)
Goods and services tax paid		674,759	0	(671,965)
Other expenditure		(53,188)	(446,888)	(37,756)
		(55,200,524)	(60,114,595)	(54,649,697)
<b>Net cash provided by (used in) operating activities</b>	21	6,579,752	(4,428,723)	6,497,324
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(2,090,914)	(7,575,835)	(2,520,306)
Payments for construction of infrastructure	10(a)	(4,638,195)	(10,923,191)	(4,738,586)
Payments for intangible assets	13(a)	(1,248,048)	(622,809)	(307,442)
Non-operating grants, subsidies and contributions	21	10,440,224	13,434,461	3,944,619
Proceeds from financial assets at amortised cost - term deposits		0	12,183,943	11,560,827
Payments for financial assets at amortised cost - term deposits		(25,924,064)	0	0
Proceeds from financial assets at amortised cost - self supporting loans		17,268	17,269	16,710
Proceeds from sale of property, plant & equipment	11(a)	399,030	473,350	696,834
<b>Net cash provided by (used in) investment activities</b>		(23,044,699)	6,987,188	8,652,656
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	19(b)	(1,889,259)	(6,889,259)	(1,451,093)
Payments for principal portion of lease liabilities	18(b)	(148,227)	(229,206)	(116,018)
Proceeds from new borrowings	19(b)	0	5,000,000	0
<b>Net cash provided by (used in) financing activities</b>		(2,037,486)	(2,118,465)	(1,567,111)
<b>Net increase (decrease) in cash held</b>		(18,502,433)	440,000	13,582,869
Cash at beginning of year		25,471,026	1,020,000	11,888,157
<b>Cash and cash equivalents at the end of the year</b>	21	6,968,593	1,460,000	25,471,026

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

**CITY OF KWINANA**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	29 (c)	2,833,954	1,360,000	1,573,505
		2,833,954	1,360,000	1,573,505
<b>Revenue from operating activities (excluding rates)</b>				
Governance		326,215	78,904	483,250
General purpose funding		3,071,397	2,249,185	4,092,966
Law, order, public safety		512,755	401,662	594,845
Health		146,987	117,705	176,266
Education and welfare		6,852,921	7,119,907	6,636,457
Community amenities		6,426,256	5,899,455	6,082,531
Recreation and culture		2,930,924	2,547,762	2,346,762
Transport		372,722	330,000	345,961
Economic services		1,838,536	1,312,816	1,185,400
Other property and services		413,319	527,737	328,474
		22,892,032	20,585,133	22,272,912
<b>Expenditure from operating activities</b>				
Governance		(3,922,897)	(4,174,355)	(4,991,014)
General purpose funding		(895,380)	(981,665)	(1,154,030)
Law, order, public safety		(2,943,953)	(3,259,022)	(3,122,690)
Health		(884,321)	(931,464)	(862,553)
Education and welfare		(10,030,306)	(11,199,081)	(10,287,256)
Community amenities		(9,548,651)	(10,967,514)	(9,550,266)
Recreation and culture		(22,528,744)	(21,992,997)	(21,477,137)
Transport		(15,384,327)	(15,537,314)	(16,137,127)
Economic services		(1,511,528)	(1,875,875)	(1,360,878)
Other property and services		(3,605,196)	(4,070,069)	(3,598,324)
		(71,255,303)	(74,989,356)	(72,541,275)
Non-cash amounts excluded from operating activities	29(a)	15,547,160	8,241,957	16,843,365
<b>Amount attributable to operating activities</b>		(29,982,157)	(44,802,266)	(31,851,493)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	11,178,233	13,434,461	10,810,522
Proceeds from disposal of assets	11(a)	399,030	473,350	696,834
Proceeds from financial assets at amortised cost - self supporting loans		17,268	17,269	16,710
Purchase of property, plant and equipment	9(a)	(2,090,914)	(7,575,835)	(2,603,033)
Purchase and construction of infrastructure	10(a)	(12,752,976)	(10,923,191)	(12,276,761)
Payments for intangible assets	13(a)	(1,248,048)	(622,809)	(307,442)
		(4,497,407)	(5,196,755)	(3,663,170)
Non-cash amounts excluded from investing activities	29(b)	6,132,845	0	0
<b>Amount attributable to investing activities</b>		1,635,438	(5,196,755)	(3,663,170)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	19(b)	(1,889,259)	(6,889,259)	(1,451,093)
Proceeds from borrowings	19(c)	0	5,000,000	0
Payments for principal portion of lease liabilities	18(b)	(148,227)	(229,206)	(116,018)
Transfers to reserves (restricted assets)	4	(14,849,008)	(8,215,624)	(14,609,956)
Transfers from reserves (restricted assets)	4	7,715,875	20,399,567	15,090,636
<b>Amount attributable to financing activities</b>		(9,170,619)	10,065,478	(1,086,431)
<b>Surplus/(deficit) before imposition of general rates</b>		(37,517,338)	(39,933,543)	(36,601,094)
<b>Total amount raised from general rates</b>	28(a)	40,891,673	39,933,543	39,435,048
<b>Surplus/(deficit) after imposition of general rates</b>	29(c)	<b>3,374,335</b>	<b>0</b>	<b>2,833,954</b>

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

**CITY OF KWINANA**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

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1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is 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 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.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 32 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

During the current year, the City adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

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*

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

CRITICAL ACCOUNTING 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:

- Employee expenses
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Intangible assets
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

**CITY OF KWINANA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	2,104,800	906,754	1,796,876
Law, order, public safety	242,147	181,180	202,912
Health	39,010	23,504	14,703
Education and welfare	4,429,571	5,068,304	4,772,577
Community amenities	50,279	7,000	78,832
Recreation and culture	263,863	100,911	250,337
Transport	371,606	330,000	329,563
	7,501,276	6,617,653	7,445,800
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	156,875	704,159	260,745
Education and welfare	9,771	0	0
Community amenities	598,692	10,321,764	891,296
Recreation and culture	204,546	550,000	201,506
Transport	10,202,338	1,858,538	9,366,982
Economic services	6,011	0	89,993
	11,178,233	13,434,461	10,810,522
<b>Total grants, subsidies and contributions</b>	18,679,509	20,052,114	18,256,322
<b>Fees and charges</b>			
Governance	14,608	8,810	4,124
General purpose funding	107,301	40,896	253,441
Law, order, public safety	216,571	169,860	318,813
Health	104,987	84,001	126,491
Education and welfare	1,849,690	2,012,456	1,557,274
Community amenities	6,255,128	5,848,424	5,946,335
Recreation and culture	2,511,979	2,356,491	1,976,234
Economic services	1,706,886	1,221,291	1,113,046
Other property and services	226,047	170,942	142,946
	12,993,197	11,913,171	11,438,704

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

**CITY OF KWINANA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Contracts with customers and transfers for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:

Operating grants, subsidies and contributions	1,141,050	146,600	953,896
Fees and charges	10,935,060	10,856,692	10,161,087
Non-operating grants, subsidies and contributions	3,063,452	13,434,461	3,272,347
	<b>15,139,562</b>	<b>24,437,753</b>	<b>14,387,330</b>

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:

Revenue from contracts with customers included as a contract liability at the start of the period	356,545	0	72,428
Revenue from contracts with customers recognised during the year	11,719,565	11,003,292	11,042,555
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	693,852	10,477,151	928,646
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	2,369,600	2,957,310	2,343,701
	<b>15,139,562</b>	<b>24,437,753</b>	<b>14,387,330</b>

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	1,805,015		560,351
Contract assets	130,805		44,388
Contract liabilities from contracts with customers	(295,054)		(356,545)
Financial assets held from transfers for recognisable financial assets	34,418,393		27,041,621
Grant liabilities from transfers for recognisable non financial assets	(34,418,393)		(27,041,621)

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2021. Assets associated with contracts with customers were not subject to an impairment charge. Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.



**CITY OF KWINANA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

General rates	40,891,673	39,933,543	39,428,423
Statutory permits and licences	1,853,035	967,647	1,065,098
Fines	205,102	88,832	210,339
	42,949,810	40,990,022	40,703,860

**Assets and services acquired below fair value**

Contributed assets	8,114,781	0	7,538,175
Grants, subsidies and contributions	6,360,226	5,495,718	6,491,904
	14,475,007	5,495,718	14,030,079

**Other revenue**

Reimbursements and recoveries	844,910	663,568	1,105,989
Other	389,429	45,654	202,222
	1,234,339	709,222	1,308,211

**Interest earnings**

Financial assets at amortised cost - self supporting loans	9,831	9,869	10,516
Interest on reserve funds	275,696	641,416	846,100
Rates instalment and penalty interest (refer Note 28(b))	462,668	399,161	784,551
Other interest earnings	32,318	170,131	184,044
	780,513	1,220,577	1,825,211

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report	61,200	60,000	67,000
- Other services	2,000	27,991	2,000
	63,200	87,991	69,000

**Interest expenses (finance costs)**

Borrowings	962,013	975,351	1,052,767
Interest expense - other	0	0	249
Lease liabilities	3,739	12,228	5,610
	965,752	987,579	1,058,626

**Other expenditure**

Impairment loss on trade and other receivables	38,472	0	12,379
Sundry expenses	14,716	446,888	25,377
	53,188	446,888	37,756

**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 earnings (continued)**

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 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	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	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	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	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	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	Cash received	On receipt of funds	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	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	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	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	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	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	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	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	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	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	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	Adopted by council annually	Applied fully based on timing of provision	Not applicable	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	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed





CITY OF KWINANA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH/FINANCIAL ASSET BACKED

	2021 Actual Opening Balance	2021 Actual Transfer (to)	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer (to)	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer (to)	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Aged Persons Units Reserve	741,044	204,781	(173,080)	772,745	783,736	205,082	(190,000)	798,818	807,624	208,083	(274,663)	741,044
(b) Asset Management Reserve	5,163,247	1,786,973	(1,759,927)	5,190,293	5,143,560	151,936	(2,051,059)	3,244,437	762,988	6,058,755	(1,658,496)	5,163,247
(c) Banksia Park Reserve	23,997	405,898	(220,625)	209,270	82,932	175,996	(246,050)	12,878	190,418	2,830	(169,251)	23,997
(d) City Infrastructure Reserve	995,255	365,271	0	1,360,526	975,016	11,700	0	986,716	0	1,592,930	(597,675)	995,255
(e) Community Services & Emergency Relief Reserve	340,995	3,168	(10,000)	334,163	340,368	4,084	(250,000)	94,452	88,835	252,160	0	340,995
(f) Contiguous Local Authorities Group Reserve	265,918	40,401	(27,534)	278,785	263,001	24,660	(29,508)	258,153	275,223	19,508	(28,813)	265,918
(g) Employee Leave Reserve	2,488,383	458,300	0	2,946,683	1,914,567	0	0	1,914,567	4,033,993	573,816	(2,119,426)	2,488,383
(h) Employee Vacancy Reserve	500,233	2,415	0	502,648	500,000	6,000	0	506,000	0	500,233	0	500,233
(i) Family Day Care Reserve	1,229,903	6,658	(196,035)	1,040,526	1,155,861	13,872	(46,706)	1,123,027	1,489,179	20,247	(279,523)	1,229,903
(j) Future Community Infrastructure Reserve	0	0	0	0	0	0	0	0	1,067,201	0	(1,067,201)	0
(k) Golf Course Cottage Reserve	29,396	161	0	29,557	8,842	5,112	(5,004)	8,950	28,887	509	0	29,396
(l) Golf Club Maintenance Reserve	8,846	8,299	0	17,145	29,395	352	0	29,747	0	8,846	0	8,846
(m) Information Technology Reserve	2,597,168	1,642,511	(1,693,504)	2,546,175	2,896,599	34,760	(2,153,806)	777,553	2,068,659	989,813	(461,304)	2,597,168
(n) Infrastructure Reserve	0	0	0	0	0	0	0	0	348,075	1,648	(349,723)	0
(o) Plant and Equipment Replacement Reserve	430,899	494,301	(546,873)	378,327	422,974	360,426	(754,150)	29,250	579,628	609,396	(758,125)	430,899
(p) Public Art Reserve	0	29,900	0	29,900	0	0	0	0	0	0	0	0
(q) Public Open Space	0	320,613	0	320,613	0	0	0	0	0	0	0	0
(r) Refuse Reserve	5,644,888	0	(120,367)	5,524,521	5,602,888	3,000,000	(3,479,515)	5,123,373	8,844,888	0	(3,200,000)	5,644,888
(s) Renewable Energy Efficiency Reserve	34,172	2,295	(2,113)	34,354	34,255	2,447	(2,035)	34,667	53,983	8,861	(28,672)	34,172
(t) Restricted Grants & Contributions Reserve	2,187,985	2,806,947	(1,837,545)	3,157,387	2,002,464	0	(869,970)	1,132,494	3,170,082	1,582,614	(2,564,711)	2,187,985
(u) Settlement Agreement Reserve	167,771	899	0	168,670	167,771	2,012	0	169,783	164,874	2,897	0	167,771
(v) Workers Compensation Reserve	143,928	180,771	0	324,699	143,928	1,728	0	145,656	141,443	2,485	0	143,928
(w) DCA 1 - Hard Infrastructure - Bertram	599,722	668,808	(529,580)	738,950	625,311	257,504	(713,153)	169,662	228,688	401,282	(30,248)	599,722
(x) DCA 2 - Hard Infrastructure - Wellard	1,988,294	26,682	(294,063)	1,720,913	2,475,398	29,704	(2,095,316)	409,786	2,435,413	40,432	(487,551)	1,988,294
(y) DCA 3 - Hard Infrastructure - Casuarina	0	0	0	0	0	3,499,637	(3,472,686)	26,951	0	0	0	0
(z) DCA 4 - Hard Infrastructure - Anketell	521,490	690,529	(17,994)	1,194,025	540,134	6,484	(23,049)	523,569	533,009	7,298	(18,817)	521,490
({) DCA 5 - Hard Infrastructure - Wandi	427,218	564,759	(19,919)	972,058	442,503	25,312	(460,299)	7,516	1,073,049	15,909	(661,740)	427,218
(l) DCA 6 - Hard Infrastructure - Mandogalup	274,055	497,809	(17,910)	753,954	397,981	4,776	(23,049)	379,708	0	398,205	(124,150)	274,055
(}) DCA 7 - Hard Infrastructure - Wellard West	18,171	34,531	0	52,702	18,165	50,220	(23,049)	45,336	2,988	15,183	0	18,171
(~) DCA 8 - Soft Infrastructure - Mandogalup	450,501	975,991	(7,503)	1,418,989	477,570	5,732	(24,120)	459,182	471,270	6,453	(27,222)	450,501
(ˆ) DCA 9 - Soft Infrastructure - Wandii/Anketell	11,941,274	1,052,529	(183,174)	12,810,629	11,903,147	142,840	(3,342,323)	8,703,664	11,762,971	205,101	(26,798)	11,941,274
(€) DCA 10 - Soft Infrastructure - Casuarina/Anketell	204,182	1,289	(8,249)	197,222	224,815	2,700	(24,120)	203,395	225,488	3,951	(25,257)	204,182
(⌋) DCA 11 - Soft Infrastructure - Wellard East	6,152,977	336,287	(10,785)	6,478,479	6,173,510	74,084	(24,120)	6,223,474	6,079,450	99,723	(26,196)	6,152,977
(.) DCA 12 - Soft Infrastructure - Wellard West	8,468,096	1,028,087	(8,039)	9,488,144	8,489,154	101,872	(24,120)	8,566,906	7,741,470	753,764	(27,138)	8,468,096
(f) DCA 13 - Soft Infrastructure - Bertram	263,326	13,489	(7,740)	269,075	283,851	3,408	(24,120)	263,139	283,533	4,963	(25,170)	263,326
(„) DCA 14 - Soft Infrastructure - Wellard/Leda	706,921	122,552	(15,690)	813,783	675,213	8,104	(24,120)	659,197	614,490	121,201	(28,770)	706,921
(...) DCA 15 - Soft Infrastructure - City Site	239,431	75,104	(7,626)	306,909	256,500	3,080	(24,120)	235,460	162,567	100,860	(23,996)	239,431
	55,249,686	14,849,008	(7,715,875)	62,382,819	55,451,409	8,215,624	(20,399,567)	43,267,466	55,730,366	14,609,956	(15,090,636)	55,249,686

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.

CITY OF KWINANA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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	This Reserve was established to provide funds for the capital acquisition and maintenance of the Aged Persons Units, Callistemon Court.
(b) Asset Management Reserve	Ongoing	This Reserve was established to provide funds for asset management renewal projects of the City's building and infrastructure assets, thereby extending the useful economic life of such assets.
(c) Banksia Park Reserve	Ongoing	This Reserve has been established to provide funds for the capital acquisition and maintenance of the Banksia Park Retirement Village.
(d) City Infrastructure Reserve	Ongoing	This Reserve was established to fund the City's contributions to community infrastructure projects.
(e) Community Services & Emergency Relief Reserve	Ongoing	This Reserve was established 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	This Reserve was established to provide funds for the prevention and education of Mosquito management.
(g) Employee Leave Reserve	Ongoing	This Reserve was established for the purpose of ensuring that adequate funds are available to finance employee leave entitlements.
(h) Employee Vacancy Reserve	Ongoing	The Reserve was established to ensure that adequate funds are available to finance employee costs.
(i) Family Day Care Reserve	Ongoing	This Reserve provides for the capital acquisitions and maintenance of this facility.
(j) Future Community Infrastructure Reserve	2020	This Reserve was established to accumulate the City's contributions for the capital funding of future community infrastructure in accordance with Town Planning Scheme #2.
(k) Golf Course Cottage Reserve	Ongoing	This Reserve was established to provide funds for the maintenance of this building.
(l) Golf Club Maintenance Reserve	Ongoing	This Reserve was established to provide funds for the maintenance of this building.
(m) Information Technology Reserve	Ongoing	This Reserve was established to provide funds for the implementation and maintenance of the City's software requirements.
(n) Infrastructure Reserve	2020	This Reserve was established to be used to provide funds to create new City assets or for the major upgrade of City assets to increase the service level provided by the asset.
(o) Plant and Equipment Replacement Reserve	Ongoing	This Reserve is utilised to replace existing fleet, plant and other City assets.
(p) Public Art Reserve	Ongoing	This Reserve was established to reserve monies paid as cash in lieu for public art and the provision of public art expenditure under the Local Planning Policy 5.
(q) Public Open Space	Ongoing	This Reserve was established to restrict funds paid in lieu of open space as specified in the <i>Western Australian Planning and Development Act 2005</i> .
(r) Refuse Reserve	Ongoing	This Reserve was established to provide funds for the costs and subsidy of Waste Management in the City.
(s) Renewable Energy Efficiency Reserve	Ongoing	This Reserve was established to provide funds for renewable energy and water efficiency initiatives.
(t) Restricted Grants & Contributions Reserve	Ongoing	This Reserve was established to restrict funds required to complete projects relating to prior financial years.
(u) Settlement Agreement Reserve	Ongoing	This Reserve was established to provide funds to account for future negotiated settlement agreement payments.
(v) Workers Compensation Reserve	Ongoing	This Reserve was established 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.
(w) DCA 1 - Hard Infrastructure - Bertram	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 1 Hard Infrastructure Bertram.
(x) DCA 2 - Hard Infrastructure - Wellard	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 2 Hard Infrastructure Wellard.
(y) DCA 3 - Hard Infrastructure - Casuarina	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 3 Hard Infrastructure Casuarina.
(z) DCA 4 - Hard Infrastructure - Anketell	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 4 Hard Infrastructure Anketell.
({) DCA 5 - Hard Infrastructure - Wandi	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 5 Hard Infrastructure Wandi.
(l) DCA 6 - Hard Infrastructure - Mandogalup	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 6 Hard Infrastructure Mandogalup.
(}) DCA 7 - Hard Infrastructure - Wellard West	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 7 Hard Infrastructure Wellard.
(~) DCA 8 - Soft Infrastructure - Mandogalup	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 8 Soft Infrastructure Mandogalup.
(ı) DCA 9 - Soft Infrastructure - Wandı/Anketell	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 9 Soft Infrastructure Wandı/Anketell.
(€) DCA 10 - Soft Infrastructure - Casuarina/Anketell	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 10 Soft Infrastructure Casuarina/Anketell.
(ıı) DCA 11 - Soft Infrastructure - Wellard East	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 11 Soft Infrastructure Wellard East.
(.) DCA 12 - Soft Infrastructure - Wellard West	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 12 Soft Infrastructure Wellard West.
(f) DCA 13 - Soft Infrastructure - Bertram	Ongoing	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 13 Soft Infrastructure Bertram.
(„) DCA 14 - Soft Infrastructure - Wellard/Leda	Ongoing	This Reserve was established 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	This Reserve was established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 15 Soft Infrastructure Townsite.

5. 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

Term deposits greater than or equal to 90 days  
 Self supporting loans

Financial assets at fair value through profit and loss

Banksia Park Deferred Management Fee

(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

Financial assets at fair value through profit and loss

Units in Local Government House Trust  
 Banksia Park Deferred Management Fee

2021	2020
\$	\$
59,729,470	33,804,828
212,269	319,490
59,941,739	34,124,318
59,711,623	33,787,559
17,847	17,269
59,729,470	33,804,828
212,269	319,490
212,269	319,490
214,857	232,703
3,705,645	3,309,310
3,920,502	3,542,013
214,857	232,703
214,857	232,703
129,163	124,637
3,576,482	3,184,673
3,705,645	3,309,310

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 19(b) for self supporting loans.

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.

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 30.



6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
GST receivable
Allowance for impairment of receivables

Non-current

Pensioner's rates and ESL deferred
------------------------------------

2021	2020
\$	\$
3,471,676	3,588,655
2,047,684	560,351
326,914	404,862
(128,329)	(98,606)
5,717,945	4,455,262
846,399	760,126
846,399	760,126

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 goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

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 30.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are held with the objective to collect the contractual cashflows and therefore 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.

7. INVENTORIES

Current

Stores and materials

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Write down of inventories to net realisable value

Additions to inventory

Balance at end of year

2021	2020
\$	\$
0	37,323
0	37,323
37,323	32,920
(38,097)	(65,045)
(37,573)	0
38,347	69,448
0	37,323

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

8. OTHER ASSETS

Other assets - current

Prepayments  
Accrued income

2021	2020
\$	\$
94,285	164,937
719,823	1,566,730
814,108	1,731,667
498,000	0
498,000	0

Non-current assets held for sale

Non-current assets held for sale

Land and buildings classified as held for sale

Historically, 1 and 3 Moombaki were transferred to the City to facilitate drainage upgrades in Bertram. At the completion of works, the City retained the Lots with the intention to sell once market conditions improved. During the 2020/2021 year Council elected to dispose of these two properties as they are considered surplus to requirements. The properties have been valued and are budgeted to be sold in 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.

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 heirachy set out in Note 33(h).

**CITY OF KWINANA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**9. 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.

	Land - freehold	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	35,431,000	96,686,352	132,117,352	723,450	5,503,594	138,344,396
Additions	0	1,316,754	1,316,754	180,830	1,105,449	2,603,033
(Disposals)	0	0	0	(24,385)	(713,838)	(738,223)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	58,484	373,186	431,670
Depreciation (expense)		(4,495,716)	(4,495,716)	(196,691)	(889,675)	(5,582,082)
<b>Balance at 30 June 2020</b>	35,431,000	93,507,390	128,938,390	741,688	5,378,716	135,058,794
<b>Comprises:</b>						
Gross balance amount at 30 June 2020	35,431,000	107,126,404	142,557,404	2,469,987	5,378,716	150,406,107
Accumulated depreciation at 30 June 2020	0	(13,619,014)	(13,619,014)	(1,728,299)	0	(15,347,313)
<b>Balance at 30 June 2020</b>	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 (expense)	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)
<b>Balance at 30 June 2021</b>	38,089,500	93,943,688	132,033,188	615,046	5,177,318	137,825,552
<b>Comprises:</b>						
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)
<b>Balance at 30 June 2021</b>	38,089,500	93,943,688	132,033,188	615,046	5,177,318	137,825,552



**CITY OF KWINANA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**9. 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
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
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**

<b>Furniture and equipment</b>	Cost	Cost	Purchase Cost
<b>Plant and equipment</b>	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 2021**

**10. 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.

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Car Parks	Infrastructure - Bus Shelters	Infrastructure - Street Lights	Infrastructure - Parks and Ovals	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	240,824,325	37,733,067	48,376,278	2,783,440	594,326	1,180,712	30,391,940	428,872	362,312,960
Additions	4,572,717	848,910	1,627,944	23,442	15,397	58,424	5,129,927	0	12,276,761
(Disposals)	(1,081,842)	0	0	0	0	0	0	0	(1,081,842)
Depreciation (expense)	(6,337,844)	(586,091)	(588,643)	(347,479)	(45,105)	(64,033)	(1,867,841)	(98,022)	(9,935,058)
<b>Balance at 30 June 2020</b>	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
<b>Comprises:</b>									
Gross balance at 30 June 2020	250,559,079	39,154,210	50,566,959	3,154,060	654,167	1,292,045	37,234,123	526,671	383,141,314
Accumulated depreciation at 30 June 2020	(12,581,723)	(1,158,324)	(1,151,380)	(694,657)	(89,549)	(116,942)	(3,580,097)	(195,821)	(19,568,493)
<b>Balance at 30 June 2020</b>	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 (expense)	(6,438,477)	(597,712)	(611,936)	(348,713)	(46,334)	(68,550)	(2,048,729)	(98,022)	(10,258,473)
<b>Balance at 30 June 2021</b>	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
<b>Comprises:</b>									
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)
<b>Balance at 30 June 2021</b>	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

**CITY OF KWINANA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**10. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
<b>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
<b>Infrastructure - Footpaths</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
<b>Infrastructure - Drainage</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
<b>Infrastructure - Car Parks</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
<b>Infrastructure - Bus Shelters</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
<b>Infrastructure - Street Lights</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
<b>Infrastructure - Parks and Ovals</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
<b>Infrastructure - Other</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	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.

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either 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 between mandatory revaluation dates

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 initial recognition and the next revaluation 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 anniversary 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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY  
Revaluation (Continued)

At the end of each period the valuation 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.

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.

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 12 that details the significant accounting policies applying to leases (including right-of-use assets).



CITY OF KWINANA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	1,841	0	0	(1,841)	0	0	0	0	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	24,385	0	0	(24,385)
Plant and equipment	339,599	399,030	70,922	(11,491)	431,925	473,350	124,510	(83,085)	713,838	696,834	124,076	(141,080)
Infrastructure - Roads	0	0	0	0	0	0	0	0	1,081,842	0	0	(1,081,842)
	341,440	399,030	70,922	(13,332)	431,925	473,350	124,510	(83,085)	1,820,065	696,834	124,076	(1,247,307)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Governance</b>				
Holden Calais-v 3.6L Sidi Sportwagon	22,825	30,055	7,230	0
Mazda CX-9 SUV 6Auto Touring AWD	34,137	32,632	0	(1,505)
2018 Subaru Forester MY18	34,289	29,678	0	(4,611)
<b>Law, order, public safety</b>				
2016 VW Amarok TDI 420 dual cab ute	17,100	25,964	8,864	0
<b>Health</b>				
2016 Holden 4x4 Colorado Crewcab	19,828	22,273	2,445	0
<b>Community amenities</b>				
2016 Holden Colorado 4x4 Space Cab	15,500	24,145	8,645	0
2019 Holden Acadia LTZ	35,606	39,696	4,090	0
<b>Recreation and culture</b>				
Hyundai i40 VF4 Wagon Active	17,256	13,500	0	(3,756)
<b>Economic services</b>				
2016 Holden Colorado 4x4 Dualcab	19,800	22,273	2,473	0
<b>Other property and services</b>				
Holden Colorado 4x4 Sp/Cab	18,000	26,645	8,645	0
Holden Colorado	15,000	19,145	4,145	0
Holden Colorado LS 4x4 Utility	18,000	22,273	4,273	0
Holden Colorado 4 X 4 Utility	18,000	24,091	6,091	0
Toyota Kluger AWD V6 Wagon	22,825	27,405	4,580	0
Hyundai Tucson WG Elite	19,250	28,691	9,441	0
Trailer - Box cat T/axle	4,000	3,962	0	(38)
Trailer - Custom Made Flat Top	2,771	2,199	0	(572)
Trailer - Custom Made Bobcat	5,412	4,403	0	(1,009)
	339,599	399,030	70,922	(11,491)
<b>Buildings</b>				
<b>Other property and services</b>				
Boom Gate - Works Depot	1,841	0	0	(1,841)
	1,841	0	0	(1,841)
	341,440	399,030	70,922	(13,332)

## 11. FIXED ASSETS

### (b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - specialised	4,617,857	4,526,249	4,495,716
Furniture and equipment	215,350	214,173	196,691
Plant and equipment	873,272	1,008,203	889,675
Infrastructure - Roads	6,438,477	5,037,719	6,337,844
Infrastructure - Footpaths	597,712	589,746	586,091
Infrastructure - Drainage	611,936	616,053	588,643
Infrastructure - Car Parks	348,713	348,651	347,479
Infrastructure - Bus Shelters	46,334	45,876	45,105
Infrastructure - Street Lights	68,550	66,313	64,033
Infrastructure - Parks and Ovals	2,048,729	1,910,466	1,867,841
Infrastructure - Other	98,022	98,354	98,022
Right-of-use assets - Plant and equipment	126,991	229,873	113,003
	16,091,943	14,691,676	15,630,143

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, 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 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	2 to 100 years
Furniture, plant and equipment	
Computer & Audio Visual Equip	2 to 7 years
Office Furniture & Equipment	3 to 15 years
Other Furniture & Equipment	5 to 15 years
Plant and equipment	5 to 15 years
Motor Vehicles	3 to 10 years
Other Plant & Equipment	3 to 20 years
Infrastructure	
Roads (excluding subgrade)	12 to 80 years
Footpaths	40 to 80 years
Drainage	80 to 100 years
Car Parks	5 to 20 years
Bus Shelters	20 to 25 years
Street Lights	15 to 30 years
Parks & Ovals	10 to 50 years
Other Infrastructure	30 to 40 years
Right of Use Asset	term of lease

#### Depreciation on revaluation

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

(a) 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

(b) 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 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 on non-current assets in the Statement of Comprehensive Income and in the note above.

12. 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.

Balance at 1 July 2019
Additions
Depreciation (expense)
Balance at 30 June 2020
Additions
Depreciation (expense)
Balance at 30 June 2021

Right-of-use assets - Plant and equipment	Right-of-use assets Total
\$	
226,618	226,618
77,064	77,064
(113,003)	(113,003)
190,679	190,679
502,496	502,496
(126,991)	(126,991)
566,184	566,184

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

Depreciation expense on lease liabilities
Interest expense on lease liabilities
Short-term lease payments recognised as expense
Low-value asset lease payments recognised as expense
Expenses for variable lease payment not recognised as a liability
Total amount recognised in the statement of comprehensive income

2021 Actual	2020 Actual
\$	\$
(126,991)	(113,003)
(3,739)	(5,610)
(186,501)	(268,226)
(299,766)	(127,714)
(5,645)	0
(622,642)	(514,553)
(151,966)	(121,628)

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 remaining 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.

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

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 11 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 shortest. 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.

### 13. INTANGIBLE ASSETS

#### (a) Computer Software

##### Non-current

Computer software

2021 Actual	2020 Actual
\$	\$
1,864,163	616,115
1,864,163	616,115

Movements in balances of computer software during the financial year are shown as follows:

##### Opening Balance 1 July

Recognition of computer software

##### Closing Balance at 30 June

616,115	308,673
1,248,048	307,442
1,864,163	616,115
1,864,163	616,115

#### TOTAL INTANGIBLE ASSETS

#### 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 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.



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14. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$
Revaluation surplus - Land - freehold land	34,691,144	3,156,500	0	3,156,500	37,847,644	46,831,144	(12,140,000)	0	0	(12,140,000)	34,691,144
Revaluation surplus - Buildings - specialised	31,335,492	4,635,263	0	4,635,263	35,970,755	31,335,492	0	0	0	0	31,335,492
Revaluation surplus - Furniture and equipment	257,497	0	0	0	257,497	199,013	0	58,484	0	58,484	257,497
Revaluation surplus - Plant and equipment	1,954,408	0	0	0	1,954,408	1,581,222	0	373,186	0	373,186	1,954,408
Revaluation surplus - Infrastructure - Roads	112,417,177	0	0	0	112,417,177	112,417,177	0	0	0	0	112,417,177
Revaluation surplus - Infrastructure - Footpaths	14,917,826	0	0	0	14,917,826	14,917,826	0	0	0	0	14,917,826
Revaluation surplus - Infrastructure - Drainage	17,185,601	0	0	0	17,185,601	17,185,601	0	0	0	0	17,185,601
Revaluation surplus - Infrastructure - Car Parks	1,837,027	0	0	0	1,837,027	1,837,027	0	0	0	0	1,837,027
Revaluation surplus - Infrastructure - Bus Shelters	379,791	0	0	0	379,791	379,791	0	0	0	0	379,791
Revaluation surplus - Infrastructure - Parks and Ovals	4,869,464	0	0	0	4,869,464	4,869,464	0	0	0	0	4,869,464
Revaluation surplus - Infrastructure - Other	178,078	0	0	0	178,078	178,078	0	0	0	0	178,078
	220,023,505	7,791,763	0	7,791,763	227,815,268	231,731,835	(12,140,000)	431,670	0	(11,708,330)	220,023,505

15. INVESTMENT PROPERTY

Non-current assets - at fair value

Transferred from Property, Plant & Equipment  
Closing balance at 30 June

Amounts recognised in profit or loss for investment properties

Rental income  
Direct operating expenses from property that generated 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:

Within one year  
Later than one year but not later than 5 years  
Later than 5 years

2021 Actual	2020 Actual
\$	\$
570,000	0
570,000	0
52,061	0
(21,619)	0
20,455	0
0	0
0	0
20,455	0

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

Fair value of investment properties

An independant valuation was performed to determine the fair value of the City's investment properties. The main Level 2 inputs were assessed on a market basis and sales of similar units in the complex.

16. TRADE AND OTHER PAYABLES

Current

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

2021	2020
\$	\$
2,442,020	3,061,626
1,055,273	1,198,500
477,108	828,470
1,813,044	1,070,649
340,384	1,091,374
28,315	30,451
16,733,635	16,975,350
22,889,779	24,256,420

SIGNIFICANT ACCOUNTING POLICIES

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 normally paid within 30 days of recognition

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.

17. CONTRACT AND 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

2021	2020
\$	\$
185,849	162,515
109,205	194,030
6,320,715	10,087,995
6,615,769	10,444,540
28,097,678	16,953,626
28,097,678	16,953,626
34,713,447	27,398,166

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

	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
Contract liabilities	
\$	\$
295,054	6,320,715
0	12,820,000
0	3,422,000
0	4,204,000
0	7,651,678
0	0
295,054	34,418,393

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

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

Grant liabilities represent the the City's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

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18. LEASE LIABILITIES

(a) Lease Liabilities					2021	2020
					\$	\$
Current					174,595	114,357
Non-current					371,179	77,148
					545,774	191,505

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2020	30 June 2021 Actual New Leases	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Lease Principal Outstanding	30 June 2021 Actual Lease Interest Repayments	Budget Lease Principal 1 July 2020	30 June 2021 Budget New Leases	30 June 2021 Budget Lease Principal Repayments	30 June 2021 Budget Lease Principal Outstanding	30 June 2021 Budget Lease Interest Repayments	Actual Lease Principal 1 July 2019	30 June 2020 Actual New Leases	30 June 2020 Actual Lease Principal Repayments	30 June 2020 Actual Lease Principal Outstanding	30 June 2020 Actual Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Education and welfare</b>																			
Vehicle Lease - Bright Futures	1EYT548	Toyota Finance	2.00%	February 2021	2,537	0	(2,537)	0	(17)	2,537	0	(2,537)	0	(17)	6,819	0	(4,282)	2,537	(96)
Vehicle Lease - Bright Futures	N/A	N/A	N/A	N/A	0	0	0	0	0	0	34,061	(2,700)	31,361	(300)	0	0	0	0	0
Vehicle Lease - Youth	1EWZ823	Easifleet	2.00%	November 2020	2,872	0	(2,872)	0	(12)	2,872	0	(2,872)	0	(12)	11,373	0	(8,501)	2,872	(150)
Vehicle Lease - Youth	1HFE114	Easifleet	1.30%	November 2026	0	33,530	(2,712)	30,818	(176)	0	34,061	(4,329)	29,732	(471)	0	0	0	0	0
<b>Recreation and culture</b>																			
Nilfisk - Floor Scrubber - Recquatic	Nilfisk	Nilfisk	1.70%	December 2022	17,036	0	(6,965)	10,071	(235)	17,036	0	(6,964)	10,072	(236)	0	21,044	(4,008)	17,036	(192)
Gym Equipment - Recquatic	E6N0163618-1	Maia	1.02%	June 2025	0	450,819	(28,716)	422,103	0	0	484,908	(118,773)	366,135	(8,875)	0	0	0	0	0
<b>Other property and services</b>																			
Data#3 Limited Server Storage	E6N0160168	Alleasing	2.00%	June 2021	57,708	0	(57,708)	0	(723)	57,708	0	(57,708)	0	(723)	114,276	0	(56,568)	57,708	(1,863)
ELB 4x Proline84 Interactive	E6N0160185	Alleasing	2.00%	June 2022	20,999	0	(10,395)	10,604	(342)	20,999	0	(10,395)	10,604	(342)	31,188	0	(10,189)	20,999	(548)
Kyocera Equipment	5389066248AUS1	HP Financial Services	3.65%	June 2022	44,694	0	(22,929)	21,765	(1,251)	44,694	0	(22,928)	21,766	(1,252)	66,803	0	(22,109)	44,694	(2,072)
Photocopier/Printers	E6N0162743	Maia	1.80%	October 2024	45,659	0	(10,952)	34,707	(748)	0	0	0	0	0	0	56,020	(10,361)	45,659	(689)
Kodak Scanners	5389066248AUS3	HP Financial Services	4.18%	February 2024	0	18,147	(2,441)	15,706	(235)	0	0	0	0	0	0	0	0	0	0
					191,505	502,496	(148,227)	545,774	(3,739)	145,846	553,030	(229,206)	469,670	(12,228)	230,459	77,064	(116,018)	191,505	(5,610)



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19. INFORMATION ON BORROWINGS

(a) Borrowings	2021	2020
	\$	\$
	2,537,530	2,314,779
	15,851,996	17,953,926
Current		
Non-current	18,389,526	20,268,705

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	
				Principal	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Budget	Principal	Actual	Actual	Actual	Actual
				1 July 2020	Principal	Interest	Principal	1 July 2020	New	Principal	Interest	Principal	1 July 2019	Principal	Interest	Principal	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Governance</b>																	
Administration Office Renovations	99	WATC	6.35%	576,328	(101,532)	(38,373)	474,796	576,328	0	(101,532)	(38,476)	474,796	671,799	(95,471)	(45,032)	576,328	
Short Term Lending Facility	N/A	WATC	0.35%	0	0	0	0	0	5,000,000	(5,000,000)	(11,371)	0	0	0	0	0	
<b>Education and welfare</b>																	
Youth Specific Space	96	WATC	7.53%	95,162	(29,407)	(7,212)	65,755	95,162	0	(29,407)	(7,290)	65,755	122,474	(27,312)	(9,482)	95,162	
Youth Specific Space Stage 2	100	WATC	4.67%	1,270,494	(134,366)	(66,171)	1,136,128	1,270,494	0	(134,365)	(66,272)	1,136,129	1,398,797	(128,303)	(73,040)	1,270,494	
<b>Recreation and culture</b>																	
Wellard Sports Pavilion	94	WATC	6.38%	108,836	(52,710)	(6,360)	56,126	108,836	0	(52,709)	(6,728)	56,127	158,337	(49,501)	(9,908)	108,836	
Orelia Oval Pavilion	95	WATC	7.53%	228,390	(70,577)	(17,308)	157,813	228,389	0	(70,576)	(17,497)	157,813	293,938	(65,548)	(22,757)	228,390	
Orelia Oval Pavilion Stage 2	97	WATC	6.25%	1,275,244	(224,657)	(84,908)	1,050,587	1,275,244	0	(224,660)	(85,135)	1,050,584	1,486,494	(211,250)	(99,643)	1,275,244	
Resource & Knowledge Centre	102	WATC	4.54%	6,820,176	(629,004)	(347,309)	6,191,172	6,820,176	0	(629,005)	(347,778)	6,191,171	7,421,567	(601,391)	(378,715)	6,820,176	
Recquatic Centre Upgrade	104	WATC	4.05%	3,350,000	(277,849)	(155,693)	3,072,151	3,350,000	0	(277,849)	(155,846)	3,072,151	3,350,000	0	(159,189)	3,350,000	
Bertram Community Centre	105	WATC	3.25%	1,269,272	(112,529)	(48,108)	1,156,743	1,269,272	0	(112,530)	(48,147)	1,156,742	1,296,840	(27,568)	(50,840)	1,269,272	
Calista Destination Park	106	WATC	3.14%	1,321,267	(102,291)	(49,688)	1,218,976	1,321,267	0	(102,291)	(49,749)	1,218,976	1,420,420	(99,153)	(53,554)	1,321,267	
<b>Transport</b>																	
Industrial Area Streetscape	98	WATC	6.25%	778,044	(137,069)	(51,802)	640,975	778,044	0	(137,066)	(51,943)	640,978	906,930	(128,886)	(60,793)	778,044	
City Centre Redevelopment	101	WATC	2.47%	2,500,000	0	(79,250)	2,500,000	2,500,000	0	0	(79,250)	2,500,000	2,500,000	0	(79,298)	2,500,000	
				19,593,213	(1,871,991)	(952,182)	17,721,222	19,593,212	5,000,000	(6,871,990)	(965,482)	17,721,222	21,027,596	(1,434,383)	(1,042,251)	19,593,213	
<b>Self Supporting Loans</b>																	
<b>Recreation and culture</b>																	
Kwinana Golf Club Refurbishment	103B	WATC	3.32%	249,972	(17,268)	(9,831)	232,704	249,973	0	(17,269)	(9,869)	232,704	266,682	(16,710)	(10,516)	249,972	
				249,972	(17,268)	(9,831)	232,704	249,973	0	(17,269)	(9,869)	232,704	266,682	(16,710)	(10,516)	249,972	
Share of Southern Metropolitan Regional Council (SMRC) loan				425,520	0	0	435,600	258,120	0	0	0	258,120	258,120	0	0	425,520	
				20,268,705	(1,889,259)	(962,013)	18,389,526	20,101,305	5,000,000	(6,889,259)	(975,351)	18,212,046	21,552,398	(1,451,093)	(1,052,767)	20,268,705	

\* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost.  
All other loan repayments were financed by general purpose revenue.  
Current portion of borrowings includes \$435,600, which represents the City's share of the Southern Metropolitan Regional Council (SMRC) Administration Building loan with the WATC.

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19. INFORMATION ON BORROWINGS (Continued)

	2021	2020
	\$	\$
(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	(21,962)	(11,308)
<b>Total amount of credit unused</b>	<b>78,038</b>	<b>88,692</b>
 Loan facilities		
Loan facilities - current	2,537,530	2,314,779
Loan facilities - non-current	15,851,996	17,953,926
Lease liabilities - current	174,595	114,357
Lease liabilities - non-current	371,179	77,148
<b>Total facilities in use at balance date</b>	<b>18,935,300</b>	<b>20,460,210</b>
 Unused loan facilities at balance date	 NIL	 NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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.

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.

Risk

Information regarding exposure to risk can be found at Note 30.

## 20. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Other Leave	Total
	\$	\$	\$	\$
<b>Opening balance at 1 July 2020</b>				
Current provisions	2,507,238	2,250,236	748,457	5,505,931
Non-current provisions	0	410,209	0	410,209
	2,507,238	2,660,445	748,457	5,916,140
<b>Additional provision</b>	1,241,043	410,403	488,828	2,140,274
<b>Amounts used</b>	(1,397,856)	(142,468)	(474,437)	(2,014,761)
<b>Increase in the discounted amount arising because of time and the effect of any change in the discounted rate</b>	36,591	73,610	0	110,201
<b>Balance at 30 June 2021</b>	2,387,016	3,001,990	762,848	6,151,854
<b>Comprises</b>				
Current	2,387,016	2,556,990	762,848	5,706,854
Non-current	0	445,000	0	445,000
	2,387,016	3,001,990	762,848	6,151,854

	2021	2020
	\$	\$
<b>Amounts are expected to be settled on the following basis:</b>		
Less than 12 months after the reporting date	4,507,565	4,372,097
More than 12 months from reporting date	1,644,289	1,544,043
	6,151,854	5,916,140

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 assumes no events will occur to impact on these historical trends.

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

The City's obligations for employees' annual leave and long service leave entitlements are recognised as 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 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

#### Other long-term employee benefits (Continued)

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.

#### Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

## 21. NOTES TO THE STATEMENT OF CASH FLOWS

### 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:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and cash equivalents	6,968,593	1,460,000	25,471,026
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	3,706,635	(1,036,219)	(22,793)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(289,114)	0	(112,779)
Depreciation on non-current assets	16,091,943	14,691,676	15,630,143
(Profit)/loss on sale of asset	(57,590)	(41,425)	1,123,231
Share of profits of associates	(20,980)	0	(18,131)
Contributed assets	(8,114,781)	0	(7,538,175)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(1,348,956)	1,700,000	37,498
(Increase)/decrease in other assets	917,559	0	(44,388)
(Increase)/decrease in inventories	37,323	0	(4,403)
(Increase)/decrease in contract assets	(86,417)	0	(1,023,821)
Increase/(decrease) in payables	(1,366,641)	100,000	1,877,401
Increase/(decrease) in employee provisions	235,714	0	544,157
Increase/(decrease) in contract and other liabilities	7,315,281	(6,408,294)	(678,269)
Non-operating grants, subsidies and contributions	(10,440,224)	(13,434,461)	(3,272,347)
Net cash from operating activities	6,579,752	(4,428,723)	6,497,324

## 22. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	82,532,953	73,884,766
General purpose funding	15,007	0
Law, order, public safety	1,793,157	2,339,301
Health	74,901	82,182
Education and welfare	33,246,314	33,937,419
Community amenities	862,402	851,964
Recreation and culture	89,108,023	87,482,048
Transport	332,638,781	329,262,657
Economic services	43,007,933	39,089,204
Other property and services	2,987,678	3,179,766
	586,267,149	570,109,307



## 23. CONTINGENT LIABILITIES

The City did not have any contingent liabilities as at 30 June 2021.

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.

Each of the above sites has been reported to the Department of Water and Environmental Regulation (DWER), however none have been classified as 'contaminated' nor registered in the DWER Contaminated Sites database.

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 2021.

## 24. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

2021	2020
\$	\$
1,126,007	503,500
308,794	7,751
1,434,801	511,251
1,434,801	511,251

### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

- not later than one year
- later than one year but not later than five years
- later than five years

2021	2020
\$	\$
189,307	226,748
245,935	65,379
0	0
435,242	292,127

## SIGNIFICANT ACCOUNTING POLICIES

### Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

### Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

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**25. ELECTED MEMBERS REMUNERATION**

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Elected member - Mayor - C Adams</b>			
Mayor's annual allowance	89,753	89,753	89,753
Meeting attendance fees	47,516	47,516	47,516
Other expenses	780	750	1,300
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	339	750	908
	141,888	142,269	142,977
<b>Elected member - Deputy Mayor - P Feasey</b>			
Deputy Mayor's annual allowance	22,437	22,438	22,438
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	750	604
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	57,615	59,116	58,220
<b>Elected member - Cr W Cooper</b>			
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	750	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	35,178	36,678	35,178
<b>Elected member - Cr S Mills</b>			
Meeting attendance fees	0	0	9,623
Other expenses	0	0	0
Annual allowance for ICT expenses	0	0	1,063
Travel and accommodation expenses	0	0	175
	0	0	10,861
<b>Elected member - Cr S Lee</b>			
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	750	997
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	377	750	1,093
	35,555	36,678	37,267
<b>Elected member - Cr M Rowse</b>			
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	750	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	35,178	36,678	35,178
<b>Elected member - Cr M Kearney</b>			
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	750	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	35,178	36,678	35,178
<b>Elected member - Cr D Wood</b>			
Meeting attendance fees	31,678	31,678	31,678
Other expenses		750	1,001
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses		750	230
	35,178	36,678	36,409
<b>Elected member - Cr S Wood</b>			
Meeting attendance fees	31,678	31,678	22,159
Other expenses	0	750	934
Annual allowance for ICT expenses	3,500	3,500	2,333
Travel and accommodation expenses	0	750	96
	35,178	36,678	25,522
	410,948	421,453	416,790
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
Mayor's allowance	89,753	89,753	89,753
Deputy Mayor's allowance	22,437	22,438	22,438
Meeting attendance fees	269,262	276,462	269,366
Other expenses	780	6,000	4,835
Annual allowance for ICT expenses	28,000	28,000	27,896
Travel and accommodation expenses	716	6,000	2,502
	410,948	428,653	416,790

26. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

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

	2021 Actual	2020 Actual
	\$	\$
Short-term employee benefits	1,029,353	1,428,736
Post-employment benefits	118,622	142,883
Other long-term benefits	22,953	32,510
Termination benefits	35,210	0
	1,206,138	1,604,129

*Short-term employee benefits*

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 25.

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

*Termination benefits*

These amounts represent termination benefits paid to KMP.

26. RELATED PARTY TRANSACTIONS (Continued)

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.

The following transactions occurred with related parties:	2021	2020
	Actual	Actual
	\$	\$
Sale of goods and services	84,264	52,519
Purchase of goods and services	101,811	182,110

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 elected member, are considered key management personnel.
- ii. Other Related Parties*  
An associate person of KMP 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.



## 27. INVESTMENT IN ASSOCIATES

### South Metropolitan Regional Council (SMRC)

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

The member local governments jointly agreed to establish SMRC 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 SMRC 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).

	Note	2021	2020
		\$	\$
The City's Share of Associate Entity's Net Assets		535,835	504,775
Equity Ratio		18.30%	17.85%
Represented by Share of Associate Entity's Statement of Financial Position			
Current assets		283,203	304,299
Non current assets		351,431	300,253
Total assets		634,634	604,552
Current liabilities		96,496	98,192
Non current liabilities		2,303	1,585
Total liabilities		98,799	99,777
Net assets		535,835	504,775
Net increase/(decrease) in share of associate entity's net assets		31,060	185,531
Less: City of Kwinana's Share of SMRC Loan Liability		(10,080)	(167,400)

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Investment in associates**

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, 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.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

#### **Investment in associates (Continued)**

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate. When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

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28. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
<b>Gross rental valuations</b>												
Improved Residential	0.09665	13,396	201,117,436	18,922,077	401,282	28,198	19,351,557	18,922,078	500,000	0	19,422,078	19,934,237
Improved Special Residential	0.08801	826	16,886,368	1,475,452	8,483	781	1,484,716	1,475,451	0	0	1,475,451	1,487,441
Improved Commercial and Industrial	0.09641	507	110,622,347	10,066,360	574,932	216,848	10,858,140	10,066,360	0	0	10,066,360	10,105,611
Vacant Residential	0.17346	402	7,128,650	1,225,597	(28,139)	26,702	1,224,160	1,225,597	0	0	1,225,597	1,303,548
Vacant Non Residential	0.13116	40	3,081,550	361,444	47,310	26,848	435,602	361,444	0	0	361,444	358,627
<b>Unimproved valuations</b>												
General Industrial	0.01803	3	121,200,000	2,185,236	0	0	2,185,236	2,185,236	0	0	2,185,236	2,185,236
Rural	0.00520	141	220,310,000	1,084,356	44,188	6,353	1,134,897	1,084,356	0	0	1,084,356	1,106,769
Mining and Industrial	0.00868	25	39,960,000	346,853	0	0	346,853	346,853	0	0	346,853	346,853
<b>Sub-Total</b>		15,340	720,306,351	35,667,375	1,048,056	305,730	37,021,161	35,667,375	500,000	0	36,167,375	36,828,322
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
Improved Residential	1,062	2,475	24,290,188	2,623,140	4,847	(705)	2,627,282	2,623,140	0	0	2,623,140	1,519,466
Improved Special Residential	1,062	7	79,040	7,434	0	0	7,434	7,434	0	0	7,434	4,248
Improved Commercial and Industrial	1,382	64	590,287	81,538	6,910	0	88,448	81,538	0	0	81,538	87,032
Vacant Residential	1,062	1,061	4,933,055	964,296	73,185	13,017	1,050,498	964,296	0	0	964,296	887,433
Vacant Non Residential	1,062	8	14,320	3,186	4,859	0	8,045	3,186	0	0	3,186	3,186
<b>Unimproved valuations</b>												
Rural	1,062	68	9,725,600	65,844	6,995	0	72,839	65,844	0	0	65,844	83,729
Mining and Industrial	1,382	13	186,519	20,730	(2,703)	(370)	17,657	20,730	0	0	20,730	21,632
<b>Sub-Total</b>		3,696	39,819,009	3,766,168	94,093	11,942	3,872,203	3,766,168	0	0	3,766,168	2,606,726
		19,036	760,125,360	39,433,543	1,142,149	317,672	40,893,364	39,433,543	500,000	0	39,933,543	39,435,048
Discounts/concessions (Note 28(c))							(1,691)				0	(6,625)
<b>Total amount raised from general rate</b>							40,891,673				39,933,543	39,428,423
Ex-gratia rates							176,587				177,000	176,923
<b>Totals</b>							41,068,260				40,110,543	39,605,346

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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.

## 28. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	21/08/2020	\$0.00	3.00%	8.00%
<b>Option Two</b>				
First instalment	21/08/2020	\$0.00	3.00%	8.00%
Second instalment	31/12/2020	\$0.00		
<b>Option Three</b>				
First instalment	21/08/2020	\$0.00	3.00%	8.00%
Second instalment	23/10/2020	\$0.00		
Third instalment	31/12/2020	\$0.00		
Fourth instalment	2/03/2021	\$0.00		
<b>Option Four</b>	commencing			
Direct Debit - fortnightly	21/08/2020	\$0.00	3.00%	8.00%
<b>Option Four</b>	commencing			
Direct Debit - weekly	21/08/2020	\$0.00	3.00%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	316,531	249,161	455,119
Interest on instalment plan	138,550	150,000	313,552
Deferred Pensioner interest	7,587	0	15,880
Charges on instalment plan	33,441	0	221,486
	496,109	399,161	1,006,037

### (c) Discounts, Incentives, Concessions, & Write-offs

#### Rate or Fee Discount Granted

Small Balance Write Off	1,691	0	1,625
Rates Incentive Prize	0	0	5,000
	1,691	0	6,625

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**29. RATE SETTING STATEMENT INFORMATION**

		2020/21 Budget (30 June 2021)	2019/20 (30 June 2020)
	2020/21 (30 June 2021) Carried Forward)	2020/21 Budget (30 June 2021) Carried Forward)	2019/20 (30 June 2020) Carried Forward)
	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
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> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	11(a)	(70,922)	(124,510)
Less: Movement in liabilities associated with restricted cash		(84,825)	(6,408,294)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(289,114)	0
Less: Share of net profit of associates and joint ventures accounted for using the equity method		(20,980)	0
Movement in pensioner deferred rates (non-current)		(86,273)	0
Movement in employee benefit provisions (non-current)		235,714	0
Movement in other provisions (non-current)		(241,715)	0
Add: Loss on disposal of assets	11(a)	13,332	83,085
Add: Depreciation on non-current assets	11(b)	16,091,943	14,691,676
<b>Non cash amounts excluded from operating activities</b>		<b>15,547,160</b>	<b>8,241,957</b>
<b>(b) Non-cash amounts excluded from investing activities</b>			
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> .			
<b>Adjustments to investing activities</b>			
Movement in non current liability from transfers to acquire or construct non-financial assets to be controlled by the entity		11,144,052	0
Movement in current unspent non-operating grants associated with restricted cash		(5,011,207)	0
<b>Non cash amounts excluded from investing activities</b>		<b>6,132,845</b>	<b>0</b>
<b>(c) Surplus/(deficit) after imposition of general rates</b>			
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.			
<b>Adjustments to net current assets</b>			
Less: Reserves - cash/financial asset backed	4	(62,382,819)	(43,267,466)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(17,847)	(17,847)
Less: Current assets not expected to be received at end of year			
- Land held for resale	7	(498,000)	0
Banksia Park DMF receivable		(212,269)	(297,819)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	19(a)	2,537,530	1,983,866
- Current portion of contract liability held in reserve		109,205	0
- Current portion of other liability held in reserve		5,076,788	904,844
- Current portion of lease liabilities		174,595	171,310
- Employee benefit provisions		5,706,854	4,902,379
- Banksia Park Unit Contribution		16,733,635	17,133,425
<b>Total adjustments to net current assets</b>		<b>(32,772,328)</b>	<b>(18,487,308)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets		74,071,190	47,508,271
Less: Total current liabilities		(37,924,527)	(29,020,963)
Less: Total adjustments to net current assets		(32,772,328)	(18,487,308)
<b>Net current assets used in the Rate Setting Statement</b>		<b>3,374,335</b>	<b>0</b>

### 30. 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
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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.

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 and term deposits 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 \$
<b>2021</b>					
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
<b>2020</b>					
Cash and cash equivalents	0.61%	25,471,026	0	25,466,506	4,520
Financial assets at amortised cost	0.74%	33,787,559	33,787,559	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.

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	666,802	592,586

\* 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 19(b).



### 30. 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. Whilst the City was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage 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 2019 or 1 July 2021 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.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

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.

	Current	More than 1 year past due	Total
<b>30 June 2021</b>			
Rates receivable			
Expected credit loss	0.00%	0.00%	
Gross carrying amount	0	3,471,676	3,471,676
Loss allowance	0	0	0
<b>30 June 2020</b>			
Rates receivable			
Expected credit loss	0.00%	0.00%	
Gross carrying amount	0	3,588,655	3,588,655
Loss allowance	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables. The below balances are inclusive of GST where applicable.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
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
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.52%	14.81%	18.93%	30.10%	
Gross carrying amount	632,938	11,512	26,535	294,229	965,213
Loss allowance	3,316	1,705	5,023	88,562	98,606

### 30. 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.

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
	\$	\$	\$	\$	\$
<b>2021</b>					
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 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
<b>2020</b>					
Payables	8,331,072	7,962,674	7,962,674	24,256,420	24,256,420
Borrowings	1,889,259	10,604,275	7,775,171	20,268,705	20,268,705
Contract & Other liabilities	10,444,540	22,747,405	0	33,191,945	27,398,166
Lease liabilities	119,134	87,577	0	206,711	191,505
	20,784,005	41,401,931	15,737,845	77,923,781	72,114,796

### **31. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

At Ordinary Council Meeting 24 June 2020, Council resolved to the withdraw the City of Kwinana from the Southern Metropolitan Regional Council (SMRC) as at 30 June 2021 (1 July 2021).

The City's withdrawal as a member of the SMRC (effective after 30 June 2021) requires the SMRC to calculate the City's share of any surplus or deficit. There is an expectation that there will be an deficit owing to the SMRC approximately \$60k, that will be payable in the 2021/2022 financial year.

32. 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 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
APU Security Bonds	17,934	3,500	0	21,434
Contiguous Local Authorities Group (CLAG)	3,594	1,567	0	5,161
Public Open Space Cash In Lieu	283,848	36,765	(320,613)	0
Abandoned Vehicles	0	4,829	0	4,829
	305,376	46,661	(320,613)	31,424

33. 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) 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.

i) 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 regulatory 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.

34. ACTIVITIES/PROGRAMS

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p><b>GOVERNANCE</b></p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Members of Council &amp; Governance (includes Audit &amp; other costs associated with reporting to council). Administration, Financial and Information Technology Services are included.</p>
<p><b>GENERAL PURPOSE FUNDING</b></p> <p>To collect revenue to allow for the provision of services.</p>	<p>Rates Income and Expenditure, Grants Commission and Pensioner Deferred Rates interest and interest on investments.</p>
<p><b>LAW, ORDER, PUBLIC SAFETY</b></p> <p>To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision of various local laws, fire prevention and animal control.</p>
<p><b>HEALTH</b></p> <p>To provide an operational framework for environmental and community health.</p>	<p>Prevention and treatment of human illnesses, including inspection of premises/food control, immunisation and child health services.</p>
<p><b>EDUCATION AND WELFARE</b></p> <p>To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>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.</p>
<p><b>COMMUNITY AMENITIES</b></p> <p>To provide services required by the community.</p>	<p>City planning and development, rubbish collection services, storm water drainage, the provision of public conveniences, bus shelters, roadside furniture and litter control.</p>
<p><b>RECREATION AND CULTURE</b></p> <p>To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.</p>	<p>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.</p>
<p><b>TRANSPORT</b></p> <p>To provide safe, effective and efficient transport services to the community.</p>	<p>Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the City depot, including plant purchase and maintenance.</p>
<p><b>ECONOMIC SERVICES</b></p> <p>To help promote the City and its economic wellbeing.</p>	<p>Tourism and area promotion, rural services and pest control and the implementation of building controls.</p>
<p><b>OTHER PROPERTY AND SERVICES</b></p> <p>To monitor and control the City's overhead operating accounts.</p>	<p>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.</p>



### 35. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	0.37	0.32	0.25
Asset consumption ratio	0.76	0.77	0.79
Asset renewal funding ratio	0.54	0.30	0.91
Asset sustainability ratio	0.34	0.27	0.22
Debt service cover ratio	3.19	2.34	4.55
Operating surplus ratio	(0.13)	(0.20)	(0.14)
Own source revenue coverage ratio	0.79	0.75	0.77

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2021 City of Kwinana

To the Councillors of the City of Kwinana

## Report on the audit of the annual financial report

### Opinion

I have audited the financial report of the City of Kwinana (City) which comprises:

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the City of Kwinana:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities section below. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

The Council is responsible for overseeing the City's financial reporting process.

### **Auditor's responsibility for the audit of the financial report**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

### **Report on other legal and regulatory requirements**

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate a significant adverse trend in the financial position of the City:
  - a) The Current Ratio as reported in Note 35 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard of 1.00 for the last three financial years;
  - b) The Asset Sustainability Ratio as reported in Note 35 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard of 0.90 for the last three financial years; and
  - c) The Operating Surplus Ratio as reported in Note 35 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard of 0.01 for the last three financial years;
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
  - a. Information Technology Policies and Procedures are outdated and not aligned with the current business strategy which may result in security exposures as well as inconsistent or inappropriate practices being adopted by staff or contractors ; and
  - b. Weaknesses were identified in user access management process which could lead to inappropriate use or unauthorised access to the City's systems or information, however our audit testing did not identify any inappropriate use.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.

- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

### **Other information**

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

### **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the City of Kwinana for the year ended 30 June 2021 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Sandra Labuschagne  
Deputy Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
9 December 2021









## **ADMINISTRATION**

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