



MINUTES

Audit, Risk and Improvement Committee Minutes

Wednesday, 26 November 2025 at 6:00 PM

Disclaimer

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MINUTES

MINUTES OF THE ORDINARY MEETING OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE HELD IN THE COUNCIL CHAMBER 135 CANNING HIGHWAY, EAST FREMANTLE ON WEDNESDAY 26 NOVEMBER 2025.

1 DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS

The Presiding Member declared the meeting open at 6.04pm.

2 ACKNOWLEDGEMENT OF COUNTRY

“On behalf of the Council I would like to acknowledge the Whadjuk Nyoongar people as the traditional custodians of the land on which this meeting is taking place and pay my respects to Elders past, present and emerging.”

3 RECORD OF ATTENDANCE

3.1 ATTENDANCE

The following members were in attendance:

Mr J Seth	Presiding Member
Mr J Chauvel	
Mayor A Natale	
Cr A White	
Cr R Cutter	

The following staff were in attendance:

Mr J Throssell	Chief Executive Officer
Mr P Kocian	Executive Manager, Corporate Services
Mrs B Browning	Minute Secretary
Ms P Pandeya	Finance Manager

3.2 APOLOGIES

Cr M Wilson

4 MEMORANDUM OF OUTSTANDING BUSINESS

Nil

5 DISCLOSURES OF INTEREST

Nil

6 PUBLIC QUESTION TIME

Nil

7 PRESENTATIONS/DEPUTATIONS

Nil

8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

8.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE WEDNESDAY, 27 AUGUST 2025

OFFICER RECOMMENDATION

Moved Mayor Natale, seconded Cr White

That the minutes of the Audit, Risk and Improvement Committee meeting held on Wednesday, 27 August 2025 be confirmed as a true and correct record of proceedings.

(CARRIED UNANIMOUSLY 5:0)

For: Mr Seth, Mr Chauvel, Mayor Natale, Crs White, Cutter

Against: Nil

9 ANNOUNCEMENTS BY THE PRESIDING MEMBER

The Presiding Member introduced himself to the Committee.

10 REPORTS

Reports start on the next page

10.1 2511 UNAUDITED ANNUAL FINANCIAL REPORT

Report Reference Number	ACR-856
Prepared by	Pratigya Pandeya, Manager Finance
Supervised by	Peter Kocian, Executive Manger Corporate Services
Meeting date	Wednesday, 26 November 2025
Voting requirements	Simple Majority
Documents tabled	Agenda Item August 2025 – EFCP Accounting Requirements (Confidential Item)

Attachments

1. Draft Annual Financial Report for the year ended 30 June 2025.
2. Annual Financial Audit Planning Summary
3. **Group Reporting Instructions issued to HLB Mann Judd (Confidential)**
4. Memo to OAG – EFCP Consolidation

PURPOSE

The purpose of this report is for the Audit, Risk and Improvement Committee to receive the draft Annual Financial Report for the year ended 30 June 2025.

EXECUTIVE SUMMARY

Section 6.4 of the *Local Government Act 1995* requires local governments to prepare an annual financial report for the preceding financial year. The financial report is to be prepared and presented in the manner and form prescribed in the *Local Government (Financial Management) Regulations 1996*. Local Governments are required to submit the annual financial report to its auditor by the 30 September or such extended time as the Minister allows.

Due to the complexity around EFCP financial consolidation, the Town sought (and was approved) an extension from the Minister until 31 October for the submission of Annual Financial Report. The consolidated financial statements were submitted to the Office of the Auditor General (OAG) on 24 October 2025, prior to the approved deadline.

BACKGROUND

The initial audit timetable issued by OAG on 28 May 2025 had to be amended due to the complexity of EFCP accounting and consolidation requirements as assessed by OAG. OAG has determined that there is a principal and agent relationship between the Town and Belgravia Leisure, the operator of the EFCP and hence, there exists Group and Component Relationship between the Town and EFCP operations. The Town is required to consolidate EFCP financials.

OAG implemented the audit of Town's financial statements in two tranches:

Audit of the Town

- audit of Town's financial statements commenced as per the original schedule from 29th September 2025 for two weeks. This audit of the Town has now been complete.

Audit of EFCP Operations

As of the date of writing this report (10/11/2025), the following audit and reporting timetable is in place.

Activity	Date
Planning meeting	10 November 2025
Final fieldwork for component auditor	10 November 2025 – 14 November 2025
Review of component auditor documentation	24 November 2025 – 28 November 2025
Meeting with TCWG of the group	11 December 2025
Group audit report release	Within 5 days after the receipt of final signed financial report
Audit completion and assembly	15 December 2025

Belgravia’s auditor HLB Mann Judd has been appointed as the component auditor, who will audit EFCP operations as per OAG’s auditing framework and requirements. The engagement arrangements are:

- HLB Mann Judd have an existing Audit Agreement with Belgravia Leisure
- OAG have prepared Group Audit Instructions for HLB Mann Judd which has been accepted
- The Town has agreed to cover Belgravia’s audit costs of \$15k, as the audit framework imposed is much broader than originally contemplated

The EFCP audit will be a full scope audit as component’s (EFCP’s) expenses are more than 20% consolidated total expenses (EFCP and The Town). HLB Mann Judd are required to issue an audit opinion to the Town.

Based on above, Town anticipates meeting the requirement of signing off audited financials prior to the statutory deadline of 31 December 2025 to receive the Auditors Report, provided the audit of EFCP does not lead to any change in the financial statements. Should the EFCP financials require any change as a result of audit, the Town will need to amend the consolidated financial report which will require additional time and resources. In this scenario, the Town may not be able to achieve audit clearance by the 31 December.

CONSULTATION

Kelli Small – Consultant
Peter Kocian – Executive Manager Corporate Services
Office of Auditor General
Belgravia Leisure
HLB Mann Judd

STATUTORY ENVIRONMENT

Section 6.4 (3) of the *Local Government Act 1995* requires a local government to submit its Annual Financial Report to its Auditor by 30 September or such extended time as the Minister allows.

Pursuant to section 7.9 (1) of the *Local Government Act 1995*, the auditor is required to examine the accounts and Annual Financial Report submitted for audit and issue the Auditor’s Report by 31 December.

Pursuant to section 5.54 of the *Local Government Act 1995*, the Annual Report (inclusive of the audited Annual Financial Report) is to be accepted by the local government no later than 31 December, or if the auditor’s report is not available in time, the Annual Report is to be accepted no later than 2 months after the auditor’s report becomes available.

POLICY IMPLICATIONS

The Department of Local Government has published Operational Guideline No. 9 Audit in Local Government that covers the appointment, functions and responsibilities of Audit Committees.

FINANCIAL IMPLICATIONS

The Town was advised by letter (dated 31 March 2025) from OAG that the Town’s indicative audit fee for 2024-25 will be \$69,875 (ex GST). This compares to the prior year audit fee of \$79,703 which involved an increased audit effort due to complex matters relating to the Towns’ withdrawal from the Resource Recovery Group.

The Town’s audit fee for 2024-25, however, is likely to be significantly more than advised in March due to the technical assessment of accounting requirements for EFCP and subsequent audit effort. The Town was advised during a planning meeting that direct costs of approximately \$14k were incurred by OAG to undertake a technical review of the agreements between the Town and Belgravia Leisure and subsequent determination of accounting requirements. The Town is also covering the cost of the audit of the EFCP accounts performed by HLB Mann Judd (\$15k) and there will be further audit effort by OAG in reviewing the component audit file.

It would be no surprise if the initial indicative audit fee of \$69,875 ex GST was to double inclusive of the HLB Mann Judd costs.

STRATEGIC IMPLICATIONS

Town of East Fremantle Strategic Community Plan 2020-2030

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency.

5.3 Strive for excellence in leadership and governance.

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That the Town receives a qualified audit report	Possible (3)	Moderate (3)	Moderate (5-9)	REPUTATIONAL Substantiated, public embarrassment, moderate impact, moderate news profile	Control through Robust internal controls and staff development
Failure to prepare Position Papers may result in OAG	Likely (4)	Major (4)	High (10-16)	COMPLIANCE Short term non-compliance but	Accept Officer Recommendation

not accepting accounting estimates and treatments, either delaying audit or resulting in a qualified audit report				with significant regulatory requirements imposed	
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RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Likelihood						
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	16
Does this item need to be added to the Town’s Risk Register	Yes
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable

COMMENT

The Draft Annual Financial Report of the Town of East Fremantle for the financial year ended 30 June 2025 is based on proper accounts and records to fairly present the financial position of the Town of East Fremantle at 30 June 2025 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent they are not inconsistent with the Act, the Australian Accounting Standards.

EFCP operation financial statements have been consolidated in Town’s financials as per relevant accounting standards. The impact of this consolidation is highlighted in purple. Summary statements for EFCP is detailed in Note 31 of the draft Annual Financial Report.

The Town has prepared a Memo to OAG which outlines the consolidation process. This is attached for the Committee's information and illustrates the complexities of the accounting consolidation.

CONCLUSION

The Audit, Risk and Improvement Committee is requested to receive the draft Annual Financial Report for the year ended 30 June 2025.

Whilst the Town is optimistic that audit clearance will be received by mid-December, this will be dependent on OAG signing off on the component audit for EFCP. An Exit Meeting between the Town and OAG has been scheduled for 11 December 2025. Outstanding matters will be tabled at this meeting including the CEO signing the Management Representation Letter and Annual Financial Report.

Representatives from the Office of the Auditor General will be invited to meet with the Committee at its February 2026 Meeting, and there will be an opportunity to discuss the contents of the Annual Financial Report and Auditors Report.

10.1 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 012611

OFFICER RECOMMENDATION

Moved Mr Chauvel, seconded Cr Cutter

That the Audit, Risk and Improvement Committee recommend Council:

- 1. Receives the draft Annual Financial Report for the Year Ended 30 June 2025.**
- 2. Notes the status of the audit of the Town of East Fremantle 2024-25 Accounts including component audit arrangements for East Fremantle Community Park.**
- 3. Notes the increase in the audit fee for 2024-25. This reflects the additional audit effort which in turn is reflective of demands on staff/contract resources to prepare for audit.**
- 4. Notes that the Auditors Report will not be received in time to enable Council to consider and accept the Annual Report at the Ordinary Council Meeting of 9th December 2025.**

(CARRIED UNANIMOUSLY 5:0)

For: Mr Seth, Mr Chauvel, Mayor Natale, Crs White, Cutter

Against: Nil

The Executive Manager of Corporate Services and the Finance Team were thanked by the Audit, Risk and Improvement Committee for their efforts in producing the draft Annual Financial Report.

REPORT ATTACHMENTS

Attachments start on the next page

TOWN OF EAST FREMANTLE

CONSOLIDATED FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2025

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The Town of East Fremantle conducts the operations of a local government with the following community vision:

An inclusive community balancing growth, lifestyle and sustainability.

Principal place of business:
135 Canning Highway
East Fremantle WA

**TOWN OF EAST FREMANTLE
CONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

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

STATEMENT BY CEO

The accompanying consolidated financial report of the Town of East Fremantle has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2025 and the financial position as at 30 June 2025.

At the date of signing this statement the particulars included in the consolidated financial report are not misleading or inaccurate.

Signed on the _____ day of _____ 2025

Chief Executive Officer

Jonathan Throssell

Name of Chief Executive Officer

**TOWN OF EAST FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025**

	NOTE	2025 Actual	2025 Budget	2024 Actual *
		\$	\$	\$
Revenue				
Rates	2(a), 25	9,528,113	9,537,944	9,125,016
Grants, subsidies and contributions	2(a)	1,040,244	1,025,458	1,130,919
Fees and charges	2(a)	1,794,628	1,535,567	1,491,520
Interest revenue	2(a)	397,518	173,265	633,888
Other revenue - General	2(a)	37,830	92,900	148,295
Other revenue - EFCP	31	4,541,921	0	389,690
		17,340,254	12,365,134	12,919,328
Expenses				
Employee costs	2(b)	(5,377,033)	(5,352,443)	(4,971,652)
Materials and contracts		(9,154,659)	(4,071,168)	(5,450,090)
Utility charges		(449,087)	(304,213)	(284,746)
Depreciation	8, 9, 11	(2,535,225)	(2,231,542)	(1,982,238)
Finance costs	2(b)	(304,118)	(267,405)	(176,949)
Insurance		(334,893)	(267,536)	(235,382)
Other expenditure	2(b)	(850,119)	(751,932)	(836,669)
		(19,005,134)	(13,246,239)	(13,937,726)
		(1,664,880)	(881,105)	(1,018,398)
Capital grants, subsidies and contributions	2(a)	1,013,909	1,549,483	16,533,247
Profit on asset disposals		45,412	69,342	61,265
Loss on asset disposals		(11,155)	0	0
Loss on disposal of investment in associate		0	0	(522,047)
Fair value adjustments to financial assets at fair value through profit or loss	4	(3,551)	0	1,681
Share of net profit of associates accounted for using the equity method	23(c)	0	0	11,562
		1,044,615	1,618,825	16,085,708
Net result for the period		(620,265)	737,720	15,067,310
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	0	0	0
Share of other comprehensive income of associates accounted for using the equity method	17, 23(b)	0	0	0
Total other comprehensive income for the period	17	0	0	0
Total comprehensive income for the period		(620,265)	737,720	15,067,310

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

* Certain comparatives have been restated. Refer to Note 30 for further details.

**TOWN OF EAST FREMANTLE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025**

	NOTE	2025 Actual \$	2024 Actual * \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,406,394	2,583,217
Trade and other receivables	5	558,912	990,430
Other financial assets	4	0	2,710,049
Inventories	6	82,442	78,527
Other assets	7	38,113	240,868
TOTAL CURRENT ASSETS		6,085,861	6,603,091
NON-CURRENT ASSETS			
Trade and other receivables	5	179,491	98,356
Other financial assets	4	79,620	83,171
Property, plant and equipment	8	57,039,247	57,504,579
Infrastructure	9	51,358,454	51,243,518
Right-of-use assets	11(a)	210,381	142,490
TOTAL NON-CURRENT ASSETS		108,867,193	109,072,114
TOTAL ASSETS		114,953,054	115,675,205
CURRENT LIABILITIES			
Trade and other payables	12	2,896,859	2,530,362
Other liabilities	13	195,376	340,342
Lease liabilities	11(b)	80,578	45,114
Borrowings	14	295,799	288,452
Employee related provisions	15	823,699	806,705
Other provisions	16	0	80,000
TOTAL CURRENT LIABILITIES		4,292,311	4,090,975
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	204,476	152,623
Borrowings	14	4,809,576	5,105,375
Employee related provisions	15	134,319	193,595
TOTAL NON-CURRENT LIABILITIES		5,148,371	5,451,593
TOTAL LIABILITIES		9,440,682	9,542,568
NET ASSETS		105,512,372	106,132,637
EQUITY			
Retained surplus		53,063,312	53,590,297
Reserve accounts	28	2,616,769	2,710,049
Revaluation surplus	17	49,832,291	49,832,291
TOTAL EQUITY		105,512,372	106,132,637

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

* Certain comparatives have been restated. Refer to Note 30 for further details.

**TOWN OF EAST FREMANTLE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025**

	NOTE	RETAINED SURPLUS Actual *	RESERVE ACCOUNTS Actual	REVALUATION SURPLUS Actual	TOTAL EQUITY Actual
		\$	\$	\$	\$
Balance as at 1 July 2023		38,114,936	2,638,933	50,311,458	91,065,327
Comprehensive income for the period					
Net result for the period		15,067,310	0	0	15,067,310
Total comprehensive income for the period		15,067,310	0	0	15,067,310
Divestment of Investment in Associate		479,167	0	(479,167)	0
Transfers from reserve accounts	28	1,468,825	(1,468,825)	0	0
Transfers to reserve accounts	28	(1,539,941)	1,539,941	0	0
Balance as at 30 June 2024		53,590,297	2,710,049	49,832,291	106,132,637
Comprehensive income for the period					
Net result for the period		(620,265)	0	0	(620,265)
Total comprehensive income for the period		(620,265)	0	0	(620,265)
Transfers from reserve accounts	28	461,127	(461,127)	0	0
Transfers to reserve accounts	28	(367,847)	367,847	0	0
Balance as at 30 June 2025		53,063,312	2,616,769	49,832,291	105,512,372

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

* Certain comparatives have been restated. Refer to Note 30 for further details.

**TOWN OF EAST FREMANTLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025**

	NOTE	2025 Actual \$	2024 Actual * \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		9,492,380	9,123,976
Grants, subsidies and contributions		1,221,583	1,048,366
Fees and charges		2,298,972	2,621,496
Interest revenue		397,518	633,888
Goods and services tax received		947,356	3,144,482
Other revenue (General and EFCP)		4,550,458	507,400
		18,908,267	17,079,608
Payments			
Employee costs		(5,399,730)	(4,847,547)
Materials and contracts		(10,034,875)	(11,378,651)
Utility charges		(449,087)	(284,746)
Finance costs		(305,322)	(139,166)
Insurance paid		(334,893)	(235,383)
Goods and services tax paid		(254,783)	(1,124,537)
Other expenditure		(930,119)	(758,462)
		(17,708,809)	(18,768,492)
Net cash provided by (used in) operating activities		1,199,458	(1,688,884)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(1,224,042)	(17,249,795)
Payments for construction of infrastructure	9(a)	(988,668)	(6,286,571)
Capital grants, subsidies and contributions		675,709	9,765,956
Proceeds for financial assets at amortised cost		2,710,049	(2,710,049)
Proceeds from sale of property, plant & equipment		118,821	82,050
Net cash provided by (used in) investing activities		1,291,869	(16,398,409)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	27(a)	(288,452)	(100,591)
Payments for principal portion of lease liabilities	27(c)	(56,112)	(41,067)
EFCP operator agreement funding		676,414	691,165
Proceeds from new borrowings	27(a)	0	5,489,442
Net cash provided by (used in) financing activities		331,850	6,038,949
Net increase (decrease) in cash held		2,823,177	(12,048,344)
Cash at beginning of year		2,583,217	14,631,561
Cash and cash equivalents at the end of the year	3	5,406,394	2,583,217

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

* Certain comparatives have been restated. Refer to Note 30 for further details.

**TOWN OF EAST FREMANTLE
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE	2025 Actual \$	2025 Budget \$	2024 Actual * \$	
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	25	9,528,113	9,537,944	9,125,016
Grants, subsidies and contributions		1,040,244	1,025,458	1,130,919
Fees and charges		1,794,628	1,535,567	1,491,520
Interest revenue	2(a)	397,518	173,265	633,888
Other revenue		4,579,751	92,900	537,985
Profit on asset disposals		45,412	69,342	61,265
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	1,681
Share of net profit of associates accounted for using the equity method	23(c)	0	0	11,562
		17,385,666	12,434,476	12,993,836
Expenditure from operating activities				
Employee costs		(5,377,033)	(5,352,443)	(4,971,652)
Materials and contracts		(9,154,659)	(4,071,168)	(5,450,090)
Utility charges		(449,087)	(304,213)	(284,746)
Depreciation		(2,535,225)	(2,231,542)	(1,982,238)
Finance costs		(304,118)	(267,405)	(176,949)
Insurance		(334,893)	(267,536)	(235,382)
Other expenditure		(850,119)	(751,932)	(836,669)
Loss on asset disposals		(11,155)	0	0
Loss on disposal of investment in associate		0	0	(522,047)
Fair value adjustments to financial assets at fair value through profit or loss	4	(3,551)	0	0
		(19,019,840)	(13,246,239)	(14,459,773)
Non-cash amounts excluded from operating activities	26(a)	3,049,034	2,162,200	2,991,201
Amount attributable to operating activities		1,414,860	1,350,437	1,525,264
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,013,909	1,549,483	16,533,247
Proceeds from disposal of assets		118,821	108,000	82,050
		1,132,730	1,657,483	16,615,297
Outflows from investing activities				
Payments for investments in associates	23(b)	0	0	268,434
Purchase of property, plant and equipment	8(a)	(1,224,042)	(2,413,980)	(17,249,795)
Purchase and construction of infrastructure	9(a)	(988,668)	(1,374,133)	(6,286,571)
Right of use assets received - non cash	11(a)	(149,481)	0	0
		(2,362,191)	(3,788,113)	(23,267,932)
Non-cash amounts excluded from investing activities	26(b)	176,781	0	608,738
Amount attributable to investing activities		(1,052,680)	(2,130,630)	(6,043,897)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	27(a)	0	0	5,489,442
Proceeds from new leases - non cash	27(c)	149,481	0	0
Transfers from reserve accounts	28	461,127	1,166,309	1,468,825
		610,608	1,166,309	6,958,267
Outflows from financing activities				
Repayment of borrowings	27(a)	(288,452)	(150,564)	(100,591)
Payments for principal portion of lease liabilities	27(c)	(56,112)	(52,049)	(41,067)
Repayment of EFCP deficit funding	31	(858,783)	0	(533,963)
Transfers to reserve accounts	28	(367,847)	(374,890)	(1,539,941)
		(1,571,194)	(577,503)	(2,215,562)
Non-cash amounts excluded from financing activities	26(c)	(11,593)	0	(666,461)
Amount attributable to financing activities		(972,179)	588,806	4,076,244
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	26(d)	309,343	191,387	751,732
Amount attributable to operating activities		1,414,860	1,350,437	1,525,264
Amount attributable to investing activities		(1,052,680)	(2,130,630)	(6,043,897)
Amount attributable to financing activities		(972,179)	588,806	4,076,244
Surplus or deficit after imposition of general rates	26(d)	(300,656)	0	309,343

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

* Certain comparatives have been restated. Refer to Note 30 for further details.

**TOWN OF EAST FREMANTLE
FOR THE YEAR ENDED 30 JUNE 2025
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**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

1. BASIS OF PREPARATION

The consolidated financial report of the Town of East Fremantle which is a Class 3 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995*, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 *Financial Instruments Disclosures*
- AASB 16 *Leases paragraph 58*
- AASB 101 *Presentation of Financial Statements paragraph 61*
- AASB 107 *Statement of Cash Flows paragraphs 43 and 45*
- AASB 116 *Property, Plant and Equipment paragraph 79*
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets paragraph 85*
- AASB 140 *Investment Property paragraph 75(f)*
- AASB 1052 *Disaggregated Disclosures paragraph 11*
- AASB 1054 *Australian Additional Disclosures paragraph 16*

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

The Local Government (Financial Management) Regulations 1996 provide that:

- * land and buildings classified as property, plant and equipment; or
 - * infrastructure; or
 - * vested improvements that the local government controls;
- and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 Property, Plant and Equipment, which would have required the Town to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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

Critical accounting estimates and judgements

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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The local government reporting entity and basis of consolidation

The consolidated financial statements comprise the financial statements of the Town of East Fremantle (the Town) and its controlled entity, the East Fremantle Community Park (EFCP), as at and for the year ended. Together these entities are referred to as the economic entity or consolidated entity. The Town controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

In the process of reporting the Town as a single economic entity, all material transactions and balances between the Town's controlled entities are eliminated. Any dissimilar accounting policies applied at the entity level are amended to ensure consistent policies are adopted in these financial statements where the effect is material.

Where control of an entity is obtained during a financial year, results are included in the consolidated operating statement and the consolidated cash flow statement from the date on which control commenced. Where control ceases during a financial year, results are included for that part of the year for which control existed.

All funds through which the Town controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 of the financial report.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2022-5 *Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- AASB 2023-3 *Amendments to Australian Accounting Standards - Disclosure of Non-current Liabilities with Covenants: Tier 2*
- AASB 2024-1 *Amendments to Australian Accounting Standards - Supplier Finance Arrangements: Tier 2 Disclosures*
- AASB 2023-1 *Amendments to Australian Accounting Standards - Supplier Finance Arrangements*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 *Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

New accounting standards for application in future years

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

- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-9 *Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector*
- AASB 2023-5 *Amendments to Australian Accounting Standards*

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general 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	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	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligation	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - 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 of the licence, registration or approval
Fees and charges - 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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

2. REVENUE AND EXPENSES

(a) Revenue (Continued)

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
Fees and charges - 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
Fees and charges - waste management collections	Kerbside collection service	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
Fees and charges - property hire	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges for other goods and services	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
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Fees & Charges Mooring Pen Fees	Leasing Mooring Pen	Single point in time	Payment in full in advance	Contract obligation	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction on cancellation	On entry or at conclusion of hire
Fees & Charges - Property Leases	Leasing of Commercial or Residential Properties	Single point in time	Payment in full in advance	Contract obligation	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction on	On entry or at conclusion of hire
Other revenue - EFCP	Revenue from operation of the East Fremantle Community Park	Single point in time	Payment in full in advance	None	Set by the Operator of EFCP	Upon provision of goods and / or services	Not applicable	Upon provision of goods and / or services
Other revenue - 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

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

2. REVENUE AND EXPENSES

(a) Revenue (Continued)

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

For the year ended 30 June 2025

Nature	Contracts with customers Actual	Capital grant/contributions Actual	Statutory Requirements Actual	Other Actual	Total Actual
	\$	\$	\$	\$	\$
Rates	0	0	9,528,113	0	9,528,113
Grants, subsidies and contributions	1,040,244	0	0	0	1,040,244
Fees and charges	1,059,146	0	735,482	0	1,794,628
Interest revenue	0	0	65,452	332,066	397,518
Other revenue	4,579,751	0	0	0	4,579,751
Capital grants, subsidies and contributions	0	1,013,909	0	0	1,013,909
Total	6,679,141	1,013,909	10,329,047	332,066	18,354,163

For the year ended 30 June 2024

Nature	Contracts with customers Actual	Capital grant/contributions Actual	Statutory Requirements Actual	Other Actual	Total Actual
	\$	\$	\$	\$	\$
Rates	0	0	9,125,016	0	9,125,016
Grants, subsidies and contributions	1,130,919	0	0	0	1,130,919
Fees and charges	894,245	0	597,275	0	1,491,520
Interest revenue	0	0	66,775	567,113	633,888
Other revenue	537,985	0	0	0	537,985
Capital grants, subsidies and contributions	0	16,533,247	0	0	16,533,247
Total	2,563,149	16,533,247	9,789,066	567,113	29,452,575

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

2. REVENUE AND EXPENSES

(a) Revenue (Continued)

	2025 Actual	2024 Actual
	\$	\$
Interest revenue		
Interest on reserve account funds	0	530,932
Trade and other receivables overdue interest	68,721	71,458
Other interest revenue	328,797	31,499
	397,518	633,888
The 2025 original budget estimate in relation to Trade and other receivables overdue interest was \$75,706		
Fees and charges relating to rates receivable		
Charges on instalment plans	40,042	38,906
The 2025 original budget estimate in relation to: Charges on instalment plans was \$42,639.		

(b) Expenses

Auditors remuneration		
- Audit of the Annual Financial Report	84,578	65,000
- Other audit services – grant acquittals	5,320	5,950
	89,898	70,950
Employee Costs		
Employee benefit costs	5,377,033	4,971,652
	5,377,033	4,971,652
Finance costs		
Interest and financial charges paid/payable for financial liabilities not at fair value through profit or loss	297,129	170,210
Interest and financial charges paid/payable for lease liabilities	6,989	6,739
	304,118	176,949
Other expenditure		
Sundry expenses	746,400	824,410
Other Expenditure - EFCP	103,719	12,259
	850,119	836,669

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

3. CASH AND CASH EQUIVALENTS

	2025	2024
Note	Actual	Actual
	\$	\$
Cash at bank and on hand	2,774,625	2,568,217
Term deposits	2,616,769	0
Cash on hand - EFCP	15,000	15,000
Total cash and cash equivalents	5,406,394	2,583,217
Held as		
- Unrestricted cash and cash equivalents	2,608,286	2,245,017
- Restricted cash and cash equivalents	18. 2,798,108	338,200
	5,406,394	2,583,217

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

4. OTHER FINANCIAL ASSETS

	2025	2024
	Actual	Actual
	\$	\$
Current assets		
Financial assets at amortised cost	0	2,710,049
	0	2,710,049
Other financial assets at amortised cost		
Term deposits	0	2,710,049
	0	2,710,049
Held as		
- Restricted other financial assets at amortised cost	0	2,710,049
	0	2,710,049
Non-current assets		
Financial assets at fair value through profit or loss	79,620	83,171
	79,620	83,171
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	83,171	81,490
Movement attributable to fair value increment / (decrement)	(3,551)	1,681
Units in Local Government House Trust - closing balance	79,620	83,171

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

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

Financial assets at fair value through profit or loss

The Town has elected to classify the following financial assets at fair value through profit or loss:

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

5. TRADE AND OTHER RECEIVABLES

	2025 Actual	2024 Actual
	\$	\$
Current		
Rates and statutory receivables	83,659	70,387
Trade receivables	357,724	702,180
Other receivables	0	33,672
GST receivable	57,390	180,767
Allowance for credit losses of rates and statutory receivables	(54,237)	(46,439)
Loan receivables - East Fremantle Lawn Tennis Club (EFLTC)	3,000	3,000
Other receivables - East Fremantle Junior Football Club (EFJFC)	3,723	4,545
Other receivables - Leftbank Holdings	36,042	0
Trade and other receivables - EFCP	71,611	42,318
	558,912	990,430
Non-current		
Rates and statutory receivables	95,400	85,633
Loan receivables - East Fremantle Lawn Tennis Club (EFLTC)	6,000	9,000
Other receivables - East Fremantle Junior Football Club (EFJFC)	0	3,723
Other receivables - Leftbank Holdings	78,091	0
	179,491	98,356

Disclosure of opening and closing balances related to contracts with customers

Information about receivables 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:

	30 June 2025 Actual	30 June 2024 Actual	1 July 2023 Actual
	\$	\$	\$
Contract assets	0	0	6,829
Total trade and other receivables from contracts with customers	0	0	6,829

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

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

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

6. INVENTORIES

	Note	2025	2024
Current		\$	\$
Stock on Hand - EFCP		82,442	78,527
		<u>82,442</u>	<u>78,527</u>

The following movements in inventories occurred during the year:

Balance at beginning of year		78,527	0
Additions to inventory		3,915	78,527
Balance at end of year		<u>82,442</u>	<u>78,527</u>

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.

**TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2025**

7. OTHER ASSETS

	2025 Actual	2024 Actual
	\$	\$
Other assets - current		
Prepayments	21,799	118,879
Accrued income	11,637	112,381
Accrued income - EFCP	4,677	9,608
	38,113	240,868

MATERIAL 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.

Contract assets

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

Where applicable, impairment of assets associated with contracts with customers are detailed at Note 2(b).

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

8. 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	Buildings - non-specialised level 3	Buildings - specialised level 3	Total land and buildings	Furniture and equipment	Plant and equipment	Plant and equipment - EFCP	Buildings - work in progress	Total property, plant and equipment
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Balance at 1 July 2023	\$ 4,324,000	\$ 691,440	\$ 22,371,100	27,386,540	\$ 166,310	\$ 732,604	\$ 0	\$ 13,136,689	41,422,143
Additions	0	0	15,567,493	15,567,493	304,877	181,275	877,172	318,978	17,249,795
Disposals	0	0	0	0	0	(20,783)	0	0	(20,783)
Depreciation	0	(47,377)	(862,586)	(909,963)	(59,219)	(140,392)	(37,002)	0	(1,146,576)
Transfers	0	0	13,014,287	13,014,287	0	0	0	(13,014,287)	0
Balance at 30 June 2024	4,324,000	644,063	50,090,294	55,058,357	411,968	752,704	840,170	441,380	57,504,579
Comprises:									
Gross balance amount at 30 June 2024	4,324,000	2,243,000	69,379,679	75,946,679	657,469	1,532,539	877,172	441,380	79,455,239
Accumulated depreciation at 30 June 2024	0	(1,598,937)	(19,289,385)	(20,888,322)	(245,501)	(779,835)	(37,002)	0	(21,950,660)
Balance at 30 June 2024	4,324,000	644,063	50,090,294	55,058,357	411,968	752,704	840,170	441,380	57,504,579
Additions	0	23,146	946,244	969,390	50,998	176,354	27,300	0	1,224,042
Disposals	0	0	0	0	(11,155)	(73,410)	0	0	(84,565)
Depreciation	0	(47,684)	(1,164,239)	(1,211,923)	(69,011)	(112,763)	(192,712)	0	(1,586,409)
Reclassification to Operating Expenditure	0	0	0	0	0	0	0	(18,400)	(18,400)
Transfers	0	0	422,980	422,980	0	0	0	(422,980)	0
Balance at 30 June 2025	4,324,000	619,525	50,295,279	55,238,804	382,800	742,885	674,758	0	57,039,247
Comprises:									
Gross balance amount at 30 June 2025	4,324,000	2,266,145	70,748,902	77,339,047	572,922	1,529,205	904,472	0	80,345,646
Accumulated depreciation at 30 June 2025	0	(1,646,620)	(20,453,623)	(22,100,243)	(190,122)	(786,320)	(229,714)	0	(23,306,399)
Balance at 30 June 2025	4,324,000	619,525	50,295,279	55,238,804	382,800	742,885	674,758	0	57,039,247

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	Level 2	Market approach using recent observable market data for similar properties/income approach using discount cash flow methodology.	Independent registered valuers	June 2023	An analysed price per square metre rate for a property derived from comparable market transactions.
Land	Level 3	Adjusted market approach using recent observable market data for similar urban fringe properties that are not cleared or developed/income approach using discount cash flow methodology.	Independent registered valuers	June 2023	A financial forecast (such as a cash flow) developed using the entity's own data if there is no reasonably available information that indicates that market participants would use different assumptions.
Buildings - non-specialised level 2	Level 2	Market approach using recent observable market data for similar properties/income approach using discount cash flow methodology.	Independent registered valuers	June 2023	An analysed price per square metre rate for a property derived from comparable market transactions.
Buildings - non-specialised level 3	Level 3	Adjusted market approach using recent observable market data for similar urban fringe properties that are not cleared or developed/income approach using discount cash flow methodology.	Independent registered valuers	June 2023	A financial forecast (such as a cash flow) developed using the entity's own data if there is no reasonably available information that indicates that market participants would use different assumptions.
Buildings - specialised level 3	Level 3	Adjusted market approach using recent observable market data for similar urban fringe properties that are not cleared or developed/income approach using discount cash flow methodology.	Independent registered valuers	June 2023	A financial forecast (such as a cash flow) developed using the entity's own data if there is no reasonably available information that indicates that market participants would use different assumptions.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements (continued)

(i) Fair Value (continued)

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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost

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

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

9. 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 Actual	Infrastructure - Drainage Actual	Infrastructure - Parks and Ovals Actual	Infrastructure - Footpaths and Cycleways Actual	Infrastructure - Car Parks Actual	Infrastructure - Bus Shelters Actual	Other Infrastructure - Work In Progress Actual	Total Infrastructure Actual
Balance at 1 July 2023	\$ 26,029,409	\$ 5,095,050	\$ 4,930,362	\$ 6,731,307	\$ 2,646,646	\$ 238,284	\$ 59,041	\$ 45,730,099
Additions	87,380	17,562	5,762,002	397,013	22,160	0	454	6,286,571
Depreciation	(377,397)	(65,444)	(174,994)	(112,080)	(33,591)	(9,646)	0	(773,152)
Transfers	0	0	59,041	0	0	0	(59,041)	0
Balance at 30 June 2024	25,739,392	5,047,168	10,576,411	7,016,240	2,635,215	228,638	454	51,243,518
Comprises:								
Gross balance at 30 June 2024	26,759,328	5,223,946	11,105,676	7,307,711	2,726,758	255,197	454	53,379,070
Accumulated depreciation at 30 June 2024	(1,019,936)	(176,778)	(529,265)	(291,471)	(91,543)	(26,559)	0	(2,135,552)
Balance at 30 June 2024	25,739,392	5,047,168	10,576,411	7,016,240	2,635,215	228,638	454	51,243,518
Additions	494,453	42,948	250,044	201,223	0	0	0	988,668
Depreciation	(385,423)	(65,918)	(260,340)	(117,990)	(33,960)	(9,647)	0	(873,278)
Reclassification to Operating Expenditure	0	0	0	0	0	0	(454)	(454)
Transfers	0	0	912	(912)	0	0	0	0
Balance at 30 June 2025	25,848,422	5,024,198	10,567,027	7,098,561	2,601,255	218,991	0	51,358,454
Comprises:								
Gross balance at 30 June 2025	27,253,781	5,266,893	11,355,720	7,508,934	2,726,758	255,197	0	54,367,283
Accumulated depreciation at 30 June 2025	(1,405,359)	(242,695)	(788,693)	(410,373)	(125,503)	(36,206)	0	(3,008,829)
Balance at 30 June 2025	25,848,422	5,024,198	10,567,027	7,098,561	2,601,255	218,991	0	51,358,454

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost.	Management Valuation	June 2023	Construction cost and current condition, residual value and remaining useful life assessments, ABS Producer Price Index (Index number 3101 Roads and bridge construction Western Australia)
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost.	Management Valuation	June 2023	Construction cost and current condition, residual value and remaining useful life assessments, ABS Producer Price Index (Index number 3101 Roads and bridge construction Western Australia)
Infrastructure - Parks and Ovals	Level 3	Cost approach using depreciated replacement cost.	Management Valuation	June 2023	Construction cost and current condition, residual value and remaining useful life assessments, ABS Producer Price Index (Index number 3101 Roads and bridge construction Western Australia)
Infrastructure - Footpaths and Cycleways	Level 3	Cost approach using depreciated replacement cost.	Management Valuation	June 2023	Construction cost and current condition, residual value and remaining useful life assessments, ABS Producer Price Index (Index number 3101 Roads and bridge construction Western Australia)
Infrastructure - Car Parks	Level 3	Cost approach using depreciated replacement cost.	Management Valuation	June 2023	Construction cost and current condition, residual value and remaining useful life assessments, ABS Producer Price Index (Index number 3101 Roads and bridge construction Western Australia)
Infrastructure - Bus Shelters	Level 3	Cost approach using depreciated replacement cost.	Management Valuation	June 2023	Construction cost and current condition, residual value and remaining useful life assessments, ABS Producer Price Index (Index number 3101 Roads and bridge construction Western Australia)

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.

The Town of East Fremantle is required to undertake a revaluation of their assets in accordance with the requirements of the *Local Government (Financial Management) Regulations 1996*. During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

10. FIXED ASSETS**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
Land	Not depreciated
Buildings	20 to 75 years
Furniture and equipment	3 to 19 years
Plant and equipment	2 to 20 years
Plant and equipment - Motor Vehicles - Light Fleet	2 to 10 years
Plant and equipment - Motor Vehicles - Heavy Fleet	5 to 10 years
Sealed roads, streets and carparks formation (subgrade)	Not depreciated
Sealed pavement (roads/carparks)	85 to 100 years
Surface (roads/carparks)	30 to 40 years
Surface water channels (roads/carparks)	55 to 60 years
Footpaths	40 to 80 years
Bus Shelter	25 to 30 years
Drainage - Pit	80 years
Drainage - Pipe	80 years
Right-of-use	Based on lease term
Parks and Ovals - minor structure polygon	10 to 70 years
Parks and Ovals - playground polygon	27 years
Parks and Ovals - amenities	18 to 25 years
Parks and Ovals - bin	15 to 20 years
Parks and Ovals - lighting	20 years
Parks and Ovals - playground point	15 to 25 years
Parks and Ovals - playground lines	40 to 70 years
Parks and Ovals - sign	15 to 40 years
Parks and Ovals - fence	25 to 70 years
Parks and Ovals - gate	15 to 40 years
Parks and Ovals - irrigation	30 to 35 years
Parks and Ovals - minor structure	20 to 25 years
Parks and Ovals - other improvements	20 to 25 years
Parks and Ovals - turf	Not depreciated

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the Town includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Town's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value for the purposes of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were

Revaluation (cont.)

pre-existing improvements (i.e. vested improvements) on land vested in the Town.

Whilst the regulatory framework only requires a revaluation to occur at every five years, it also provides for the Town to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Town is not required to comply with *AASB136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more these non-financial assets are impaired, the 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 or losses on disposal

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.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

11. LEASES

(a) Right-of-Use Assets

	Right-of-use assets - Land - Property, Plant and Equipment	Right-of-use assets Total
	Actual	Actual
	\$	\$
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 2023	208,607	208,607
Adjustment	(3,610)	(3,610)
Depreciation	(62,507)	(62,507)
Balance at 30 June 2024	142,490	142,490
Gross balance amount at 30 June 2024	381,849	381,849
Accumulated depreciation at 30 June 2024	(239,359)	(239,359)
Balance at 30 June 2024	142,490	142,490
Balance at 1 July 2024	142,490	142,490
Additions	149,481	149,481
Adjustment	(6,052)	(6,052)
Depreciation	(75,538)	(75,538)
Balance at 30 June 2025	210,381	210,381
Gross balance amount at 30 June 2025	525,278	525,278
Accumulated depreciation at 30 June 2025	(314,897)	(314,897)
Balance at 30 June 2025	210,381	210,381

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

	2025 Actual	2024 Actual
	\$	\$
Depreciation on right-of-use assets	(75,538)	(62,507)
Finance charge on lease liabilities	(6,989)	(6,739)
Total amount recognised in the statement of comprehensive income	(82,527)	(69,246)
Total cash outflow from leases	(63,101)	(47,806)
(b) Lease Liabilities		
Current	80,578	45,114
Non-current	204,476	152,623
	285,054	197,737

Secured liabilities and assets pledged as security

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

MATERIAL ACCOUNTING POLICIES

Leases

At inception of a contract, the Town 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 Town uses its incremental borrowing rate.

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

Details of individual lease liabilities required by regulations are provided at Note 27(c).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised 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 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

11. LEASES (Continued)

(c) Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

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

	2025 Actual	2024 Actual
	\$	\$
	320,992	307,139
	181,946	192,242
	162,313	177,362
	142,558	159,016
	122,803	138,486
	688,437	830,147
	1,619,049	1,804,392
Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease		
Rental income	579,929	436,971

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease
Rental income

The Town leases buildings and other community facilities to commercial organisations, members of the public and to community groups under lease agreement. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Lease payments for some agreements include CPI increases, but there are no other variable lease payments that depend on an index or rate.

MATERIAL ACCOUNTING POLICIES

The Town as Lessor

Upon entering into each contract as a lessor, the Town assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (e.g. legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Town applies AASB 15 to allocate the consideration under the contract to each component.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

12. TRADE AND OTHER PAYABLES**Current**

Sundry creditors
Prepaid rates
Accrued payroll liabilities
ATO liabilities
Bonds and deposits held
Accrued interest on borrowings
Trade and Other Payables - EFCP

2025 Actual	2024 Actual
\$	\$
429,792	725,208
65,054	77,748
78,558	58,973
93,696	155,814
663,641	621,711
36,579	37,783
1,529,539	853,125
2,896,859	2,530,362

MATERIAL ACCOUNTING POLICIES**Financial liabilities**

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

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

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

Statutory liabilities

Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Town prior to the end of the financial year that are unpaid and arise when the Town becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

13. OTHER LIABILITIES

	2025 Actual	2024 Actual
	\$	\$
Current		
Contract liabilities	181,339	0
Capital grant/contributions liabilities	0	338,200
Income in advance	14,037	2,142
	195,376	340,342
Reconciliation of changes in contract liabilities		
Opening balance	0	82,553
Additions	181,339	0
Revenue from contracts with customers included as a contract liability at the start of the period	0	(82,553)
	181,339	0
The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$181,339. (2024: Nil)		
The Town expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	338,200	6,555,491
Additions	0	338,200
Revenue from capital grant/contributions held as a liability at the start of the period	(338,200)	(6,555,491)
	0	338,200
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	0	338,200
	0	338,200

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

MATERIAL ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

14. BORROWINGS

	Note	2025			2024		
		Current Actual	Non-current Actual	Total Actual	Current Actual	Non-current Actual	Total Actual
Secured		\$	\$	\$	\$	\$	\$
Debentures		157,911	4,418,891	4,576,802	150,564	4,576,802	4,727,366
EFCP Equipment Loan		137,888	390,685	528,573	137,888	528,573	666,461
Total secured borrowings	27(a)	295,799	4,809,576	5,105,375	288,452	5,105,375	5,393,827

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Town of East Fremantle.

The Town of East Fremantle has complied with the financial covenants of its borrowing facilities during the 2025 and 2024 years.

MATERIAL ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 27(a).

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2025 Actual	2024 Actual
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	469,209	482,336
Long service leave	304,019	284,572
Provision for rostered days off	36,098	34,279
Provision for time in lieu	14,373	5,518
Total current employee related provisions	823,699	806,705
Non-current provisions		
Employee benefit provisions		
Long service leave	134,319	193,595
Total non-current employee related provisions	134,319	193,595
Total employee related provisions	958,018	1,000,300

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

MATERIAL ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

Other long-term employee benefits

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

The Town's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Town 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.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

16. OTHER PROVISIONS

	Equity Contribution - Investment in Associate	Settlement Agreement - Investment in Associate	Total
	\$	\$	\$
Opening balance at 1 July 2023	268,434	0	268,434
Additional provision	0	80,000	80,000
Unused amounts reversed	(268,434)	0	(268,434)
Balance at 30 June 2024	0	80,000	80,000
Opening balance at 1 July 2024	0	80,000	80,000
Amounts used	0	(80,000)	(80,000)
Balance at 30 June 2025	0	0	0

MATERIAL ACCOUNTING POLICIES

Provisions

Provisions are recognised when the Town 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.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

17. REVALUATION SURPLUS

	2025 Opening Balance Actual	2025 Reclassification Adjustment	2025 Movement on Revaluation Actual	2025 Closing Balance Actual	2024 Opening Balance Actual	2024 Reclassification Adjustment	2024 Movement on Revaluation Actual	2024 Closing Balance Actual
	\$	\$	\$	\$	\$		\$	\$
Revaluation surplus - Land - freehold land	5,234,000	0	0	5,234,000	5,234,000	0	0	5,234,000
Revaluation surplus - Buildings - non-specialised level 2	17,223	0	0	17,223	17,223	0	0	17,223
Revaluation surplus - Buildings - non-specialised level 3	805,806	0	0	805,806	805,806	0	0	805,806
Revaluation surplus - Buildings - specialised level 3	13,974,761	0	0	13,974,761	13,974,761	0	0	13,974,761
Revaluation surplus - Plant and equipment	469,638	0	0	469,638	469,638	0	0	469,638
Revaluation surplus - Infrastructure - Roads	18,869,905	0	0	18,869,905	18,869,905	0	0	18,869,905
Revaluation surplus - Infrastructure - Drainage	3,616,247	0	0	3,616,247	4,034,587	(418,340)	0	3,616,247
Revaluation surplus - Infrastructure - Parks and Ovals	2,452,427	0	0	2,452,427	2,452,427	0	0	2,452,427
Revaluation surplus - Infrastructure - Footpaths and Cycleways	3,232,157	0	0	3,232,157	3,232,157	0	0	3,232,157
Revaluation surplus - Infrastructure - Car Parks	1,008,342	0	0	1,008,342	590,002	418,340	0	1,008,342
Revaluation surplus - Infrastructure - Bus Shelters	151,785	0	0	151,785	151,785	0	0	151,785
	49,832,291	0	0	49,832,291	49,832,291	0	0	49,832,291
Revaluation surplus - Share from investments in associates	0	0	0	0	479,167	0	(479,167)	0
	49,832,291	0	0	49,832,291	50,311,458	0	(479,167)	49,832,291

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

18. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2025 Actual \$	2024 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	2,798,108	338,200
- Financial assets at amortised cost	4	0	2,710,049
		2,798,108	3,048,249
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	2,616,769	2,710,049
Contract liabilities	13	181,339	0
Capital grant liabilities	13	0	338,200
Total restricted financial assets		2,798,108	3,048,249

19. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS

Bank overdraft limit		1,000,000	1,000,000
Bank overdraft at balance date		0	0
Credit card limit		20,000	20,000
Credit card balance at balance date		(285)	(50)
Total amount of credit unused		1,019,715	1,019,950
Loan facilities			
Loan facilities - current		295,799	288,452
Loan facilities - non-current		4,809,576	5,105,375
Total facilities in use at balance date		5,105,375	5,393,827
Unused loan facilities at balance date		0	0

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

20. CONTINGENT LIABILITIES

Bank Guarantee

The Town has provided a bank guarantee in favour of the Parks and Wildlife Services for the amount of \$41,676. The bank guarantee has been issued in accordance with the requirements of the Riverbed lease for the boat pens in the Swan River, East Fremantle.

21. CAPITAL COMMITMENTS

	2025	2024
	Actual	Actual
	\$	\$
Contracted for:		
- contract liabilities for capital works	0	743,829
- plant & equipment purchases	0	107,676
	0	851,505
Payable:		
- not later than one year	0	851,505

There are no capital expenditure projects outstanding at the end of the current reporting.

The prior year related to:

- Fremantle Women's Soccer Club	727,006
- Other Capital Projects	16,823
- Plant & Equipment Purchases	107,676
	851,505

**TOWN OF EAST FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2025**

22. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2025 Actual	2025 Budget	2024 Actual
	\$	\$	\$
Mayor's annual allowance	39,988	39,988	38,450
Mayor's meeting attendance fees	27,425	27,425	26,370
Mayor's ICT expenses	3,500	3,500	3,500
	70,913	70,913	68,320
Deputy Mayor's annual allowance	9,997	9,997	9,612
Deputy Mayor's meeting attendance fees	17,711	17,711	17,030
Deputy Mayor's ICT expenses	3,500	3,500	3,500
	31,208	31,208	30,142
All other council member's meeting attendance fees	123,977	123,977	113,945
All other council member's ICT expenses	24,500	24,500	23,418
	148,477	148,477	137,363
22(b)	250,598	250,598	235,825

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

Note	2025 Actual	2025 Budget	2024 Actual
	\$	\$	\$
Mayor's annual allowance	39,988	39,988	38,450
Deputy Mayor's annual allowance	9,997	9,997	9,612
Meeting attendance fees	169,113	169,113	157,345
Annual allowance for ICT expenses	31,500	31,500	30,418
21(b)	250,598	250,598	235,825

(b) Key Management Personnel (KMP) Compensation

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

Note	2025 Actual	2024 Actual
	\$	\$
Short-term employee benefits	815,567	674,144
Post-employment benefits	108,787	82,707
Employee - other long-term benefits	93,031	75,490
Employee - termination benefits	36,501	0
Council member costs	250,598	235,825
22(a)	1,304,484	1,068,166

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

22. RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties

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

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

	2025 Actual	2024 Actual
	\$	\$
Purchase of goods and services	0	539,686
Loan Repayments (including interest & guarantee fee)	0	9,582
Annual contribution towards operating expenditure	0	27,690
Amounts payable to related parties:		
Trade and other payables	0	45,597

Related Parties

The Town's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 22(a) and 22(b)

ii. Other Related Parties

An associate person of KMP was employed by the Town 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 Town.

iii. Entities subject to significant influence by the Town

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.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

23. INVESTMENT IN ASSOCIATES

(a) Investment in associates

Set out in the table below were the associates of the Town during the year. All associates are measured using the equity method.

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

Note 1.: Resource Recovery Group (RRG - formerly SMRC)

Note 2.: The Town, in the year ended 30 June 2024, accounted for its withdrawal from the RRG at 30 June 2024.

Name of entity	% of ownership interest		2025	2024
	2025	2024	Actual	Actual
			\$	\$
Resource Recovery Group (RRG) - Existing Undertakings Proportional Equity Share	N/A	5.38%		
Resource Recovery Group (RRG) - Office Accommodation Project Proportional Equity Share	N/A	5.44%		
Resource Recovery Group (RRG) - RRRC Project Proportional Equity Share	N/A	5.37%		
Resource Recovery Group (RRG) - Consolidated			0	614,451
Total equity-accounted investments prior to accounting for the Town's withdrawal			0	614,451
Withdrawal from Resource Recovery Group as at 30 June 2024			0	(614,451)
Total equity-accounted investments at 30 June			0	0

(b) Share of investment in RRG

The Resource Recovery Group (RRG) is a statutory local government authority established in 1991 by the local governments of Canning, Cockburn, Fremantle, East Fremantle, Kwinana, Melville and Rockingham.

Contractual sharing arrangements existed between the Town and the Resource Recovery Group (RRG), a legal constituted regional local government entity, for the provision of waste services. Control of the RRG rests with the RRG Council, which is comprised of a member from each participant Council.

According to clause 8.4 of the Establishment Agreement, a decision to proceed with a project, by project participants, is required to be unanimous. All other decisions of the RRG require a simple majority, with the exception of decisions requiring an absolute majority in accordance with the *Local Government Act 1995* and the decision to consider a project proposal.

As the Town had 33.33% voting rights in the RRG during its investment, it was considered to have significant influence over the RRG and met the definition of an associate under AASB 128.3. Investment in the RRG as an associate is required by AASB 128.16 to be accounted for using the Equity Method.

Member local governments 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 projects were established through separate project participants' agreements. In addition to the above two projects, the support activities of the RRG such as Administrative activities, Education and Marketing, Research and Development, are referred to as Existing Undertakings.

Over the period the following local governments have since withdrawn from the Regional Council: City of Canning in June 2010, City of Rockingham in June 2012, the City of Cockburn in June 2019, City of Kwinana in June 2021 and the Town of East Fremantle in 2024.

Office Accommodation Project

The Office Accommodation Project pertains to RRG's Office located at 9 Aldous Place, Booragoon, Western Australia.

The Town's equity share of the project was based on proportional population.

The Town's share as at 30 June 2024 prior to accounting for its withdrawal was 5.43%.

Office Accommodation - Lending facility

As a RRG participant, the Town guaranteed by way of security to the Western Australian Treasury Corporation, a charge over its' general funds for its' share of any outstanding debenture borrowings provided for the RRG administration building at 9 Aldous Place Booragoon. This facility had a limit of \$2 million. In 2024 to Town de-recognised its liability because the Town had no further obligation.

**TOWN OF EAST FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2025**

23. INVESTMENT IN ASSOCIATES (Continued)

Summarised statement of comprehensive income	Note	2025 Actual \$	2024 Actual \$
Revenue		0	19,965,277
Interest revenue		0	341,382
Finance charge		0	(293,991)
Depreciation		0	(3,693,580)
Profit/(loss) from continuing operations		0	(2,485,583)
Profit/(loss) for the period		0	(2,485,583)
Total comprehensive income for the period		0	(2,485,583)
Summarised statement of financial position			
Cash and cash equivalents		0	3,705,332
Other current assets		0	9,731,408
Total current assets		0	13,436,740
Non-current assets		0	16,532,226
Total assets		0	29,968,966
Current financial liabilities		0	95,824
Other current liabilities		0	6,823,005
Total current liabilities		0	6,918,829
Non-current financial liabilities		0	1,612,200
Other non-current liabilities		0	10,020,977
Total non-current liabilities		0	11,633,177
Total liabilities		0	18,552,006
Net assets		0	11,416,960
Reconciliation to carrying amounts			
Opening net assets 1 July		0	13,902,544
Profit/(Loss) for the period		0	(2,485,583)
Closing net assets 1 July		0	11,416,961
Carrying amount at 1 July		0	871,328
- Share of associates net profit/(loss) for the period	23(c)	0	(133,413)
- Change to Accounting Estimate from Prior Year		0	144,974
- Provision for Contribution to equity in associate		0	(268,434)
- Disposal / Divestment of Investment in Associate		0	(614,455)
Carrying amount at 30 June (Refer to Note 23(a))		0	0

(c) Share of associates net profit/(loss) for the period
Share of investment in RRG (refer to Note 23(b))

2025 Actual \$	2024 Actual \$
0	11,561
0	11,561

MATERIAL ACCOUNTING POLICIES**Investments in associates**

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

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

24. OTHER MATERIAL 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 Town's operational cycle. In the case of liabilities where the Town 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 Town'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 Town 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 report 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 Town contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Town contributes are defined contribution plans.

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

j) Impairment of assets

In accordance with Australian Accounting Standards the Town's 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.

**TOWN OF EAST FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2025**

25. RATING INFORMATION

General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2024/25 Actual Rateable Value	2024/25 Actual Rate Revenue	2024/25 Actual Interim Rates	2024/25 Actual Total Revenue	2024/25 Budget Rate Revenue	2024/25 Budget Interim Rate	2024/25 Budget Total Revenue	2023/24 Actual Total Revenue
Residential	Gross rental valuation	0.071860	2,966	105,118,920	7,534,084	22,074	7,556,158	7,531,492	20,000	7,551,492	7,222,736
Commercial	Gross rental valuation	0.121806	120	12,346,985	1,537,434	(15,797)	1,521,637	1,537,430	0	1,537,430	1,471,619
Total general rates			3,086	117,465,905	9,071,518	6,277	9,077,795	9,068,922	20,000	9,088,922	8,694,355
Minimum payment											
Residential											
Residential	Gross rental valuation	1,296	337	5,419,350	436,752	0	436,752	435,456	0	435,456	417,648
Commercial	Gross rental valuation	1,938	7	79,940	13,566	0	13,566	13,566	0	13,566	13,013
Total minimum payments			344	5,499,290	450,318	0	450,318	449,022	0	449,022	430,661
Total general rates and minimum payments			3,430	122,965,195	9,521,836	6,277	9,528,113	9,517,944	20,000	9,537,944	9,125,016
Concession on general rates							0			0	0
Total Rates							9,528,113			9,537,944	9,125,016
Rate instalment interest							40,922			39,125	38,058
Rate overdue interest							24,530			36,581	28,717

The rate revenue was recognised from the rate record as soon as practicable after the Town resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

26. DETERMINATION OF SURPLUS OR DEFICIT

	2024/25 Actual (30 June 2025)	2024/25 Budget (30 June 2025)	2023/24 Actual (30 June 2024)
Note	Carried Forward)	Carried Forward)	Carried Forward)
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(45,412)	(69,342)	(61,265)
Less: Population adjustment to SMRC Loan Balance	0	0	(1,800)
Less: Fair value adjustments to financial assets at fair value through profit or loss	3,551	0	(1,681)
Less: Share of net profit of associates and joint ventures accounted for using the equity method	0	0	(11,562)
Add: Loss on disposal of assets/investment in associate	11,155	0	522,047
Add: Depreciation	2,342,512	2,231,542	1,945,236
Add: EFCP Consolidation	858,783	0	533,963
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(9,765)	0	(9,251)
Employee benefit provisions	(59,276)	0	67,971
Non-current receivables	(71,368)	0	7,543
Movement from WIP to the Operating Statement	18,854	0	0
Non-cash amounts excluded from operating activities	3,049,034	2,162,200	2,991,201
(b) Non-cash amounts excluded from investing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to investing activities			
Property, plant and equipment recognised as part of EFCP Consolidation	27,300	0	877,172
Right of use assets received - non cash	149,481	0	0
Non cash payments for investments in associates	0	0	(268,434)
Non-cash amounts excluded from investing activities	176,781	0	608,738
(c) Non-cash amounts excluded from financing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to financing activities			
Non cash proceeds from new leases	(149,481)	0	0
EFCP Consolidation of Financing Activities	137,888	0	(666,461)
Non-cash amounts excluded from financing activities	(11,593)	0	(666,461)
(d) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	28 (2,616,769)	(1,918,630)	(2,710,049)
Add: EFCP Consolidated Net Current (Assets)/Liabilities	1,676,820	0	845,561
Less: EFCP Deficit Funding - Current Payable to the Operator	(1,392,746)	0	(533,963)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14 157,911	157,911	150,564
- Current portion of lease liabilities	11(b) 80,578	52,049	45,114
Total adjustments to net current assets	(2,094,206)	(1,708,670)	(2,202,773)
Net current assets used in the Statement of Financial Activity			
Total current assets	6,085,861	4,564,058	6,603,091
Less: Total current liabilities	(4,292,311)	(2,855,388)	(4,090,975)
Less: Total adjustments to net current assets	(2,094,206)	(1,708,670)	(2,202,773)
Surplus or deficit after imposition of general rates	(300,656)	0	309,343

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27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget						
		Principal at 1 July 2023	New Loans During 2023- 24	Principal Repayments During 2023- 24	Population Adjustment to Loan Principal	Divestment of Investment in Associate	Principal at 30 June 2024	New Loans During 2024- 25	Principal Repayments During 2024- 25	Principal at 30 June 2025	Principal at 1 July 2024	New Loans During 2024- 25	Principal Repayments During 2024- 25	Principal at 30 June 2025
RRG - Administration Building *		\$ 99,180	\$ 0	\$ (4,976)	\$ (1,800)	\$ (92,404)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
East Fremantle Community Park Redevelopment		0	4,800,000	(72,634)	0	0	4,727,366	0	(150,564)	4,576,802	4,727,366	0	(150,564)	4,576,802
East Fremantle Community Park - Equipment Loan		0	689,442	(22,981)	0	0	666,461	0	(137,888)	528,573	0	0	0	0
Total Borrowings	14	99,180	5,489,442	(100,591)	(1,800)	(92,404)	5,393,827	0	(288,452)	5,105,375	4,727,366	0	(150,564)	4,576,802

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Actual for year ended 30 June 2025	Budget for year ended 30 June 2025	Actual for year ended 30 June 2024
RRG - Administration Building *	2-7	WATC+	0.35%	\$ 0	\$ 0	\$ (4,606)
East Fremantle Community Park Redevelopment	185	WATC+	4.82%	(258,202)	(259,405)	(159,116)
East Fremantle Community Park - Equipment Loan		BoQ	5.65%	(38,927)	0	(6,488)
Total				(297,129)	(259,405)	(170,210)
Total Finance Cost Payments				(297,129)	(259,405)	(170,210)

* The Town's share of RRG Loan Liability is adjusted annually based on proportional population of member local governments.

* As per the Settlement Agreement entered into between the Town and the RRG, the Town has no further obligations in respect of the RRGs loan borrowings.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

27. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2024/25

No new borrowings were entered into during the 2024/25 financial year.

(c) Lease Liabilities

Purpose	Note	Actual								Budget				
		Principal at 1 July 2023	New Leases During 2023-24	ROU Adjustment 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	New Leases During 2024-25	ROU Adjustment 2024-25	Principal Repayments During 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New Leases During 2024-25	Principal Repayments During 2024-25	Principal at 30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
River seabed (Mooring Pens)		242,414	0	(3,610)	(41,067)	197,737	0	(6,052)	(43,475)	148,210	161,569	0	(52,049)	109,520
IT Equipment		0	0	0	0	0	149,481	0	(12,637)	136,844	0	0	0	
Total Lease Liabilities	11(b)	242,414	0	(3,610)	(41,067)	197,737	149,481	(6,052)	(56,112)	285,054	161,569	0	(52,049)	109,520

Lease Finance Cost Payments

Purpose	Note	Institution	Interest Rate	Date final payment is due	Actual for year ended 30 June 2025	Budget for year ended 30 June 2025	Actual for year ended 30 June 2024	Lease Term (months)
					\$	\$	\$	
River seabed (Mooring Pens)	2(b)	Department of Transport	2.60%	1/06/2028	(4,416)	(8,000)	(6,739)	252
IT Equipment	2(b)	CHG-Meridian	5.00%	16/02/2027	(2,573)	0	0	48
Total Finance Cost Payments					(6,989)	(8,000)	(6,739)	

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

28. RESERVE ACCOUNTS	2025	2025	2025	2025	2025	2025	2025	2025	2024	2024	2024	2024
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by legislation/agreement												
(a) Payment in Lieu of Parking Reserve	137,010	64,375	0	201,385	137,010	0	0	137,010	137,010	0	0	137,010
(b) Payment in Lieu of Public Open Space	0	0	0	0	0	0	0	0	0	0	0	0
	137,010	64,375	0	201,385	137,010	0	0	137,010	137,010	0	0	137,010
Restricted by council												
(c) Vehicle, Plant and Equipment Reserve	0	0	0	0	0	0	0	0	50,407	0	(50,407)	0
(d) Aged Services Reserve	0	0	0	0	0	0	0	0	0	0	0	0
(e) Strategic Asset Management Reserve	0	166,275	(72,000)	94,275	0	166,275	0	166,275	64,920	0	(64,920)	0
(f) Arts and Sculpture Reserve	195,664	0	0	195,664	195,664	0	(45,000)	150,664	165,664	30,000	0	195,664
(g) Waste Reserve	35,000	0	(35,000)	0	35,000	0	0	35,000	35,000	0	0	35,000
(h) Streetscape Reserve	75,000	0	(75,000)	0	75,000	0	(75,000)	0	75,000	0	0	75,000
(i) Drainage Reserve	133,293	0	(133,293)	0	133,293	0	(133,293)	0	193,293	0	(60,000)	133,293
(j) East Fremantle Oval Redevelopment Reserve	250,529	0	(140,529)	110,000	250,529	0	(250,529)	0	341,431	1,046,111	(1,137,013)	250,529
(k) Preston Point Facilities Reserve	0	0	0	0	0	0	0	0	145,290	0	(145,290)	0
(l) Sustainability and Environmental Reserve	438,553	137,197	0	575,750	438,553	137,197	(575,750)	0	304,723	133,830	0	438,553
(m) Town Planning Reserve	150,000	0	0	150,000	150,000	40,000	0	190,000	100,000	50,000	0	150,000
(n) Business Improvement Reserve	150,000	0	0	150,000	150,000	0	(70,000)	80,000	50,000	100,000	0	150,000
(o) Old Police Station Reserve	5,305	0	(5,305)	0	5,305	31,418	(16,737)	19,986	16,500	0	(11,195)	5,305
(p) Strategic Waste Reserve	326,684	0	0	326,684	326,684	0	0	326,684	146,684	180,000	0	326,684
(q) Plympton Parking Reserve	616,667	0	0	616,667	616,667	0	0	616,667	616,667	0	0	616,667
(r) Foreshore Management Plan	196,344	0	0	196,344	196,344	0	0	196,344	196,344	0	0	196,344
	2,573,039	303,472	(461,127)	2,415,384	2,573,039	374,890	(1,166,309)	1,781,620	2,501,923	1,539,941	(1,468,825)	2,573,039
	2,710,049	367,847	(461,127)	2,616,769	2,710,049	374,890	(1,166,309)	1,918,630	2,638,933	1,539,941	(1,468,825)	2,710,049

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

28. RESERVE ACCOUNTS (Continued)

Name of reserve account	Purpose of the reserve account
Restricted by legislation/agreement	
(a) Payment in Lieu of Parking Reserve	To receive and apply funds for payments received in lieu of parking.
(b) Payment in Lieu of Public Open Space	To receive payment from developers in lieu of land set aside for public open space, with funds to be applied in accordance with section 154 of the Planning and Development Act 2005.
Restricted by council	
(c) Vehicle, Plant and Equipment Reserve	To support the funding of vehicle, plant and equipment purchases.
(e) Strategic Asset Management Reserve	To fund the acquisition of new and renewal of existing Town infrastructure, buildings and other assets.
(f) Arts and Sculpture Reserve	To provide for the commissioning and purchase of public art works in accordance with the Town's Public Arts Strategy.
(g) Waste Reserve	To fund and support waste management services including but not limited to refuse collection, waste management initiatives and programs, infrastructure and buildings and legal expenses associated with waste management.
(h) Streetscape Reserve	To implement Streetscape initiatives including the redevelopment of George Street.
(i) Drainage Reserve	To fund drainage asset management requirements.
(j) East Fremantle Oval Redevelopment Reserve	To fund all costs associated with the redevelopment of the East Fremantle Oval precinct.
(k) Preston Point Facilities Reserve	To fund all costs associated with the implementation of the Preston Point Facilities Master Plan.
(l) Sustainability and Environmental Reserve	To fund sustainability and environmental initiatives as well as support actions/recommendations from the Community Climate Action Plan.
(m) Town Planning Reserve	To fund planning and building works associated with the protection and amenity of the built environment.
(n) Business Improvement Reserve	To fund the implementation of business improvement initiatives including the Town's enterprise resource planning system.
(o) Old Police Station Reserve	To receive the net income from the Old Police Station for building maintenance and renewal purposes.
(p) Strategic Waste Reserve	To fund strategic waste initiatives including any costs associated with participation in the regional local government.
(q) Plympton Parking Reserve	To fund parking management initiatives within the Plympton precinct.
(r) Foreshore Management Plan	To fund all costs associated with the implementation of the Foreshore Management Plan.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

29 TRUST FUNDS

The Town did not hold any funds at balance date which are required to be held in trust.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

30. CORRECTION OF ERROR

During the 2024/25 financial year, the Town identified that the lease and operator agreement for the East Fremantle Community Park (EFCP) should be treated as a principal agent relationship, in which the Town of East Fremantle is the principal.

In accordance with the Australian Accounting Standards, the Town has been determined to have control over the EFCP because it is exposed to, or has rights to, variable returns from its involvement under the arrangement and has the ability to affect those returns through its power to direct the activities of the EFCP.

Accordingly, this omission has been corrected by consolidating EFCP retrospectively from the date on which operations commenced during the financial year ended 30 June 2024. Comparative information has been restated to reflect the inclusion of EFCP within the consolidated financial statements and accompanying notes of the Town.

Statement of Financial Position	30 June 2024	Increase/ (Decrease)	30 June 2024 (Restated)
(Extract)	\$	\$	\$
Assets			
Cash and cash equivalents	2,568,217	15,000	2,583,217
Trade and other receivables	948,112	42,318	990,430
Inventories	0	78,527	78,527
Other assets	231,260	9,608	240,868
Property, plant and equipment	56,664,409	840,170	57,504,579
Liabilities			
Trade and other payables	1,677,237	853,126	2,530,363
Borrowings - Current	150,564	137,888	288,452
Borrowings - Non Current	4,576,802	528,572	5,105,374
Net assets	106,666,600	(533,963)	106,132,637

Retained earnings	54,124,260	(533,963)	53,590,297
Total equity	106,666,600	(533,963)	106,132,637

Statement of Comprehensive Income	2024	Increase/ (Decrease)	2024 (Restated)
(Extract)	\$	\$	\$
<i>By Nature or Type</i>			
Other revenue - EFCP	0	389,690	389,690
Materials and contracts	(4,589,312)	(860,778)	(5,450,090)
Utility charges	(283,870)	(876)	(284,746)
Depreciation	(1,945,236)	(37,002)	(1,982,238)
Finance costs	(170,461)	(6,488)	(176,949)
Insurance	(229,133)	(6,250)	(235,383)
Other expenditure - General	(824,410)	(12,259)	(836,669)
Net result for the period	15,601,272	(533,963)	15,067,309
Total comprehensive income for the period	15,601,272	(533,963)	15,067,309

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

31 SUMMARY STATEMENTS FOR CONTROLLED ENTITY (EFCP)

The ageing East Fremantle Oval infrastructure was replaced with an Integrated Community Sport and Leisure Facility and associated precinct - East Fremantle Community Park (EFCP), commencing operations in April 2024. The Town has entered into an Operator Agreement and Lease with the appointed Operator for the management and operation of the facility.

EFCP is a controlled entity of the Town of East Fremantle in accordance with AASB 10 Consolidated Financial Statements. The Town controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

While separate financial statements for EFCP are not required to be presented, the Town has included the following information to enhance transparency and accountability in understanding the financial performance and position of the controlled entity, and its contribution to the overall results of the consolidated entity.

EFCP comprises four key areas:

- Lease facilities for anchor sporting clubs
- B Active Health Club
- Carnaby's Bistro and Café
- Sporting surfaces and public open space

The operations of EFCP differ from a purely commercial enterprise. The facility is operated as a community park, with a significant community service obligation component. The financial results therefore reflect both commercial and community use activities. Over time, net revenue from the Health Club and Bistro/Café is intended to partially offset the Town's community subsidy, reducing the level of ongoing support required to maintain EFCP as a community facility.

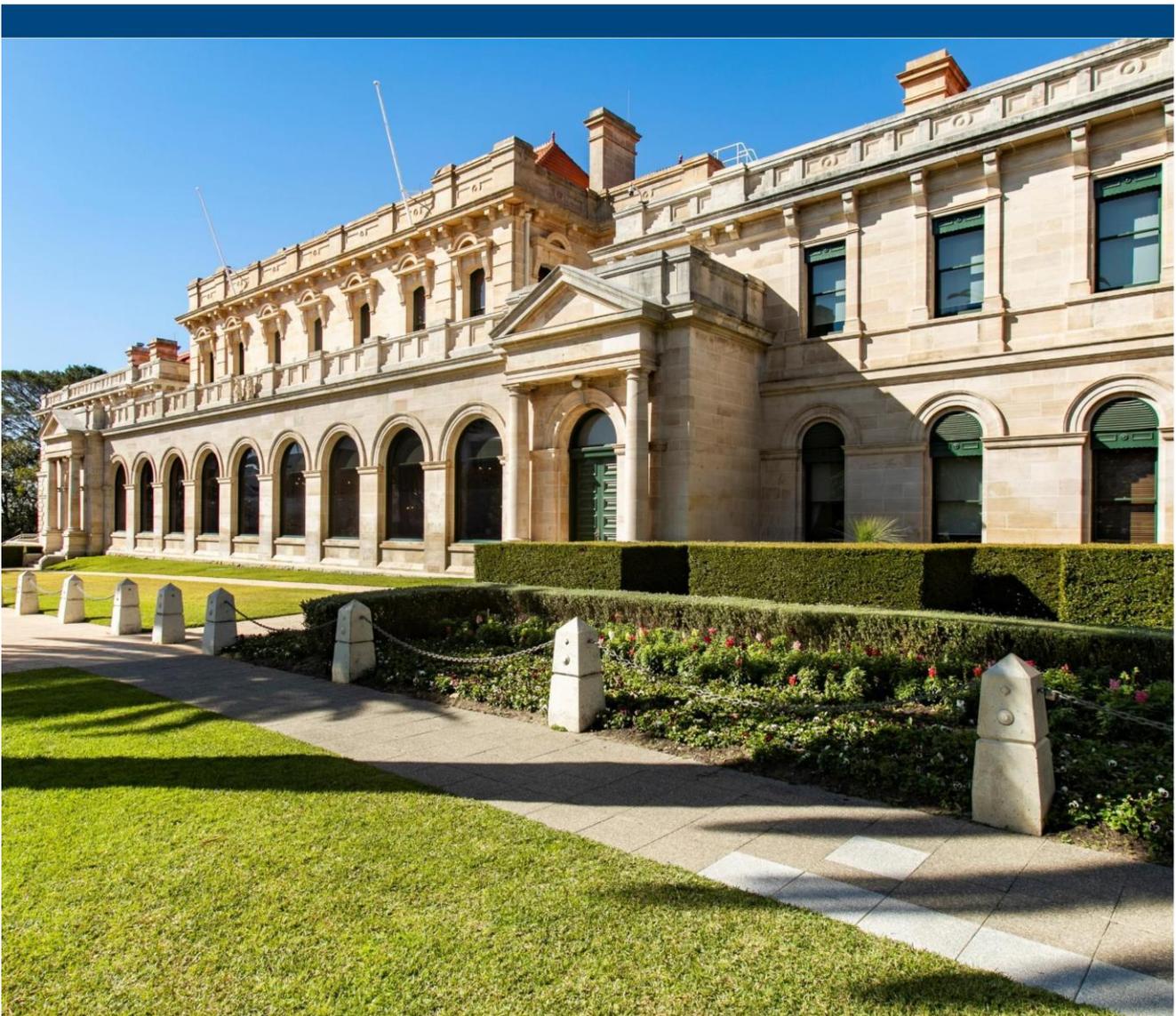
	2025 Actual	2024 Actual
Summarised statement of comprehensive income		
Revenue	\$ 4,541,921	\$ 389,690
Operating Expenditure	(5,169,064)	(880,163)
Depreciation	(192,713)	(37,002)
Finance costs	(38,927)	(6,488)
Total comprehensive income for the period	(858,783)	(533,963)
Summarised statement of financial position		
Cash and cash equivalents	15,000	15,000
Other current assets	158,730	130,453
Total current assets	173,730	145,453
Non-current assets	674,758	840,170
Total non-current assets	674,758	840,170
Total assets	848,488	985,623
Current financial liabilities	137,888	137,888
Other current liabilities	1,712,662	853,126
Total current liabilities	1,850,550	991,014
Non-current financial liabilities	390,684	528,572
Total non-current liabilities	390,684	528,572
Total liabilities	2,241,234	1,519,586
Net assets	(1,392,746)	(533,963)
Equity	(1,392,746)	(533,963)



ANNUAL FINANCIAL AUDIT PLANNING SUMMARY

Year ending 30 June 2025

Town of East Fremantle



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Introduction

This Summary of our Audit Plan explains our approach to the audit of the financial statements. We look forward to discussing this further with you on 28 May 2025. You can also contact your engagement leader, David Delvalle anytime on 6557 7625. David is responsible for the overall quality of the audit process and to communicate any matters arising from the audit.

Our plan has been developed following discussions with Town of East Fremantle management and will continue to be responsive to any changes in circumstances that result in us needing to adapt our approach and to maximise the effectiveness and efficiency of the audit process.

We follow a risk-based approach to our audit. If there are risks you think we have not covered we would be pleased to discuss these with you.

Please note that this plan is intended only for use by management and the Council and should not be circulated to anyone outside of these parties.

Our responsibilities

The Auditor General audits and provides an opinion to Parliament on each local government entity's financial statements.

Our audit approach is designed to specifically focus audit attention on the key areas of risk you face in reporting on your financial statements.

The responsibilities of the CEO and Council are set out in Appendix A.

Our audit approach

Our audit is conducted in accordance with Australian Auditing Standards. Our aim is to provide reasonable assurance whether the financial statements are free of material misstatement. We perform procedures to assess whether in all material aspects the financial statements are presented fairly in accordance with the *Local Government Act 1995*, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards. In doing so, we consider the needs of the Parliament – a primary user of the financial statements.

The audit is influenced by factors such as:

- the use of professional judgement
- selective testing
- the inherent limitations of internal controls
- the availability of persuasive rather than conclusive evidence.

As a result, an audit cannot guarantee that all material misstatements will be detected.

In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements including independence, professional standards and applicable legal and regulatory requirements.

We have also complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements.

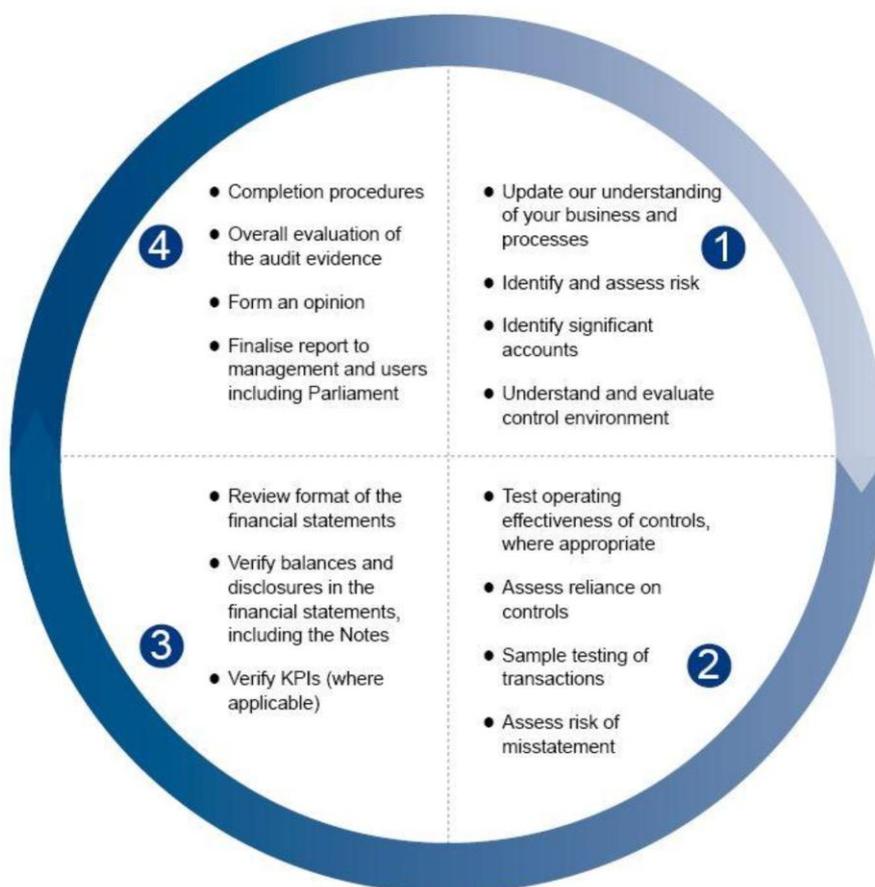
Our Audit Methodology and Tool

Our new audit tool and methodology

We are now into the second year of using our new financial audit methodology and our new audit tool, TeamMate+. We would like to note our thanks to management for their cooperation and forbearance with our first year of implementation of these important changes in the prior year. The new methodology and tool are designed to deliver increased audit quality and efficiencies to our audit process as they become more embedded.

Our audit approach

Our audit approach is set out in detail in our Audit Practice Statement. In summary, the following steps are undertaken:



Materiality

Materiality is set as a benchmark to determine if there are misstatements or omissions that could influence the economic decisions of users taken on the basis of the financial report. The materiality set for our audit is a key driver in determining the nature and extent of audit procedures and is a matter of professional judgement. Our materiality is set with reference to total expenses on the basis that this is the key driver of decision makers who use the financial report.

Key audit focus areas

Our audit procedures are focused on areas that are considered to represent risks of material misstatement to the financial report. These focus areas are identified as part of our risk assessment procedures during the planning phase, and we will continue to be alert for changing or emerging risks throughout the course of the audit.

We will assess design and implementation of key controls for the following business cycles, and where appropriate will also test the operating effectiveness of controls on a rotational basis as follows:

- Revenue
- Expenditure
- Payroll
- Cash and Financing
- Property, Plant, Equipment and Infrastructure.
- General Ledger

Through discussions with your staff and our prior knowledge of your operations, we have identified the following issues and key areas of risk affecting the audit.

Existence and valuation of property, plant and equipment and infrastructure

Background	Our Response
<p>Reasons for area of key focus</p> <ul style="list-style-type: none"> - High value of assets - Significant judgement and estimates involved in valuations <p>Key estimates/judgements</p> <ul style="list-style-type: none"> - Fair value of land, buildings and infrastructure - Useful life of assets <p>Relevant accounting Standards</p> <ul style="list-style-type: none"> - AASB 116: Property, plant and equipment - AASB 13: Fair value measurement - AASB 136: Impairment of assets 	<ul style="list-style-type: none"> - Test the design, implementation and operating effectiveness of key controls. - Perform substantive analytical procedures to determine appropriateness of depreciation expense. - Test a sample of additions and disposals to supporting documents. - Obtain and review management’s assessment of indicators of impairment. - Obtain management’s position and supporting calculations for the impact of the new requirements arising under AASB 2022-10 which clarifies the application of AASB 13 and particularly the treatment of professional fees in the asset valuation process.

Revenue recognition and recoverability of receivables

Background	Our Response
<p>Reasons for area of key focus</p> <ul style="list-style-type: none"> - High volume of transactions related to <ul style="list-style-type: none"> o Rates o Grants, subsidies and contributions o Fees and charges, and o Interest revenue - Fraud risk for revenue 	<ul style="list-style-type: none"> - Test the design and implementation of key controls. - Test the operating effectiveness of key controls. - Test a sample of revenue transactions to supporting documents and determine if they have been correctly recognised. - Perform substantive analytical procedures on rates and interest revenue streams. - Test a sample of grants to determine whether they have been appropriately recognised in the

Background	Our Response
<ul style="list-style-type: none"> - Risk of grants not being appropriately recognised under the requirements of accounting standards <p>Key estimates/judgements</p> <ul style="list-style-type: none"> - Expected credit losses - Revenue recognition <p>Relevant accounting Standards</p> <ul style="list-style-type: none"> - AASB 15: Revenue from contracts with customers - AASB 1058: Income of not-for-profit entities 	<ul style="list-style-type: none"> - correct period, including any relevant assets and liabilities. - Assess the appropriateness of the allowance for expected credit losses.

Completeness and accuracy of expenses and liabilities

Background	Our Response
<p>Reasons for area of key focus</p> <ul style="list-style-type: none"> - High volume of transactions - Fraud risk for procurement <p>Relevant accounting Standards</p> <ul style="list-style-type: none"> - AASB 137: Provisions, contingent liabilities and contingent assets 	<ul style="list-style-type: none"> - Assess design and implementation of key controls. - Test the operating effectiveness of key controls. - Test a sample of expense transactions to supporting documents and determine if they have been correctly recognised. - Perform testing of subsequent payments and unpaid invoices at year-end to determine if there are unrecorded liabilities. - Perform specific procedures in response to risk of fraud in procurement activities

Existence and accuracy of employee expenses and completeness of employee liabilities

Background	Our Response
<p>Reasons for area of key focus</p> <ul style="list-style-type: none"> - High volume of transactions <p>Key estimates/judgements</p> <ul style="list-style-type: none"> - Actuarial assumptions for employee liabilities 	<ul style="list-style-type: none"> - Assess design and implementation of key controls. - Perform substantive analytical procedures on employee expenses for the year. - Test a sample of leave balances for accuracy and completeness. - Assess the appropriateness of the actuarial assumptions for leave balances.

Management override of controls

Background	Our Response
<p>Reasons for area of key focus</p> <ul style="list-style-type: none"> - Key fraud risk required to be responded to under auditing standards 	<ul style="list-style-type: none"> - Test any unusual journal entries made during the year to determine if they are appropriately supported. - Review key estimates and judgements applied by management - Consider if any misstatements found represent bias or intentional misstatement.

East Fremantle Community Park

Background	Our Response
<ul style="list-style-type: none"> - The Town entered into an arrangement with Belgravia Leisure for the management and operation of the East Fremantle Community Park facilities <p>Reasons for area of key focus</p> <ul style="list-style-type: none"> - High value of arrangement - Arrangement may be complex and its accounting treatment subject to significant judgement 	<ul style="list-style-type: none"> - We will review management’s assessment of the impact of this arrangement, determine whether, to the extent necessary, your entity has applied the relevant standards correctly, and ensure the financial statements comply with the requirements of the applicable standards.

Audit findings reported in the previous audit

We will additionally follow up the resolution of the findings raised in the previous audit, of which there was one moderate and eight minor information systems audit findings, and one minor financial audit finding.

Information Systems Audit Approach

Our approach to information systems audit is to obtain an understanding of the Information technology environment and information system related to key business processes and audit key information systems controls. The systems that we consider are:

- Finance System: IT Vision SynergySoft
- Human Resources (Payroll) System: IT Vision Altus Payroll

The key objectives of the information systems audit are to provide a preliminary conclusion over the General IT Controls covering the following:



Figure 1: General computer controls categories

We will perform a capability maturity assessment of your information system management processes and controls. This will be based on the assessment of our information system audit staff but will also give consideration to a self-assessment by your ICT staff.



Figure 2: Capability maturity assessment rating scale and criteria

The planned approach for your entity is as follows:

- Gain an understanding of the entity’s IT governance, management and IT environment
- Determine whether appropriate controls are in place
- Prepare and execute test plans to obtain assurance of the operation of controls
- Interview entity staff and review appropriate documentation
- Evaluate the effectiveness of the controls
- Internal vulnerability scans of Finance, HR systems and key operational systems identified.
- Complete the IS Capability Maturity Assessment.

Environmental, Social and Governance

Entities should refrain from disclosing ESG matters or climate-related risks in financial statements as there is currently no established reporting and auditing frameworks for local government entities. These frameworks are still in the development phase.

Proposed Audit Schedule

	Date
Planning	26 May – 30 May 2025
Information System Audit	June – August 2025
Interim Audit	3 June – 20 June 2025
Final Audit	29 September – 24 October 2025
Critical Target Dates*	
Interim Management Letter	By 13 July 2025
Final Trial Balance	29 September 2025
Receipt of Signed Financial Statements	29 September 2025
Exit Interview (week ending)	14 November 2025
Receipt of Signed Management Representation Letter and Financial Statements	14 November 2025
Issue of Audit Opinion and Final Management Letter	21 November 2025 (or within 5 working days of receipt of the signed financial statements and management representation letter)

** To be agreed with management at the entrance meeting / based on timely receipt of audit information and reporting documentation.*

Your Audit Team

	Name	Contact
Assistant Auditor General and signing officer	Grant Robinson	6557 7526
Engagement Leader	David Delvalle	6557 7625
Audit Manager (Team Leader)	Stephanie Kaharudin	6557 7680
Information Systems Audit Consultant	Paul Tilbrook Mushirah Codabaccus	6557 7514 6557 7668

Appendix A – Other audit communications

Responsibilities of the CEO and Council

The CEO and Council are responsible for:

- keeping proper accounts and records, maintaining effective internal controls, preparing the annual financial report, and complying with the Local Government Act and Regulations, and other legislative requirements.
- ensuring the accuracy and fair presentation of all information in its annual report, and that it is consistent with the audited annual financial report. We do not provide assurance over your annual report.
- maintaining internal controls that prevent or detect fraud or error and to ensure regulatory compliance. The Audit Committee and the Auditor General should be informed by management of any fraud or material errors. During the audit we will make inquiries with management about their process for identifying and responding to the risks of fraud, including management override. It should be noted that our audit is not designed to detect fraud, however, should instances of fraud come to our attention, we will report them to you.
- preparing the financial report, and the CEO are also responsible for assessing the entity's ability to continue as a going concern, if applicable disclosing matters related to going concern, and using the going concern basis of accounting unless the government has made policy or funding decisions affecting the continued existence of the entity.
- ensuring the accuracy and fair presentation of all information in its annual report, and that it is consistent with the audited financial report. We do not provide assurance over your annual report.

The CEO and Council have responsibility for maintaining internal controls that prevent or detect fraud or error and to ensure regulatory compliance. The Audit Committee and the Auditor General should be informed by management of any fraud or material errors. During the audit we will consider management programs and controls intended to deter and detect fraud and make inquiries of the CEO and Council. It should be noted that our audit is not designed to detect fraud, however, should instances of fraud come to our attention, we will report them to you. Information relating to the fraud will be provided to our forensic division and our office may decide to conduct further investigation.

Timelines for Provision of Information

To help deliver audit opinions on time as agreed by the entity in the proposed audit schedule above, please follow the requirements and timelines for provision of information to the audit team as listed below:

- provide certified financial statements on 29 September 2025
- submit the audit file/folder that supports the financial statements in two working days from the receipt of the certified financial statements, unless another date is agreed by your engagement leader
- submit audit information in two working days from the date of request, unless another date is agreed by your engagement leader
- respond to management letter issues in five working days from the date of the receipt of the audit finding unless another date is agreed by your engagement leader.

Please provide the information in a timely manner in order to avoid delays in the agreed reporting timeline and potential impact on the audit report.

Audit Evidence – Specific Audit Requirements

We will discuss our requirements with your staff to facilitate a timely, efficient and effective audit. We will formally agree our information requirements and timeframes for the final audit with your Chief Finance Officer using our **Prepared by Client Listing**. This Listing is intended to help your staff to have various documents readily available when we perform our audit. Please note however that in several instances, particularly during our audit sampling at the interim visits, audit staff will need to retrieve some evidence themselves, rather than being given the evidence by your staff. This is essential for an independent audit.

Information obtained during the audit can be used to carry out an examination or investigation for one or more of the purposes mentioned in Section 18 of the *Auditor General Act 2006*.

We also refer you to our various Better Practice guides which are available on our website.

Management Representation Letter

The above audit procedures assume that management expects to be in a position to sign a management representation letter. This letter should be reviewed and tailored to meet your local government's particular circumstances and be signed and dated by the CEO and Executive Manager Corporate Services (or equivalent) as close as practicable to the date of the proposed audit opinion. Ordinarily, this would be no longer than five working days prior to the issue of the opinion.

Please bring to the attention of the Mayor that we will also be relying on the signed Statement by the CEO in the annual financial report as evidence that they confirm:

- they have fulfilled their responsibility for the preparation of the annual financial report in accordance with the *Local Government Act 1995*, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards
- they have provided us with all relevant information necessary or requested for the purpose of the audit
- all transactions have been recorded and are reflected in the annual financial report.

Other Audit Activities

We are currently performing an audit on the following areas that may be of interest:

Audit	Objective
Local government management of purchasing cards (Local)	This audit will assess whether a selection of local government entities effectively manage the issue, use and cancellation of purchasing cards.
Local government management of local road maintenance (Local)	This audit will assess if regional local government entities effectively manage the maintenance of their local roads.
Local government management of gifts and benefits (Local)	This audit will assess if local government entities are effectively managing gifts and benefits and is intended to be performed in two phases. The first phase will consider sector-wide public information of all local government entities' gifts and benefits registers. The second phase will include a more in-depth audit across a sample of local government entities.

Details of other audits are available at our website [Audit in progress](#).

The OAG has also recently tabled a number of reports to Parliament, which are available at www.audit.wa.gov.au.

In reporting, we aim to identify good practice and opportunities for improvement. You may therefore wish to review these reports as the recommendations may have relevance to your entity.

Report Title	Tabled Date
Local Government 2023-24 Financial Audit Results	24 April 2025
Local Government 2023-24 – Information Systems Audit Results	11 April 2025
Implementation of the Aboriginal Procurement Policy	21 November 2024
Management of State Agreements	30 October 2024
Annual Report 2023-24	26 September 2024
Supplier Master Files – Better Practice Guide	1 August 2024
Staff Exit Controls at Local Government Entities	28 June 2024
Local Government Physical Security of Server Assets	24 June 2024
Local Government 2022-23 – Financial Audit Results	6 June 2024
Local Government Management of Purchasing Cards	12 June 2024
Local Government IT Disaster Recovery Planning	31 May 2024
Local Government 2022-23 – Information Systems Audit Results	27 May 2024
Digital Identity and Access Management – Better Practice Guide	28 March 2024
Funding for Community Sport and Recreation	21 March 2024
Implementation of the Essential Eight Cyber Security Controls	6 December 2023
Audit Readiness – Better Practice Guide	30 June 2023
Security Basics for Protecting Critical Infrastructure from Cyber Threats	14 June 2023

Appendix B – Key Changes to Accounting Standards

Key changes to accounting standards that impact your entity for the first time this year are shown below. We will review management's assessment of any implications of these being adopted.

N°	Accounting Standard	First year end	Summary
Accounting standards issued:			
1	<p>AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i></p> <p>AASB 2022-6 <i>Amendments to Australian Accounting Standards - Non-current Liabilities with covenants</i></p> <p>AASB 2023-3 <i>Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2</i></p>	31 December 2024	<p>This Standard amends AASB 101 <i>Presentation of Financial Statements</i> to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.</p> <p>AASB 2022-6 amends AASB 101 to provide further clarity on the presentation and disclosure of non-current liabilities with covenants, and to defer the effective date of the 2020 amendments from 1 January 2023 to 1 January 2024.</p> <p>Consistent with the amendments made by AASB 2020-1 and AASB 2022-6 for Tier 1 reporting requirements, AASB 2023-3 amends AASB 1060 to:</p> <ul style="list-style-type: none"> (a) clarify that a liability is classified as non-current if an entity has the right at the reporting date to defer settlement of the liability for at least 12 months after the reporting date; (b) clarify the reference to settlement of a liability by the issue of equity instruments in classifying liabilities; and (c) require the disclosure of information that enables users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within 12 months.
2	AASB 2022-5 <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i>	31 December 2024	<p>This Standard amends AASB 16 <i>Leases</i> to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 <i>Revenue from Contracts with Customers</i> to be accounted for as a sale.</p> <p>AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.</p>
3	AASB 2022-10 <i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-</i>	31 December 2024	<p>This Standard amends AASB 13 <i>Fair Value Measurement</i> for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. Changes include:</p>

	Profit Public Sector Entities		<p>(a) For the purpose of fair value measurement, current use of land used for a public sector community purpose (e.g. land used for a school) is presumed to be the highest and best use, except if:</p> <ul style="list-style-type: none"> • The land is classified as held for sale or held for distribution to owners in accordance with AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>; or • It is highly probable that the land will be used for an alternative purpose and the current use is expected to cease within one year. <p>(b) Guidance on costs to be considered in determining the current replacement cost of an asset.</p>
4	<p>AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements</p> <p>AASB 2024-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements: Tier 2 Disclosures</p>	31 December 2024	<p>This Standard amends AASB 107 and AASB 7 to require an entity to provide additional disclosures about its supplier finance arrangements. The additional information will enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk.</p> <p>The amendments require an entity to disclose the terms and conditions of the arrangements, the carrying amount of the liabilities that are part of the arrangements, the carrying amounts of those liabilities for which the suppliers have already received payment from the finance providers, the range of payment due dates and the effect of non-cash changes.</p> <p>AASB 2024-1 amends AASB 1060 to require a Tier 2 entity to include in its financial statements the same specific disclosures that AASB 2023-1 requires in the financial statements of Tier 1 entities.</p>

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Office of the Auditor General
for Western Australia

Attachment -3

Confidential Attachment

OUR REF:
ENQUIRIES:



Memorandum

To: OAG - Auditor 2024-25
From: Consultant / Finance Manager / Executive Manager Corporate Services
Subject: Consolidation of Town of East Fremantle and East Fremantle Community Park
Date: June 2025

Purpose

This memo outlines the approach taken to consolidate the financial statements of the Town of East Fremantle (the Town) and its controlled entity, East Fremantle Community Park (EFCP), for the year ended 30 June 2025, in accordance with the Australian Accounting Standards (AASBs).

The prior comparatives of EFCP for the year ended 30 June 2024 have also been accounted for and presented in the Town's financial statements.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Town of East Fremantle (the Town) and its controlled entity, the East Fremantle Community Park (EFCP), as at and for the year ended.

Together these entities are referred to as the economic entity or consolidated entity. The Town controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

In the process of reporting the Town as a single economic entity, all material transactions and balances between the Town's controlled entities are eliminated. Any dissimilar accounting policies applied at the entity level are amended to ensure consistent policies are adopted in these financial statements where the effect is material.

Where control of an entity is obtained during a financial year, results are included in the consolidated operating statement and the consolidated cash flow statement from the date on which control commenced. Where control ceases during a financial year, results are included for that part of the year for which control existed.

Subsidiary Treatment

The Operator (Belgravia) continues to prepare financial statements for the East Fremantle Community Park. These statements are audited as a stand alone set of financial statements prior consolidation with the Town's financial statements.

Whilst a summary is provided in the notes of the Town's statements, these are not presented alongside the consolidated statements.

Instead:



- Assets, liabilities, income, and expenses have been incorporated into the consolidated financial statements.
- Any inter-entity balances or transactions have been eliminated.

Disclosure

Relevant disclosures have been made at Note 31 of the Town's financial statements including the nature of the relationship and summarised financial information of the subsidiary where material to the group. Additionally the basis of preparation and any significant accounting policies relevant to the consolidation have been updated.

Consolidation Process

The following consolidation process has been applied:

1. Review EFCP statements for any material adjustments to meet the Town's Significant Accounting Policies
2. Map and journal EFCP income, expenses, assets and liabilities to the Town's chart. The mapping table is appended to this memorandum.
3. Eliminate any inter-entity transactions and balances

For FY2025, income and expenditure for the reimbursement of Electricity and insurance, that is on-charged to EFCP by the Town was eliminated.

Other adjustments to the previous version of draft financial statements were:

- a) Reversal of accrued expense recognizing the deficit funding of the EFCP – which is replaced through the consolidation process (\$1,392,748)
- b) Reversal of accrued income for electricity reimbursement (\$15,314)



OUR REF:
ENQUIRIES:



Belgravia Statement Description	ToEF CoA	ToEF Description	ToEF Nature Category	Comments
Balance Sheet				
Cash Float	009103	Current Assets - Cash and Cash Equivalents - Unrestricted - EFCP Cash on Hand	Cash & Cash Equivalents	
Trade Debtors	009104	Current Assets - Trade and Other Receivables - Sundry Debtors - EFCP Trade Debtors	Trade & Other Receivables	
POS Debtors	009105	Current Assets - Trade and Other Receivables - Sundry Debtors - EFCP POS Debtors	Trade & Other Receivables	
Stock	009106	Current Assets - Stock on Hand - EFCP Stock	Stock on Hand	
Accrued Revenue	009107	Current Assets - Other Assets - Accrued Income - EFCP Accrued Income	Other Assets	
Fixed Assets	009108	Non-Current Assets - Property, Plant and Equipment - Plant and Equipment - Historical Cost - EFCP Fixed Assets	PPE	
Fixed Assets (Financed)	009108	Non-Current Assets - Property, Plant and Equipment - Plant and Equipment - Historical Cost - EFCP Fixed Assets	PPE	
Accumulated Depreciation	009109	Non-Current Assets - Property, Plant and Equipment - Accumulated Depreciation - Plant and Equipment - EFCP Plant and Equipment	PPE	
Trade Creditors	009110	Current Liabilities - Trade and Other Payables - Accrued Expense - EFCP Trade Creditors	Trade & Other Payables	
Advanced Income	009111	Current Liabilities - Trade and Other Payables - Accrued Expense - EFCP Income in Advance	Trade & Other Payables	
Annual Leave	009115	Current Liabilities - Trade and Other Payables - Accrued Expense - EFCP Annual Leave Payable to Belgravia	Trade & Other Payables	It has been determined that as the employees of EFCP are employees of the Operator, and not on the Town's payroll, these are not Employee Provisions but instead a payable to the Town.
Accrual Expenses	009112	Current Liabilities - Trade and Other Payables - Accrued Expense - EFCP Accrued Expenses	Trade & Other Payables	
Loan for Equipment - Current	009113	Current Liabilities - Loan Liability - EFCP Equipment Loan	Borrowings	
Cash flow Loan from Belgravia	009114	Current Liabilities - Trade and Other Payables - EFCP Payable to Belgravia	Trade & Other Payables	
Prepaid Subsidy (ToEF to Belgravia)	009114	Current Liabilities - Trade and Other Payables - EFCP Payable to Belgravia	Trade & Other Payables	
Loan for Equipment - Non Current	009116	Non - Current Liabilities - Loan Liability - EFCP Equipment Loan	Borrowings	
P&L				
				<p>The Town does not formally approve the EFCP fees through Council or the Town's annual Fees and Charges process.</p> <p>While the Operator Agreement includes a clause stating that the EFCP fees and charges are to be approved by Council, in practice, Council has not exercised authority to amend or direct the pricing. The fees for the health club were included in the Business Plan presented to Council and noted, but this was a procedural or housekeeping step rather than a formal adoption through the Town's statutory Fees and Charges schedule.</p> <p>Additionally, pricing for the café (Carnaby's) was not presented to Council and can be varied at any time by the Operator to meet commercial objectives. This demonstrates that the Operator retains discretion over price setting, with the Town not incorporating EFCP fees and charges into its own annual schedule.</p> <p>Applying the principle of substance over form, while the Operator Agreement refers to Council approval, the substance of the arrangement is that the Operator independently sets and manages pricing. On this basis, EFCP revenue has been classified as Other Revenue, and due to its materiality, has been disclosed separately in the Statement of Comprehensive Income as "Other Revenue – EFCP"</p>
All income categories	11110803.131	Other Revenue - EFCP	Other Revenue	Includes Personnel expenses. It has been determined that as employees of EFCP are employees of the Operator, and not on the Town's payroll, these are not Employee Expenses to the Town.
All expense categories not listed in other expense CoAs	1E113010.310	Material and Contracts - EFCP Consolidation	Material and Contracts	
Interest - Equipment Loan	1E113010.380	Interest Expenses - EFCP Consolidation	Interest Expenses	
Depreciation - Hire Equipment; Depreciation - Plant & Equipment	1E113010.410	Depreciation Expenses - EFCP Consolidation	Depreciation Expenses	
Insurance	1E113010.365	Insurance - EFCP Consolidation	Insurance	
Finance Costs & Fees; Debit Success Fees; Debit Success Establishment & Penalty Fees	1E113010.390	Other Expenses - EFCP Consolidation	Other Expenses	

10.2 2511 2026 MEETING SCHEDULE AND WORK PLAN

Report Reference Number	ACR-862
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 26 November 2025
Voting requirements	Simple
Documents tabled	Nil
Attachments	

1. Risk Based Audit Work Plan

PURPOSE

The Audit, Risk and Improvement Committee (ARIC) is requested to endorse the proposed work plan and meeting schedule for the 2026 calendar year.

EXECUTIVE SUMMARY

The ARIC previously endorsed the Risk Based Audit Work Plan at its November 2024 Meeting. This Work Plan has been updated with 2026 being the first year of the rolling four-year plan.

It is recommended that the ARIC meet 3 times in the 2026 calendar year (4th Wednesday of the month), with the suggested work plan as follows:

Month	Activity
February	<ul style="list-style-type: none"> • 2025 Compliance Audit Return • 2025-26 Mid-Year Budget Review • Consolidated Status Report • 2024-25 Audited Annual Financial Report and Audit Letters • Financial Management Review/Audit Regulation 17 Review – Consolidated Report • Rates Collection Performance
July	<ul style="list-style-type: none"> • Significant Accounting Policies/Position Papers • Audit of Purchase Requisitions over \$5k • Consolidated Status Report • Revaluation Report – Infrastructure Assets • Rates Collection Performance • Strategic IT Plan • IT Disaster Recovery Test • Strategic Risk Register Update
November	<ul style="list-style-type: none"> • 2025-26 Audited Annual Financial Report • Review of Policies – Internal Audit Charter; Fraud and Corruption Control Standards; Risk Management Policy and Procedures • Business Continuity Desktop Exercise

	<ul style="list-style-type: none"> • Review of Investment Performance • Meeting Schedule and Work Plan for 2026
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BACKGROUND

The Department of Local Government has prepared operational guidelines on audit in local government. The guidelines outline audit requirements including the establishment of an audit committee and key functions.

The Guidelines define the role of the Audit committee “to support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability”.

The Guidelines also state that the Audit committee needs to form an opinion of the local governments internal audit requirements and recommend a course of action that ensures that any internal audit processes adopted are appropriate, accountable and transparent.

Legislative Audit Framework:

The *Local Government Act 1995*, *Local Government (Audit) Regulations 1996* and *Local Government (Financial Management) Regulations 1996* detail the statutory requirements with respect to audit of local government. The following reporting requirements to the audit committee are mandatory:

Item	Requirements	Legislation
External Audit Report	The Auditor is to provide a report (annually) giving an opinion on the financial position of the local government and the results of the operations of the local government. Where it is considered by the auditor appropriate to do so, the audit is to prepare a management report to accompany the auditor’s report.	Regulation 10 of the <i>Local Government (Audit) Regulations 1996</i>
Compliance Audit Return	Local Governments are required to complete a statutory compliance return (Compliance Audit Return) annually and have the return adopted by Council. The return is a checklist of a local government’s compliance with the requirements of the Act and its Regulations, concentrating on areas of compliance considered ‘high risk’. The audit committee is to review the Compliance Audit Return and report to the Council the results of that review.	Regulation 14 of the <i>Local Government (Audit) Regulations 1996</i>
Risk Management/Internal Controls/Legislative Framework	The CEO is to review the appropriateness and effectiveness of a local governments and procedures in relation to risk management, internal control and legislative	Regulation 17 of the <i>Local Government (Audit) Regulations 1996</i>

	compliance at least once every three years and report to the audit committee the results of that review.	
Financial Management Review	The CEO is review the appropriateness and effectiveness of the financial management systems and procedures of the local government at least once every years and reports the results of that review.	Regulation 5 of the <i>Local Government (Financial Management) Regulations 1996</i>

External Audit Framework:

Pursuant to section 7.2 of the *Local Government Act 1995*, the accounts and annual financial report of a local government for each financial year are required to be audited. The Act and Regulations prescribe the scope of the external audit of the annual financial statements of the local government. The operational guidelines also include a minimum standard audit specification.

The critical matters for audit are:

- Revenue – rates revenue, government grants, fees and charges
- Expenditure – salaries and wages, depreciation, materials and contract expense, insurance
- Current Assets – bank and short-term assets, receivables, inventory
- Non-Current Assets – property, plant, furniture and equipment, infrastructure and depreciation
- Liabilities – creditors and accruals, loan borrowings, provision for annual and long service leave entitlements
- Reserve Funds
- Contingent Liabilities
- Capital Commitments
- Accounting Policies
- Cash Flow Statement
- Financial Ratios

Internal Audit Framework:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the effectiveness of risk management, control, and governance processes. Establishing a formal internal audit function is not a legislative requirement but the development of appropriate internal controls will enhance risk management processes. The internal audit function can either be resourced internally or contracted out.

All internal audit reports must be referred to the Audit Committee for consideration. Internal auditor’s activities should typically include the following:

- Examination of financial and operating information that includes detailed testing of transactions, balances and procedures;
- A risk assessment with the intention of minimizing exposure to all forms of risk on the local government;
- A review of the efficiency and effectiveness of operations and services including non-financial controls of a local government;
- A review of compliance with management policies and directives and any other internal requirements;
- Review of the annual Compliance Audit Return;
- Assist in the CEOs biennial reviews of the appropriateness and effectiveness of the local government’s systems and procedures in regard to risk management, internal control and legislative compliance.

The internal auditor should report functionally to the audit committee and administratively to the CEO. It should be remembered that pursuant to section 5.41 of the Act, the CEO is responsible for the day-to-day management of local government activities including the direction of staff and implicitly the internal audit function. The CEO may choose to delegate this responsibility.

CONSULTATION

Chief Executive Officer
Office of the Auditor General
Manager Finance
Manager Corporate Services
EA/Governance Coordinator
Finance Team Members

STATUTORY ENVIRONMENT

The local government audit framework is governed by the *Local Government Act 1995* and Regulations including the *Local Government (Administration) Regulations 1996*, *Local Government (Audit) Regulations 1996*, *Local Government (Financial Management) Regulations 1996* and *Local Government (Functions and General) Regulations 1996*.

Regulation 12 of the *Local Government (Administration) Regulations 1996* requires a local government to give local public notice of the dates on which and the time and place at which Council and Committee Meetings are to be held in the next 12 months.

The following information is provided on the Department of Local Government's website with respect to the revised Audit, Risk and Improvement Committee:

Audit, risk and improvement committees

Audit committees will be revised as audit, risk and improvement committees (ARICs). ARICs must have an independent presiding member to ensure a level of neutrality and impartial oversight in chairing these meetings. An independent presiding member must be a person who is not a council member of a local government or an employee of the local government. If a deputy presiding member is appointed, they must also be independent.

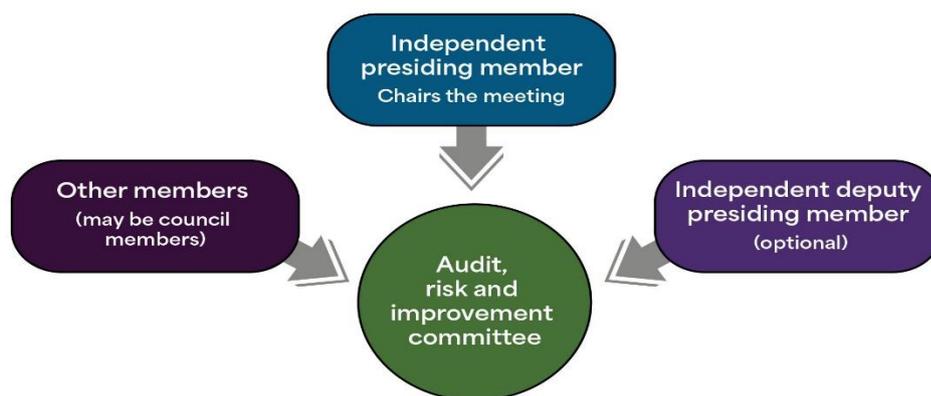
The introduction of an independent presiding member provides an opportunity for increased community confidence in a local government's financial and risk management. Local government operations may also benefit through appointing an independent chair with risk and financial management expertise that may otherwise be unavailable.

This reform reflects modern governance practices in State Government authorities and agencies as well as private corporations.

In relation to the current Act, an audit committee is required to be established comprising 3 or more persons appointed by absolute majority by a local government. Most of the members must be council members. The CEO or a local government employee cannot be a member.

Audit, risk and improvement committee model

The new audit, risk and improvement committee comprises the following roles, with a total of 3 or more members.



Under the proposed amendments in the Bill, an ARIC now requires an independent presiding member. A local government can choose to appoint an independent deputy presiding member to chair the meeting if the independent presiding member is unable to do so.

If a local government chooses not to nominate a deputy presiding member, the council will need to appoint an independent proxy to chair the meeting should the need arise.

Smaller local governments may also now choose to share an ARIC to reduce the burden on their resources

POLICY IMPLICATIONS

Council has adopted an Internal Audit Charter, which outlines various objectives with respect to internal audit activities.

FINANCIAL IMPLICATIONS

Each year, Council approves an annual budget ranging between \$10,000 - \$15,000 for internal audit activities.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2020-2030

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency.

5.3 Strive for excellence in leadership and governance.

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Lack of resourcing to support an Internal Audit function	Possible (3)	Moderate (3)	Moderate (5-9)	COMPLIANCE Short term non-compliance but with significant regulatory	Manage by ensuring adequate budget allocation

				requirements imposed	
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RISK MATRIX

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town’s Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not Applicable.

COMMENT

The ARIC Terms of Reference requires the Committee to meet at least three times per year, with the dates to be set each year by Council, with authority to convene additional meetings, as circumstances require.

Clause 6.7 of the Terms of Reference also requires the Committee to develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, that cover all the responsibilities outlined. These responsibilities include:

- Risk Management
- Business Continuity
- Internal Control
- Review of Annual Financial Statements
- Internal/external performance audits

Regulation 6 of the *Local Government (Financial Management) Regulations 1996* states that:

“A local government is to ensure that an employee to whom is delegated responsibility for the day-to-day accounting or financial management operations of a local government is not also delegated the responsibility for –

- (a) conducting an internal audit; or
- (b) reviewing the discharge of duties by that employee,

or for managing, directing or supervising a person who carries out a function referred to in paragraph (a) or (b).

So, functionally the performance of the internal audit function should be independent to the finance team. This is however problematic given the Town’s size and structure, which is highlighted by the fact that the majority of audit work plan in the last 5 years has been performed by the finance team. Of relevance, the Select Committee into Local Government recommended, as part of the recent review of the Local Government Act, that the Government give active consideration to facilitating, through the Department of Local Government, Sport and Cultural Industries, a shared internal audit service for the Local Government sector, particularly to assist small and medium councils.

Proposed work activities are detailed in the attached Work Plan.

Compliance Audit Return

In the last three years, the Town engaged an independent party to review the Compliance Audit Return and provide an assurance as to the accuracy of the return. Quotes are being sought for this independent review, and subject to price and availability, this work may be scheduled in January, with the Compliance Audit Return to be presented to the February 2026 Audit Committee Meeting.

CONCLUSION

Given the above constraints, a moderate work plan has been recommended for the 2026 calendar year, which is reflective of resourcing capacity.

10.2 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 022611

OFFICER RECOMMENDATION

Moved Mayor Natale, seconded Cr White

That the Audit Committee recommend Council approves the following meeting schedule and work plan for the 2026 Calendar Year:

Month	Activity
February 25 @ 6.00pm, Council Chambers	<ul style="list-style-type: none"> • 2025 Compliance Audit Return • 2025-26 Mid-Year Budget Review • Consolidated Status Report • 2024-25 Audited Annual Financial Report and Audit Letters • Financial Management Review/Audit Regulation 17 Review – Consolidated Report • Rates Collection Performance
July 29 @ 6.00pm, Council Chambers	<ul style="list-style-type: none"> • Significant Accounting Policies/Position Papers (including control measures EFCP) • Audit of Purchase Requisitions over \$5k • Consolidated Status Report • Revaluation Report – Infrastructure Assets • Rates Collection Performance • Strategic IT Plan • IT Disaster Recovery Test • Strategic Risk Register Update
November 25 @ 6.00pm, Council Chambers	<ul style="list-style-type: none"> • 2025-26 Audited Annual Financial Report • Review of Policies – Internal Audit Charter; Fraud and Corruption Control Standards; Risk Management Policy and Procedures • Business Continuity Desktop Exercise • Review of Investment Performance • Meeting Schedule and Work Plan for 2026

(CARRIED UNANIMOUSLY 5:0)

For: Mr Seth, Mr Chauvel, Mayor Natale, Crs White, Cutter

Against: Nil

REPORT ATTACHMENTS

Attachments start on the next page

Town of East Fremantle - 4 year Internal Audit Work Plan

Activity	Frequency	Risk Identified	Person Performing the Task	Consequence Rating	Likelihood Rating	Risk Category	2024			2025			2026			2027		
							February	July	November									
Compliance Audit Return	Annually (Due 31 March)	Breach of Legislation	EA/Governance Coordinator. Legal firms do provide a niche service to review the CAR and verify the responses, and this might be a service that the Audit Committee may wish to consider?	2	2	Low	█			█			█			█		
Commonwealth Home Support Program - Quality Audit	Final Audit	Breach of Quality Standards	Manager Commonwealth Home Support Program oversees audit	2	3	Low	█											
WHS Action Plan - Status Update	2025 Project	Inadequate WHS Framework/Work Place Incidents	ELT	4	3	Moderate	█	█										
External Penetration Test Report	One Off	Cyber Risk	Manager Corporate Services	4	2	Low	█											
Review of Purchasing Policy	Every 2 years	Compliance/Probity	Finance Manager	3	2	Low	█	█										
East Fremantle Community Park - Independent Financial Modelling and Audit	One Off	Financial Sustainability	Executive Manager Corporate Services	4	2	Moderate		█										
Strategic IT Plan Review	Every 2 Years	Inefficient work practices	Executive Manager Corporate Services	4	2	Moderate				█								
Business Continuity Exercise - Report	Every 2 Years	Business Disruption	Executive Manager Corporate Services	5	3	High					█							
IT DR Plan and Annual DR Test	Every 2 Years	Business Disruption	Executive Manager Corporate Services	5	3	High				█								
Policy Review - Internal Audit Charter, Fraud and Corruption Policy and Risk Management Policy in 2026	Every 2 Years	Fraud Risk	Office of CEO	5	1	Low					█							
Review of Credit Card Policy	Every 2 - 3 years	Misappropriation of funds/breakdown in controls	Manager Finance	4	1	Low												
Receive 5 Year Statutory Review of Record Keeping Plan and assessment against OAG Better Practice Guide.	Every 5 years	Inadequate record keeping practices	Manager Corporate Services	3	3	Moderate												
Review of Investment Policy (Divestments)	Every 2 - 3 years	Not optimising return on investment	Executive Manager Corporate Services	2	2	Low					█							
Receival of Annual Financial Report	Annually	The Auditors Report is not received by the Statutory deadline of 31 December (s7.9 LGA) due to inadequate audit preparation	Manager Finance	4	3	High			█		█			█				█
Information Systems Audit (Performance Audit OAG). Receival of Management Letter.	Annually	The Towns General Computer Controls are inadequate impacting business continuity and security of information	The GCC Audit has been performed in 2018, 2022 and 2023. It is expected that the Audit will be undertaken concurrently with the financial audit.	5	3	High			█		█			█				█
Review of Financial Management and Risk and Internal Control Systems	Every 3 years	That key findings from the FMR/Reg 17 Review are not actioned resulting in control weaknesses	Moore Stephens last performed this independent review in December 2022. Next review due November 2025. Estimated cost \$25k	3	3	Moderate		█		█								
Mid Year Budget Review	Annually	Inadequate oversight of financial management resulting in material variances	Manager Finance/Executive Manager Corporate Services	3	3	Moderate	█			█			█			█		
Review of Significant Accounting Policies/Preparation of Position Papers	Annually	Annual Budget and Annual Financial Report is not consistent with Significant Accounting Policies	Manager Finance	3	3	Moderate		█			█			█				█
Audit of all purchase requisitions over \$5k for compliance with Purchasing Policy	Annually	Non-compliance with Purchasing Policy	Senior Finance Officer/Manager Finance	3	3	Moderate		█			█			█				█
Rates Collection Report	Biannually	Non-recovery of rates	Revenue Officer	4	2	Moderate	█			█								
Review Insurance Renewal Report and Insurance Claims Performance	Every 3 years	Inadequate insurance cover	Executive Manager Corporate Services	4	2	Moderate		█										
Receive Risk Register Update including assessment of implementation of risk treatments and controls	Annually	Failure to implement risk treatments resulting in greater likelihood	Manager Corporate services	4	3	High	█				█			█				█
Receive Consolidated Status Report of all Audit Findings	Standing Item	Key findings are not actioned resulting in control weaknesses	Manager Finance	3	3	Moderate	█	█	█	█	█	█	█	█	█	█	█	█
Update the Predictive Asset Renewal Model and revise the 10 year Capital Works Program	Annually	Inadequate asset management framework	Executive Manager Technical Services	4	3	High	█											
Undertake a condition assessment of assets and obtain a fair value assessment	Every 5 years (L+B due 27/28, Infra due 25/26)	Non-compliance with Reg 17A of the FMR 1996	Executive Manager Technical Services/Manager Finance	5	3	High		█			█							
Review of Controls pertaining to Payroll and the new Payroll Module	One-off	Payroll fraud	Senior Finance Officer/Manager Finance	3	1	Moderate												
Review of HR On-Boarding/Off-Boarding Process	Every 2 - 3 years	Inadequate controls regarding access to IT systems and custody of portable items	Manager, Corporate Services/HR	4	2	Moderate												
Self Audit against Auditor General's Report 'Timely Payment of Suppliers'	Every 2 years	Late payment to suppliers	Senior Finance Officer	2	2	Low												
Establishment of Supplier Payments Policy and General Conditions of Contract for the Supply of Goods and Services under a Purchase Order	One-off	Late payment to suppliers	Executive Manager Corporate Services	2	2	Low												
Independent Review of Structure of Risk Register and evaluation of implementation of Risk Treatments	Every 4 years	Failure to implement risk treatments resulting in greater likelihood	Recommended that this be outsourced to an external risk consultant. Estimated cost \$8k	4	3	High												

10.3 2511 POLICY REVIEW

Report Reference Number	ACR-864
Prepared by	Pratigya Pandeya, Manager Finance
Supervised by	Peter Kocian, Executive Manager Corporate Services
Meeting date	Wednesday, 26 November 2025
Voting requirements	Simple Majority

Documents tabled

Attachments

1. Amended Policy - Infringement Debt Management Policy
2. Amended Policy - Investment of Surplus Funds Policy

PURPOSE

The Audit, Risk and Improvement Committee is requested to receive a review of the finance policies as presented with the changes tracked.

EXECUTIVE SUMMARY

One of the objectives of the Committee is to ensure the Town has established effective controls and systems to safeguard the Town's financial and physical resources.

The attached Policies relate to control and management of revenue and investment functions and therefore are deemed to be relevant to the Committee's Terms of Reference.

BACKGROUND

The current Infringement Debt Management Policy and Investment of Surplus Funds Policy were last reviewed in July 2022 and March 2022 respectively. The regular review of the policies ensures the effectiveness of the policy.

CONSULTATION

Executive Manager Corporate Services
 Manager Corporate Service
 Executive Manager Technical Services
 Revenue Officer

STATUTORY ENVIRONMENT

Section 2.7 (b) of the *Local Government Act 1995* identifies that one of the principal roles of Council is to determine the Policies of the local government.

POLICY IMPLICATIONS

Amended Policies are presented for endorsement to Council.

FINANCIAL IMPLICATIONS

There are no financial implications relevant to this item.

STRATEGIC IMPLICATIONS

Town of East Fremantle Strategic Community Plan 2020-2030

Strategic Priority 5: Leadership and Governance

A proactive, approachable Council which values community consultation, transparency and accountability.

5.1 Strengthen organizational accountability and transparency

5.1.1. Strengthen governance, risk management and compliance

5.1.3 Improve the efficiency and effectiveness of services

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
The absence of Policies impacts governance and the efficiency of decision making/delegated authority	Possible (3)	Moderate (3)	Moderate (5-9)	SERVICE INTERRUPTION Short term temporary interruption - backlog cleared <1 day	Accept Officer Recommendation

RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Extreme	
		1	2	3	4	5	
Likelihood	Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
	Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
	Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
	Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
	Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared, and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

NA

COMMENT

The reviewed policies are presented as attachments to this report with tracked changes.

1. Infringement Debt Management Policy
2. Investment of Surplus Funds Policy

The Infringement Debt Management Policy has been updated to reflect current practices of the Town. The changes are very minor and are considered administrative in nature.

The Investment Policy has been updated as it is somewhat restrictive by the prescribed maximum investment caps per institution.

Currently the Policy has a single investment limit of 45% of total portfolio. The Town primarily invests with the Big 3 Banks (CBA, Westpac, NAB) and there are no material differences in the risks & returns among those institutions. All three banks are rated AA- with Fitch and S&P Global, which reflects high creditworthiness and low default risk. Many local governments allow higher investment caps with institutions rated AA- or above

It is thus recommended that the Investment of Surplus Funds Policy be amended to allow 100% of direct investments to be deposited with any of the Big 3 banks. The Town's banker is CBA who holds all the Town's working capital. When combined with investments, the cash portfolio held with the CBA often exceeds the prescribed maximum of 45% under the existing Policy. The proposed change will bring efficiency in operation by reducing the administrative process involved in maintaining the spread among the financial institutions.

The above change will not hinder divestments as these opportunities are explored each time an investment is placed. However, very few institutions are currently offering dedicated, green-certified term deposits:

- Products must meet international standards (Climate Bonds Standard, Green Bond Principles) to avoid "greenwashing"
- Banks must assess climate risks in their portfolios and ensure deposits fund genuinely sustainable projects
- The Federal Government has developed a Sustainable Finance Strategy to reduce barriers to sustainable investment.

CONCLUSION

The review of Policies is a necessary step to ensure that the Town's infringement debt management and investment policy practices efficient, transparent, and aligned with current regulations and strategic objectives. The recommended revisions will bring operational efficiencies.

10.3 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 032611

OFFICER RECOMMENDATION

Moved Mr Chauvel, seconded Cr White

That the Audit, Risk and Improvement Committee recommend Council:

- 1. approves the amended Investment of Surplus Funds Policy**
- 2. approves the amended Infringement Debt Management Policy**

(CARRIED UNANIMOUSLY 5:0)

For: Mr Seth, Mr Chauvel, Mayor Natale, Crs White, Cutter

Against: Nil

REPORT ATTACHMENTS

Attachments start on the next page



2.1.10 Infringement Debt Management

Type:	Corporate Services – Financial Management
Legislation:	Local Government Act 1995
Delegation:	
Other Related Document:	Parking Infringement Appeals Policy 2.1.9

Objective

The objective of this policy is to outline the process for collection of infringements, the referral process to the Fines Enforcement Registry, and the process to write off debt for unpaid infringements.

Policy Scope

This Policy applies to all infringements issued by the Town of East Fremantle under delegated State Government legislation and the Town’s Local Laws. Council is committed to ensure that enforcement is carried out in the public interest and is transparent, fair, efficient and consistent.

Policy

Infringement Notice Process

Infringement notice is issued - 28 days to pay.

~~Weekly Registration is submitted after 28 days to obtain ownership details submission to the~~

Department of Transport (obtaining ownership details).

~~Issuance of a Reminder Notice – 28 days to pay.~~

Issuance of a Final ~~Demand~~Notice - 28 days to pay.

Appeals ~~need to must~~ be lodged within ~~the 28 days of the infringement notice being issued, period being the due date on the original infringement notice.~~ The due date will not be amended irrespective of the appeal being received. Appeals received after the 28 day period will not be considered unless under exceptional circumstances.

Unpaid Infringement Notices will be forwarded to the Fines Enforcement Registry (FER) to recover the outstanding infringement following the non-payment of a Final ~~Demand~~Notice.

The Senior Ranger is to review and authorise those infringements being referred to FER.

Fines Enforcement Registry (FER)

Amounts that remain outstanding past the prescribed due date of the ~~Final Notice~~Final Demand will be referred to the Fines Enforcement Registry resulting in additional fees and charges.

The debt will remain active with the Fines Enforcement Registry for a period of eight (8) years until paid or recommended for write-off by them (quarterly reports), after which it will be written off under delegated authority.

Infringements written off are to be withdrawn from FER via the eCourts portal.

Interstate/ International Drivers & Infringements with no Ownership detail

Where ownership details are unable to be obtained from the Department of Transport and the reasoning is confirmed as an interstate registration, the infringement status will be updated to reflect 'Interstate Rego'.

Infringements where ownership detail is unable to be obtained (unregistered vehicles or illegal plates, etc) are to have a status reflecting 'Action Deferred'.

~~Those Infringements with a status of 'Interstate Rego' or 'Action Deferred' remaining unpaid for a year may be withdrawn by delegated authority.~~

Management Reporting

The monthly financial report to council is to include the balance of Infringements receivable.

Infringements written off in the preceding financial year by the Chief Executive Officer under delegation will be referred to Council for information advising the amount written off and reasoning.

Financial Hardship

1. Financial hardship is not a ground for review.
2. Where a person is experiencing financial hardship and is unable to pay their outstanding infringement, the Town may assist the applicant, where applicable, to negotiate a payment plan.
3. To be eligible for a payment plan, the infringement must not have been referred to the Fines Enforcement Registry.
4. If the payment plan is requested after the fine has been registered with FER, the applicant will be able to enter into an arrangement with FER directly.
5. The payment plan must not include more than 4 payments and be paid in full within 90 days of the date of ~~Final Notice~~ Final Demand.

Each payment arrangement requires the approval in accordance with the Delegation 1.3.9

Roles and Responsibilities

- Ranger Services shall be responsible for the issuance of Infringement Notices ~~under Delegation Authority DA21.~~
- The Revenue Officer shall be responsible for the recovery of the Infringements.
- The Executive Manager Corporate Services shall be responsible for referring matters to Council in regards to this Policy.
- The Manager Finance shall be responsible for the review and monitoring of the operations of this Policy.
- The Corporate Service Team and Technical Services Team shall be responsible for the day-to-day operations of this policy.

Responsible Directorate:	Corporate Services
Reviewing Officer:	Manager Finance
Decision making Authority:	Council
Policy Adopted:	18/9/18
Policy Amended/Reviewed:	20/8/19, 17/9/19, 19/7/22, <u>26/11/2025</u>
Former Policy No:	4.4.3



2.1.2 Investment of Surplus Funds

Type:	Corporate Services – Financial Management
Legislation:	Section 6.14 of the <i>Local Government Act 1995</i> Part 111 Investments of the <i>Trustees Act 1962</i> Regulation 19, 19C, 28 & 49 of the <i>Local Government (Financial Management) Regulations 1996</i> <i>Australian Accounting Standards</i>
Delegation:	DA6 Investment of Funds
Other Related Document:	

Objectives

This policy provides guidelines on how to invest the local government’s surplus funds, with consideration of risk and at the most favourable rate of interest available to it at the time, while ensuring that its liquidity requirements are being met.

While exercising the power to invest, consideration is to be given in preservation of capital, liquidity and the return of investment;

- Preservation of capital is the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security and safeguarding the investment portfolio.
- The investment portfolio will ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated redemption of an investment.
- The investment is expected to achieve a predetermined market average rate of return that takes into account the Council’s risk tolerance. Any additional return target set by Council will also consider the risk limitation and prudent investment principles.

Fossil Fuel Free Investments

Prior to placing investments, preference will be given to competitive quotations from financial institutions that are deemed not to invest in or finance the **fossil fuel industry** where:

- a) the investment is compliant with Council’s investment policy with regards to risk management guidelines, and
- b) a price preference of 0.1% compared to the most favourable investment quotation is to be provided to financial institutions that are deemed not to invest in or finance the fossil fuel industry.

Examples of Fossil Fuel Free Investments include, but are not limited to the following:

- Green Term Deposits – These term deposits mobilise capital towards assets, also known as Green Eligible Assets, that facilitate and support the transition to a low carbon economy – such as renewable energy products, green commercial buildings, green residential buildings, energy efficiency (low carbon initiatives), clean transportation and sustainable water and wastewater management and pollution prevention and control.

- ~~Environmental, Social & Governance (ESG) Term Deposits – Funds invested with this line of term deposits will be allocated towards Sustainability Linked Loans (SLLs). SLLs incentivise the borrower’s achievement against predetermined sustainability performance objectives.~~
- Availability of fossil fuel free investment products will be reviewed at least on an annual basis.

Policy Scope

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council’s investment portfolio. This policy requires officers to disclose any conflict of interest to the CEO.

This investment policy prohibits any investment carried out for speculative purposes including:

- Deposits with an institution that is not an authorised deposit-taking institution as defined in the *Banking Act 1959* (Commonwealth) Section 5;
- The use of leveraging (borrowing to invest) of an investment;
- A state treasury that is not the Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation Act 1986*;
- Term deposits for a fixed term of more than 12 months;
- Invest in bonds that are not guaranteed by the Commonwealth government, or a State or Territory government;
- Investment in bonds with a term to maturity of more than 3 years;
- Investment in a foreign currency;
- Derivative based instruments;
- Principal only investments or securities that provide potentially nil or negative cash flow;
- Stand alone securities issued that have underlying futures, options, forward contracts and swaps of any kind.

Without approvals from Council, investments are limited to:

- State/Commonwealth Government Bonds;
- Interest Bearing Deposits;
- Bank accepted/endorsed bank bills.

Policy

The investment will be managed with the care, diligence and skill that a prudent person would exercise. Officers are to manage the investment portfolios to safeguard the portfolios in accordance with the spirit of this Investment Policy, and not for speculative purposes. ~~In times of periodic global financial system liquidity concerns a prudent person would seek higher rated, lower risk, investment placement as a priority.~~

Investments obtained are to comply with key criteria limiting i) overall credit exposure of the portfolio and exposure to individual institutions, and ii) the term to maturity of securities.

(i) Overall Portfolio and Individual Limits

To control the credit quality on the entire portfolio, the following credit framework limits the percentage of the portfolio exposed to any particular credit rating category. Exposure to an individual counterparty/institution will be restricted by its credit rating so that single entity exposure is limited, as detailed in the table below:

A1+(F1+)	Superior, extremely strong degree of safety for timely payment
A1 (F1)	Superior, a strong degree of safety for timely payment
A2 (F2)	Strong, a satisfactory capacity for timely payment

The long term ratings as defined by Standard & Poors and Fitch is:

AAA	Highest quality, an extremely strong capacity to repay
AA+ to AA-	High quality, a very strong capacity to repay
A+ to A-	Above average quality, a strong capacity to repay

Responsible Directorate:	Corporate Services
Reviewing Officer:	Executive Manager Corporate Services
Decision making Authority:	Council
Policy Adopted:	21/06/16
Policy Amended/Reviewed:	17/9/19, 17/3/20, 15/3/22, 26/11/2025
Former Policy No:	4.2.3

10.4 2511 STRATEGIC RISK REGISTER

Report Reference Number	ACR-860
Prepared by	Bron Browning, Manager, Corporate Services
Supervised by	Peter Kocian, Executive Manager, Corporate Services
Meeting date	Wednesday, 26 November 2025
Voting requirements	Simple Majority

Documents tabled

Attachments

1. Updated Strategic Risk Register
2. Paper – Management Actions for Assurance in EFCP Operations and Accounts (Confidential)

PURPOSE

It is recommended that the Audit, Risk and Improvement Committee receive the attached Strategic Risk Register and management risk assessment relating to the non-compliance by Belgravia Leisure to open a stand-alone bank account for the operations of East Fremantle Community Park, and the closure of Fremantle Traffic Bridge.

EXECUTIVE SUMMARY

The Town's Risk Management Framework recommends that the Audit, Risk and Improvement Committee provide oversight of risk matters that meet any of the following criteria:

- Risks with a level of risk of extreme
- Risks with inadequate control ratings
- Risks with a consequence rating of extreme

BACKGROUND

Following directions provided by the Audit, Risk and Improvement Committee, a summary risk register has been developed identifying the key risks determined by the Executive Team which includes:

- Description of key risks
- Assessment of inherent risk rating
- Identification of appropriate risk treatments and controls
- Evaluation of the effectiveness of treatments and controls
- Assessment of residual risk rating

CONSULTATION

Executive Team

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of local government systems and procedures in relation to risk management, internal control and legislative compliance separately or all at the one time, on the provision that each matter is reviewed at least once every three years. The CEO is also required to report the results of that review to Council.

POLICY IMPLICATIONS

Council has adopted Policy 2.2.4 Risk Management.

FINANCIAL IMPLICATIONS

Not Applicable

STRATEGIC IMPLICATIONS

Town of East Fremantle Strategic Community Plan
 Strategic Priority 5 – Leadership and Governance
 5.1 Strengthen organisational accountability and transparency
 5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
A major function of the Audit, Risk and Improvement Committee is to oversee the treatment/management of extreme risks. Failure to do so may result in adverse consequences.	Unlikely (2)	Major (4)	Moderate (5-9)	SERVICE INTERRUPTION Prolonged interruption of services - additional resources; performance affected <1 month	Manage by active monitoring

RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Extreme	
		1	2	3	4	5	
Likelihood	Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
	Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
	Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
	Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
	Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	8
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable

COMMENT

The Executive Leadership Team has identified the following risk profiles as the key risks for the Town of East Fremantle (see attached Register):

- Political
- Financial
- Commercial, Community and Economic
- Governance and Compliance
- Human Resource Management
- Business Interruption
- Climate Change and Environmental Management
- Sustainability
- Security and Confidentiality
- Safety and Asset Management

These risk profiles are aligned to the Town's Strategic Community Plan.

Five (5) risks have been identified with an inherent risk rating of extreme (20) or higher, including two new risks that have been added to the Register since the last meeting:

- Inability to manage community expectations, increased service level expectations. Council and strategic direction misalignment with the community.
- Inadequate performance of East Fremantle Community Park.
- Failure to plan and respond to climate impacts.
- **Closure of Fremantle Traffic Bridge.**
- **Failure by Belgravia Leisure to open a stand-alone bank account for the operations of East Fremantle Community Park.**

However, after evaluating the effectiveness of risk treatments and controls, and determining the residual risk rating, there are two risks with a residual risk rating of more than 15 that are recommended for ongoing monitoring by the Audit, Risk and Improvement Committee:

- Performance of East Fremantle Community Park (community, financial, reputational).
- **Closure of Fremantle Traffic Bridge**

As previously advised to the Audit, Risk and Improvement Committee, Belgravia Leisure did not comply with the Operator Agreement and failed to open a stand-alone bank account for the operations of East Fremantle Community Park. The following risks/queries were identified by the Office of Auditor General during the audit planning phase:

- Has management assessed the implications of this non-compliance, and has it been reported to Council?
- Has management or those charged with governance assessed the risks of not having a separate bank account?
- How are the EFOP receipts and payments identified, tracked, and reconciled to the general ledger in the absence of a separate bank account?
- What controls exist to ensure completeness and accuracy of EFOP cash transactions?
- What alternative evidence can management provide to substantiate EFOP reported cash balances at year end 30 June 2025?
- What assurances can management provide/obtain that EFOP funds have not been used for other Belgravia activities?

To address the above risks, a comprehensive audit process has been implemented (as discussed in a separate agenda item), and Management has prepared a risk assessment and assurance paper for the Committee’s review. It is recommended that the Committee endorse this paper and confirm that the residual risk rating for this item is within risk tolerance levels following the implementation of control measures.

The Fremantle Traffic Bridge closure is expected to commence in early 2026 (likely early February). It is acknowledged that this will create a level of traffic congestion associated with the reduced capacity for the river crossing. The Fremantle Bridge Alliance has been proactively preparing for the closure phase with a number of initiatives implemented. A Traffic Management Group and an Incident Management Stakeholder Group are working to both proactively prepare and also have a reactive capability. There will inevitably be an increased risk of rat running and congestion in the Town during the closure. Officers have been working proactively with the Fremantle Bridge Alliance and other stakeholders since at least 2021 and continue to do so in order to mitigate the impact on the Town as far as is practicable. A number of interventions have been determined and agreed primarily on the main distributor routes.

CONCLUSION

The Audit, Risk and Improvement Committee is requested to receive this report and note the two risks that currently have an unacceptable residual risk rating of 15 or more.

A summary of risk treatments and controls against these two items is provided below:

Risk Description	Risk Treatments and Controls
Closure of Fremantle Traffic Bridge	The Committee is requested to note the motion presented to the Ordinary Council Meeting of 18 November 2025 (in-part): <ol style="list-style-type: none"> 4. <i>The Town advocates the Department of Transport and Main Roads WA for;</i>

	<ol style="list-style-type: none"> 1. <i>Improving safety of walking and cycling routes, to access Stirling Highway from Riverside Road, St Peters Road and other access points to ensure safety.</i> 2. <i>Reduce speeds limits to 40kKmph to support safe and comfortable speed environments for pedestrians and cyclists in the Town, except for within the Town centre, George Street and near the local schools to 30kmph.</i> 3. <i>Adjustment to the available public transport, with additional services and a free transit zone that operate from Petra Street to the Fremantle Station on a temporary basis while the closure remains.</i> 4. <i>Access to pre-loaded SmartRiders for car users that aim to encourage public transport use, but not fully to offset the inconvenience for commuting by car.</i> 5. <i>A signal crossing installed on Canning Highway to enable a safe solution to cross Canning Hwy, when the crossing guards are not available.</i> <p>5. <i>Write to the Department of Transport, Main Roads WA and the Minister for Transport, on the impact of the Fremantle bridge closure along with a request to fund out of pocket expenses incurred by the Town in relation to the State-led transport project.</i></p>
<p>Performance of East Fremantle Community Park (community, financial, reputational)</p>	<p>Contract resource assigned, draft Contract Management Plan prepared, all Sub-leases and Licences are in place, an independent audit of the financial controls at EFCP has been completed, an independent financial model has been prepared, regular monitoring of performance (weekly KPI report, retail sales, wage to income report, monthly Profit and Loss Statement), Annual Special Purpose Financial Statements have been prepared and is currently being audited, Annual Business Planning process, regular meetings between the CEO and Belgravia Management.</p>

10.4 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 042611

OFFICER RECOMMENDATION

Moved Cr White, seconded Cr Cutter

That the Audit, Risk and Improvement Committee recommend Council:

- 1. Receives the attached Strategic Risk Register for review.**
- 2. Receives the attached Paper – Management Actions for Assurance in East Fremantle Community Park Operations and Accounts.**

That the Audit, Risk and Improvement Committee:

- 3. notes other mitigating factors to relevant risk items.**

(CARRIED UNANIMOUSLY 5:0)

For: Mr Seth, Mr Chauvel, Mayor Natale, Crs White, Cutter

Against: Nil

The CEO was asked by the Audit, Risk and Improvement Committee to assess and access other monitoring and communication opportunities available to the Town in regards to traffic impacts from the closure of the Fremantle Traffic Bridge.

REPORT ATTACHMENTS

Attachments start on the next page

Description - Title	Risk and potential impacts	Strategic Community Plan Reference	Likelihood	Consequence	Risk Rating	Description	Description and evidence of controls / corrective actions	Likelihood	Consequence	Residual risk rating	Effectiveness of the control in place	Additional Treatments / Changes / Controls
Political	Inability to manage community expectations, increased service level expectations. Council and strategic direction misalignment with community. (Reputational, Service Interruption)	5.1.2 Ensure effective engagement with community and stakeholders.	5	4	20	Unacceptable	Communication and Engagement Strategy, Community Engagement Framework and Checklist, Internal Resourcing (Manager, Communications and Community Engagement, Communications Officer), Strategic Community Plan and Community Perception Surveys (IPR).	3	3	9	Adequate	Council Planning process underway including community workshops
Political	Relationship breakdowns (State, WALGA, Council, inter-council, council-admin, community-admin). (Reputational, Compliance)	5.2.1 Foster and promote strategic collaborative relationships.	3	3	9	Monitor	Member of the Zone, regular State Government representation engagement, Code of Conduct (Council and Employees), State Government Standards for CEO Recruitment Performance and Termination, Professional Development Training for Members, Mandated Modules for newly Elected Members. Governance Framework, Integrity framework and Disclosure framework. Behaviour Complaints Policy and Procedure. CEO Performance Review Process. Regular liaison between CEO & Mayor.	3	2	6	Effective	Stakeholder Relationship Management Plan, Communications Agreement
Safety and Asset Sustainability	Fremantle Traffic Bridge Closure resulting in localised traffic congestion and heightened risk of traffic accidents and deterioration of local roads. (Health, Financial, Service Interruption, Reputational, Property)	3.3 Plan and maintain the Town's Assets to ensure they are accessible, inviting and well connected.	5	5	25	Unacceptable	Advocacy - refer urgent business motion - November OCM	5	5	25	Inadequate	
Financial	Failure of Council to endorse Budget or support rate changes, increased funding requirements to meet service levels and maintain assets. (Service Interruptions, Reputational, Compliance)	5.3.1 Deliver community outcomes through sustainable finance and human resource management.	5	4	20	Unacceptable	IPR Process (Strategic Resource Plan and Ratings Strategy).	3	4	12	Adequate	IPR Timetable presented to November 2025 OCM.
Commercial, Community & Economic	Inadequate Performance of East Fremantle Community Park. (Reputational, Financial, Property)	1.2 Inviting open spaces, meeting places and recreational facilities. Deliver community outcomes through sustainable finance and human resource management. 5.3.1	5	5	25	Unacceptable	Operator Agreement, performance reporting and establishment plan, Sub-lease and licence agreements with key tenants. Contractor management support.	3	5	15	Adequate	Independent review of operations completed. Audit framework being implemented.
Financial	Failure of Belgravia Leisure to open a stand-alone bank account for East Fremantle Community Park resulting in cash flow distortion, fraud risk etc.	5.3.1 Deliver community outcomes through sustainable finance and human resource management.	3	5	15	Unacceptable	Refer to Paper - Management Actions for Assurance in EFCP Operations and Accounts	2	5	10	Effective	EFCP financial statements/accounts are to be audited by HLB Mann Judd under group instructions from GAG. Auditor's Report to be issued to the Town.
Political Environment	Cost shifting onto the Town. (Financial, Reputational)	5.2.1 Foster and promote strategic collaborative relationships.	4	3	12	Urgent Attention	Budget allocation on contract support on implementation of requirements. Long term financial planning, WALGA lobbying, Local Government Network to share and collaborate on requirements (planning and State/Federal submissions). Communication of local impact of state and federal levies to rate payers.	4	2	8	Effective	Stakeholder Relationship Management Plan
Governance & Compliance	Contractor and Project Management Issues, inadequate Contracts/Management and variable fees, Contractor Performance Issues and failure to effectively plan. (Compliance, Financial and Reputational)	5.1.1 Strengthen governance, risk management and compliance.	4	3	12	Urgent Attention	Project Governance Framework, Contracts Register, Tender and Quotations under Procurement Policy, Delegations Register, Contractor Management Meetings, Grants Register. Online Induction System.	3	3	9	Inadequate	Contractor WHS Management
Governance & Compliance	Inadequate Risk Management Processes and Application, Loss of confidential materials. Governance reporting and controls fail to capture financial fraud/losses, inadequate legal advice policies and procedures. External Audits with poor findings. (Compliance, Finance, Reputational)	5.1.1 Strengthen governance, risk management and compliance.	4	3	12	Urgent Attention	External Audit Framework, Information Systems Audit DAG, LGIS Risk Management A&G, Financial 3 Year Audit, Reg 17, Annual Compliance Audit, Audit Status Report and Monitoring to Audit Committee. External representation on Audit and Risk Committee. Risk Management Framework (including Policy and Procedures).	2	3	6	Effective	Governance Framework and Audit Log, ATAIN Compliance Software.
Human Resource Management	Increased psychosocial pressures. Inadequate WHS Standards and Workers Compensation Claims increase and Premium increases. (Health, Compliance, Reputational)	5.1.1 Strengthen governance, risk management and compliance.	4	4	16	Urgent Attention	LGIS and External Audits. Learnrite system, EAP, Code of Conduct, WHS Committee, WHS Policies and Procedures, HR Manual.	3	3	9	Adequate	A WHS Officer has been appointed. WHS Policies and Procedures have been finalised. Business unit support is underway - current initiatives include Incident Investigation, Vehicle Safety Equipment, Review of fleet management arrangements for Neighbourhood Link.
Human Resource Management	Unavailable fit for purpose workforce (training, competence) and Planning, Organisation Structure, low retention, inadequate service achievement. (Compliance, Reputational, Service Interruption)	5.1.3 Improve the efficiency and effectiveness of services.	3	3	9	Monitor	Learnrite System, annual reviews, internal and external training, and workforce plan. Current Employment Conditions and Benefits (Gym, Super co-co, RDO)	3	3	9	Adequate	Review of Organisation Structure, pay and benefits review
Business Interruptions	Loss of Infrastructure and assets. Lack of Business Continuity Management planning for significant events and inadequate recovery centre. ICT disruption, Asset Loss, Infrastructure Loss, Communication Loss and Records Management - EOJ Advice and Information, Built Environment Restrictions, ability to respond and recover from external impacts. (Service Disruption, Compliance, Financial, Reputational)	5.1.1 Strengthen governance, risk management and compliance. Improve organisational systems with a focus on innovation. 5.3.2	4	4	16	Urgent Attention	ICT Contract, IT Disaster Recovery Plan, Annual IT DR Test, Asset Predictive renewal model, Business Continuity Management, ICT Security Policies and Procedures, Virus protection, multi factor protection, hourly backups, offsite storage. UPS for servers. Joint Emergency Management Arrangements with City of Fremantle.	2	4	8	Effective	Disaster Recovery Plans, Records Disaster Box.
Climate Change & Environmental Management	Failure to planning and responding to climate Impacts - Loss and damage to infrastructure, inadequate foreshore management and response to flooding. (All)	4.3.1 Improve systems and infrastructure standards to assist with mitigating climate change impacts.	4	5	20	Unacceptable	Climate Emergency Strategy, CHRMAP, Foreshore Management Plan, Local Planning Strategy, Asset Management plans, CARG, LED street lighting project, solar installation	2	5	10	Effective	Tree register? Proposed community battery (Grant). Local Planing Scheme no 4.
Sustainability	Non-viable waste management and inadequate energy conservation with increased impact cost and access. (Financial, Environmental, Compliance)	4.2. Enhance environmental values and sustainable natural resource use.	3	4	12	Urgent Attention	Strategic Waste Management Plan, Waste Management Contract, Internal Sustainability Officer and Programs (events & engagements), Waste to Energy contract, community education. Long term financial plan. Waterwise plan.	2	4	8	Effective	
Security & Confidentiality	Loss of access and materials following cyber attack and unrestricted use and application of AI (Compliance, Service Interruption, Reputational, Financial)	5.1.1 Strengthen governance, risk management and compliance. Improve organisational systems with a focus on innovation. 5.3.2	3	4	12	Urgent Attention	Cyber training (3 monthly), locked down systems through a managed service, ICT Security, quarterly vulnerability testing, suite of IT Policies and Procedures, Code of Conduct, ICT Disaster Recovery Plan. LGIS	2	2	4	Effective	External Penetration Test of internet facing infrastructure completed.

Appendix A – Risk Assessment and Acceptance Criteria

REPORT 104

Town of East Fremantle Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Near-Miss or First Aid	Less than \$10,000	No material service interruption	Minor regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential damage.	Contained, reversible impact managed by on site response
Minor (2)	Medical type injuries	\$10,001 - \$50,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non-compliances	Substantiated, low impact, low news item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
Moderate (3)	Lost time injury >14 Days	\$50,001 - \$250,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
Major (4)	Long-term disability / multiple injuries	\$250,001 - \$1,000,000	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
Extreme (5)	Fatality, permanent disability	More than \$1,000,000	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

ATTACHMENT

Town of East Fremantle Measures of Likelihood			
Level	Rating	Description	Frequency
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year
4	Likely	The event will probably occur in most circumstances	At least once per year
3	Possible	The event should occur at some time	At least once in 3 years
2	Unlikely	The event could occur at some time	At least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years

10.5 2511 CONSOLIDATED STATUS REPORT

Report Reference Number	ACR-858
Prepared by	Pratigya Pandeya, Manager Finance
Supervised by	Peter Kocian, Executive Manager Corporate Services
Meeting date	Wednesday, 26 November 2025
Voting requirements	Simple majority
Documents tabled	Nil
Attachments	

1. Consolidated Status Report - Confidential

PURPOSE

A status report on all outstanding matters raised in external audit reports, financial management reviews, performance audits, internal audit reports and any other review relevant to the Committee's Terms of Reference is presented as a standing item.

EXECUTIVE SUMMARY

A status report has been prepared reporting against identified issues with respect to audit, risk management, internal controls, procurement matters and legislative compliance. The status report is not an exhaustive listing and is a fluid document and updated as issues are identified. It is presented to the Audit, Risk and Improvement Committee to assist in their role to report to Council and provide advice and recommendations on matters relevant to its terms of reference.

BACKGROUND

The Department of Local Government has published an Operational Guideline on Audit in Local Government. Appendix 3 of this Guideline ([The appointment, function and responsibilities of audit committees](#)) lists several matters that should be presented to an Audit Committee for review and monitoring:

Risk Management:

- Reviewing whether the local government has an effective risk management system;
- Reviewing whether the local government has a current and effective business continuity plan;
- Reviewing areas of potential non-compliance with legislation, regulations and standards and local governments policies;
- Reviewing the following; litigation and claims, misconduct, and significant business risks;
- Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported;
- Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;
- Reviewing the effectiveness of the local governments internal control system with management and the internal and external auditors;
- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;
- Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied.

Internal Control Systems:

- Separation of roles and functions, processing and authorisation;
- Control of approval of documents, letters and financial records;
- Limit of direct physical access to assets and records;
- Control of computer applications and information system standards;
- Regular maintenance and review of financial control accounts and trial balances;
- Comparison and analysis of financial results with budgeted amounts;
- Report, review and approval of financial payments and reconciliations;
- Comparison of the result of physical cash and inventory counts with accounting records.

Legislative Compliance:

- Monitoring compliance with legislation and regulations;
- Reviewing the annual Compliance Audit Return and reporting to Council the results of that review;
- Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints;
- Obtaining assurance that adverse trends are identified and review managements plans to deal with these;
- Reviewing management disclosures in financial reports of the effect of significant compliance issues;
- Considering the internal auditors role in assessing compliance and ethics risks in their plan;
- Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements.

CONSULTATION

Executive Leadership Team
Manager Corporate Services
Responsible staff for implementing recommendations.

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of a local governments systems and procedures in relation to risk management, internal control and legislative compliance separately or all at the one time, on the provision that each matter is reviewed at least once every three years. The CEO is also required to report the results of that review to Council.

The last Financial Management/Audit Reg 19 Review was completed in November 2022. Moore Australia have been appointed to complete the 2025 review, and a report will be presented to the February 2026 ARIC Meeting.

POLICY IMPLICATIONS

There are no Council Policies relevant to this matter.

FINANCIAL IMPLICATIONS

There are no direct financial implications stemming from the Officer's Recommendation. However, should the ARIC request independent assurance that controls have been implemented, then 3rd party costs will be incurred.

STRATEGIC IMPLICATIONS

Strategic Priority 5 Strategic Community Plan – Leadership and Governance.

5.1 Strengthen organisational accountability and transparency.

5.3 Strive for excellence in leadership and governance.

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That key audit findings are not actioned within a timely manner	Possible (3)	Moderate (3)	Moderate (5-9)	COMPLIANCE Some temporary non-compliance	Control through oversight by the Audit Committee and ensuring adequate budget allocation for resourcing

RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Extreme	
		1	2	3	4	5	
Likelihood	Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
	Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
	Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
	Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
	Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town’s Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

NA

COMMENT

The Town has received its Management Letter from the 2025 Information Systems Audit – there are seven (7) audit findings listed in the status report, which are highlighted in red text. The findings are summarised as follows:

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Application security management			✓		✓
2. Information security awareness training				✓	✓
3. Continuity management				✓	✓
4. Classification of information				✓	✓
5. Endpoint security				✓	✓
6. Human resources onboarding process				✓	
7. Admin interface publicly exposed				✓	

Three (3) findings were identified during the 2025 final financial audit:

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. No separate bank account for East Fremantle Community Park operations		✓			
2. Inadequate monitoring of sublicense agreement	No		✓		
3. Policy review	No			✓	

There are five (5) historic findings listed in the status report that have yet to be completed:

- 3 findings relate to the requirement to review and update the Town’s Policies.
- Fully embed the Town’s SharePoint Contract Register Application.
- Finalise a review of Contractor Insurance.

CONCLUSION

The Audit, Risk and Improvement Committee should satisfy itself that the Town’s performance in relation to completion of the Consolidated Status Report is acceptable and within the parameters of the Risk Framework.

10.5 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 052611

OFFICER RECOMMENDATION

Moved Mr Chauvel, seconded Mayor Natale

That the Audit, Risk and Improvement Committee receives the Consolidated Status Report on items relevant to its Terms of Reference.

(CARRIED UNANIMOUSLY 5:0)

For: Mr Seth, Mr Chauvel, Mayor Natale, Crs White, Cutter

Against: Nil

REPORT ATTACHMENTS

Attachments start on the next page

Attachment 1

Confidential Attachment

11 MATTERS BEHIND CLOSED DOORS

Nil

12 CLOSURE OF MEETING

There being no further business, the Presiding Member closed the meeting at 8.10pm.

*I hereby certify that the Minutes of the ordinary meeting of the **Audit Risk and Improvement Committee** of the Town of East Fremantle, held on **26 November 2025** Minute Book reference **1 to 12** were confirmed at the meeting of the Council on **25 February 2026***

Mr Jonathan Selth

Presiding Member