



MINUTES

Special Audit, Risk and Improvement Committee Minutes

Wednesday, 13 May 2026 at 6:00 PM

Disclaimer

Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions of the Local Government Act 1995 (section 5.25 I) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person.

The Town of East Fremantle expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a member or officer, or the content of any discussion occurring, during the course of the Council meeting.

Copyright

The Town wishes to advise that any plans or documents contained within these Minutes may be subject to copyright law provisions (Copyright Act 1968, as amended) and that the express permission of the copyright owner(s) should be sought prior to their reproduction.

CONTENTS

1	DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS	3
2	ACKNOWLEDGEMENT OF COUNTRY	3
3	RECORD OF ATTENDANCE	3
4	DISCLOSURES OF INTEREST.....	3
5	PUBLIC QUESTION TIME	3
6	PRESENTATIONS/DEPUTATIONS.....	3
7	REPORTS.....	3
7.1	AUDIT REPORT AND MANAGEMENT LETTERS FOR YEAR ENDED 30 JUNE 2025.....	4
7.2	STRATEGIC RISK BRIEF - LIQUID FUEL SUPPLY DISRUPTION	77
8	MATTERS BEHIND CLOSED DOORS	95
9	CLOSURE OF MEETING.....	95

MINUTES

MINUTES OF THE SPECIAL MEETING OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE HELD IN THE COUNCIL CHAMBER 135 CANNING HIGHWAY, EAST FREMANTLE ON WEDNESDAY 13 MAY 2026.

1 DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS

The Presiding Member opened the meeting at 6.05pm.

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 R Cutter	
Cr A White	
Cr M Wilson	(arrived at 6.15pm)

The following staff were in attendance:

Mr J Throssell	Chief Executive Officer
Mr P Kocian	Executive Manager, Corporate Services
Stacey Hobbins	Finance Manager (Contract)
Mrs B Browning	Minute Secretary

4 DISCLOSURES OF INTEREST

Nil.

5 PUBLIC QUESTION TIME

Nil.

6 PRESENTATIONS/DEPUTATIONS

Nil.

7 REPORTS

Reports start on the next page

7.1 AUDIT REPORT AND MANAGEMENT LETTERS FOR YEAR ENDED 30 JUNE 2025

Report Reference Number	ACR-946
Prepared by	Peter Kocian, Executive Manager, Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 13 May 2026
Voting requirements	Simple Majority
Documents tabled	Nil
Attachments	1. Annual Financial Report (Audited) for the Year Ended 30 June 2025 2. Independent Auditor's Report 2025 3. Audit Exit Briefing for the Year Ended 30 June 2025 (Confidential Attachment) 4. Interim Audit Findings for the Year Ended 30 June 2025 (Confidential Attachment) 5. Final Audit Findings for the Year Ended 30 June 2025 – Financial Audit (Confidential Attachment) 6. Final Audit Findings for the Year Ended 30 June 2025 – Information Systems Audit (Confidential Attachment)

PURPOSE

The purpose of this report is for the Audit, Risk and Improvement Committee to receive the Audited Annual Financial Report for the year ended 30 June 2025, inclusive of the Independent Auditor's Report, and to receive the audit management letters issued as part of the 2024/25 external audit process.

EXECUTIVE SUMMARY

The Office of the Auditor General has completed the external audit of the Town's Annual Financial Report for the year ended 30 June 2025 and issued an independent auditor's report with an unmodified opinion.

The auditor included an emphasis of matter paragraph regarding the restatement of comparative balances, which relates to the consolidation and recognition of East Fremantle Community Park (EFCP) accounts for the 2023/24 and 2024/25 financial years (including FY2023/24 comparative figures presented in the 2024/25 financial statements) (refer Note 30).

Three management letters (interim financial audit, final financial audit and information systems audit) were issued outlining findings and recommendations. The management letter findings will be incorporated into the Audit, Risk and Improvement Committee Status Report for ongoing monitoring and reporting to the Committee until matters are satisfactorily resolved.

Note: the audit timetable was extended due to additional work required to assess and incorporate East Fremantle Community Park (EFCP) transactions and the associated restatement and consolidation procedures; however, the audit opinion was not modified.

BACKGROUND

The external audit timetable for the year ended 30 June 2025 experienced unforeseen delays primarily associated with the audit and financial reporting implications of the East Fremantle Community Park (EFCP) operations.

The Office of the Auditor General received the Town's initial draft financial statements on 23 September 2025 and an updated, audit-ready version on 24 October 2025 that incorporated EFCP transactions and related accounting treatment, including the need to restate comparative balances.

Given the additional audit effort required (including assessment of the principal-agent conclusion, consolidation/restatement procedures and component audit oversight), the Town sought and obtained delegated Ministerial approval to extend the statutory deadline for submission of the 2024/25 Annual Financial Report to 31 October 2025. The additional audit work undertaken is also reflected in the audit fee invoice (additional fee for EFCP-related work).

For the 2025/26 audit cycle, Belgravia Leisure has committed to a more formalised annual financial reporting and audit timetable for EFCP. This includes providing the Town with a draft Special Purpose Financial Report (SPFR) (Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity) and a detailed transaction listing by **30 August 2026**, and supporting completion of the EFCP component audit, with the audit file to be submitted by HLB Mann Judd to the Office of the Auditor General of Western Australia by **30 September 2026**. It is anticipated that this negotiated timetable will address the delays experienced during the 2024/25 audit and support a timely audit outcome for the 2025/26 cycle.

2025/26 audit cycle (EFCP) – agreed reporting and audit timeline

Milestone / deliverable	Responsible party	Due date	Purpose / notes
Provide draft EFCP Special Purpose Financial Report (SPFR) (SOCi, SOP, SCF, SOCE) and detailed transaction listing to the Town	Belgravia Leisure	30 August 2026	To support timely consolidation, review and audit planning for EFCP transactions.
EFCP component audit completed and audit file submitted to the Office of the Auditor General (WA)	HLB Mann Judd (component auditor)	30 September 2026	To support OAG's group audit procedures and reduce risk of timing delays in the overall audit timetable.

CONSULTATION

The Office of the Auditor General
Belgravia Management

STATUTORY ENVIRONMENT

- **Annual Financial Report preparation (preceding financial year):** Section 6.4 of the *Local Government Act 1995* requires local governments to prepare an annual financial report for the preceding financial year, in the manner and form prescribed in the *Local Government (Financial Management) Regulations 1996*.
- **Submit annual financial report to auditor:** Local governments are required to submit the annual financial report to its auditor by **30 September**.

- **Post-audit actions on receipt of the audit report (s 7.12A):** Examine the audit report; determine whether matters raised require action; ensure appropriate action is taken; and prepare a report addressing matters identified as significant by the auditor (including the actions taken/intended for each matter).
- **Report to Minister:** Provide a copy of the s 7.12A report to the Minister within **3 months** after the audit report is received by the local government.
- **Publish on website:** Within **14 days** after providing the report to the Minister, the CEO must publish a copy of the report on the local government's official website.

POLICY IMPLICATIONS

There are no Council Policies relevant to this item.

FINANCIAL IMPLICATIONS

Audit fees for the year ended 30 June 2025 are detailed in the Office of the Auditor General tax invoice INV-1996 dated 23 April 2026. The invoice comprises an attest audit fee of \$69,875.00 plus an additional fee of \$29,131.00 for additional audit work (primarily relating to East Fremantle Community Park (EFCP) accounting assessment, consolidation/restatement work and component audit oversight). This results in a subtotal of \$99,006.00, plus GST of \$9,900.60, for a total amount payable (inclusive of GST) of \$108,906.60.

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)

That the Town's audit timetable is delayed because completion of the EFCP component audit is dependent on a third party (Belgravia Leisure and its external/component auditor).	Likely (4)	Major (4)	High (10-16)	Governance/ Compliance	Adopt and monitor the agreed EFCP reporting/audit timetable (including Belgravia's provision of draft SPFR and transaction listing by 30 August and submission of the component audit file to OAG by 30 September). Maintain regular progress checkpoints with Belgravia and the component auditor, require notification of slippage, and escalate through contract governance arrangements where milestones are at risk.
That management letter findings may not be actioned in a timely manner, resulting in repeat findings and ongoing control weaknesses.	Possible (3)	Moderate (3)	Moderate (5-9)	Governance/ Compliance	Maintain a consolidated Audit, Risk and Improvement Committee Status Report with clear owners, target dates and progress updates for each finding. Require exception reporting of overdue items each meeting, prioritise higher-rated findings, and close items only once evidence of implementation is confirmed.

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	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

Management Letters

The Office of the Auditor General issued three management letters for the year ended 30 June 2025 covering (1) interim financial audit findings, (2) final financial audit findings, and (3) information systems audit findings.

In summary, one **Significant** finding and three **Moderate** findings relate to East Fremantle Community Park (EFCP) contract and financial oversight arrangements, and one **Moderate** finding relates to long-standing monitoring of a sublicense agreement. Other matters were assessed as **Minor** and relate to governance policy currency, asset capitalisation timeliness and ICT control improvements.

Information Systems Audit

The Information Systems Audit identified a small number of ICT control improvement opportunities. Overall, findings were assessed as one **Moderate** issue and the remainder **Minor**, relating to strengthening application security and monitoring for key systems (including multi-factor authentication and review of security/audit logs), improving information security awareness training completion, testing and embedding business continuity arrangements, formalising information classification, ensuring endpoint macro controls operate effectively, tightening HR onboarding processes, and maintaining appropriate restrictions over administrative access to web systems. These matters will be monitored through the Audit, Risk and Improvement Committee Status Report until resolved.

Audited Annual Financial Report

The independent auditor issued an unmodified opinion on the Town's financial report for the year ended 30 June 2025. In summary, the auditor concluded the financial report is based on proper accounts and records, presents fairly (in all material respects) the Town's operating results and financial position, and is prepared in accordance with the *Local Government Act 1995* and, to the extent not inconsistent with the Act, Australian Accounting Standards.

The auditor also included an emphasis of matter noting the restatement of comparative balances, which relates to the consolidation and recognition of East Fremantle Community Park (EFCP) accounts for the 2023/24 and 2024/25 financial years (refer Note 30); however, the audit opinion was not modified in respect of this matter.

Annual Financial Audit Exit Report (Office of the Auditor General for WA)

The exit report summarises the results of six key audit focus areas (including infrastructure and PPE; revenue recognition and receivables; expenses and liabilities; employee expenses and liabilities; management override; and EFCP). Outcomes noted include a principal-agent conclusion for the EFCP arrangement and

associated restatement, with no further matters reported in the key focus areas aside from management letter issues.

The exit report also summarises management letter findings (reported as 1 significant, 4 moderate and 8 minor open points at 30 June 2025), reports no adjusted audit differences and one unadjusted difference (an accrual relating to EFCP rental and electricity expenses assessed as not material individually or in aggregate). OAG also advised that additional audit effort was incurred primarily due to the EFCP accounting assessment, consolidation/restatement work and component audit oversight, which contributed to an extended audit timetable. Key actions highlighted for the next year's audit include progressing closure of interim/final management letter matters, early confirmation and appointment of the EFCP component auditor and reassessment of the EFCP principal-agent conclusion if circumstances change.

CONCLUSION

The Audit, Risk and Improvement Committee is requested to receive the Town's Audited Annual Financial Report for the year ended 30 June 2025 (including the Independent Auditor's Report) and to receive the management letters issued as part of the 2024/25 external audit process.

Management's responses and actions to address the management letter findings will be incorporated into the Audit, Risk and Improvement Committee Status Report for ongoing monitoring and reporting to the Committee until matters are satisfactorily resolved.

7.1 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 011305

OFFICER RECOMMENDATION

Moved Cr Cutter, Seconded Cr White

That the Audit, Risk and Improvement Committee:

- 1. Receives the Audited Annual Financial Report for the year ended 30 June 2025.**
- 2. Receives the Audit Report and Management Letters for the year ended 30 June 2025.**
- 3. Notes the emphasis of matter in the independent auditor's report regarding the restatement of comparative balances.**
- 4. Notes that management findings will be incorporated into the Audit, Risk and Improvement Committee Status Report for ongoing monitoring.**
- 5. Notes the audit timetable advised by Belgravia Leisure in the Annual Business Plan for East Fremantle Community Park (EFCP) to support timely completion of the 2025/26 audit cycle.**
- 6. Call a special Audit, Risk and Improvement Committee meeting on Wednesday 24 June, if required, to consider the outcomes from the Notice of Concern process.**

(CARRIED UNANIMOUSLY 6:0)

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

Against: Nil

The Presiding Member on behalf of the Audit, Risk and Improvement Committee thanked the staff for their work on the Audit process.

REPORT ATTACHMENTS

Attachments start on the next page

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

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	49

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
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

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

STATEMENT BY CEO

The accompanying 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 financial report are not misleading or inaccurate.

Signed on the 16 day of April 2026



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 (Restated)* \$
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	148,294
Other revenue - East Fremantle Community Park	2(a), 31	4,541,921	0	389,690
		17,340,254	12,365,134	12,919,327
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)	(1,018,399)
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	15,067,309
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	15,067,309

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**

		2025	2024
	NOTE	Actual	Actual
		\$	(Restated)*
		\$	\$
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		38,114,937	2,638,933	50,311,458	91,065,328
Comprehensive income for the period					
Net result for the period (Restated)*		15,067,309	0	0	15,067,309
Total comprehensive income for the period		15,067,309	0	0	15,067,309
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**

		2025	2024
	NOTE	Actual	Actual
		\$	(Restated)*
		\$	\$
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		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**

		2025	2025	2024
	NOTE	Actual	Budget	Actual
		\$	\$	(Restated)*
				\$
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	11,581
		17,385,666	12,434,476	12,993,835
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)	2,382,963	2,162,200	2,494,240
Amount attributable to operating activities		748,789	1,350,437	1,028,302
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)	(988,868)	(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)	149,481	0	(268,434)
Amount attributable to investing activities		(1,079,980)	(2,130,630)	(6,921,069)
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)
Transfers to reserve accounts	28	(367,847)	(374,890)	(1,539,941)
		(712,411)	(577,503)	(1,681,599)
Non-cash amounts excluded from financing activities	26(c)	(149,481)	0	0
Amount attributable to financing activities		(251,284)	588,806	5,276,668
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	26(d)	135,633	191,387	751,732
Amount attributable to operating activities		748,789	1,350,437	1,028,302
Amount attributable to investing activities		(1,079,980)	(2,130,630)	(6,921,069)
Amount attributable to financing activities		(251,284)	588,806	5,276,668
Surplus or deficit after imposition of general rates	26(d)	(446,842)	0	135,633

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
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	14
Note 4	Other Financial Assets	14
Note 5	Trade and Other Receivables	15
Note 6	Inventories	16
Note 7	Other Assets	17
Note 8	Property, Plant and Equipment	18
Note 9	Infrastructure	21
Note 10	Fixed Assets	23
Note 11	Leases	25
Note 12	Trade and Other Payables	27
Note 13	Other Liabilities	28
Note 14	Borrowings	29
Note 15	Employee Related Provisions	30
Note 16	Other Provisions	31
Note 17	Revaluation Surplus	32
Note 18	Restrictions Over Financial Assets	33
Note 19	Undrawn Borrowing Facilities and Credit Standby Arrangements	33
Note 20	Contingent Liabilities	34
Note 21	Capital Commitments	34
Note 22	Related Party Transactions	35
Note 23	Investment in Associates	37
Note 24	Other Material Accounting Policies	39
Information required by legislation		
Note 25	Rating Information	40
Note 26	Determination of Surplus or Deficit	41
Note 27	Borrowing and Lease Liabilities	42
Note 28	Reserve accounts	44
Note 29	Trust Funds	46
Note 30	Correction Error	47
Note 31	Summary Statements for Controlled Operations East Fremantle Community Park	48

**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 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 5.4(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 following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
 - Expected credit losses on financial assets - note 5
 - Impairment losses of non-financial assets - note 8 and 9
 - Measurement of employee benefits - note 15
 - Measurement of provisions - note 16

Fair value hierarchy information can be found in note 24

The local government reporting entity

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*
 - *Lack of Exchangeability*
- AASB 18 (FP) *Presentation and Disclosure in Financial Statements*
 - (Appendix D) [for for-profit entities]
- AASB 18 (NFP/super) *Presentation and Disclosure in Financial Statements*
 - (Appendix D) [for not-for-profit and superannuation entities]
- AASB 2024-2 *Amendments to Australian Accounting Standards*
 - *Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards*
 - *Annual Improvements Volume 11*

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

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 FREWANTLE
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	Refund if event cancelled within 7 days	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 cancellation	On entry or at conclusion of hire
Other revenue - East Fremantle Community Park	Revenue from 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 (Restated)*

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	894,246	0	567,275	0	1,461,520
Interest revenue	0	0	66,775	567,113	633,888
Other revenue	537,985	0	0	(1)	537,984
Capital grants, subsidies and contributions	0	16,533,247	0	0	16,533,247
Total	2,663,149	16,533,247	9,759,066	567,112	29,452,574

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

**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 (Restated)* \$
Interest revenue		
Interest on reserve account funds	0	530,932
Trade and other receivables overdue interest	88,721	71,488
Other interest revenue	328,797	31,489
	<u>397,518</u>	<u>633,889</u>
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 \$42,839		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	84,578	65,000
- Other audit services – grant acquittals	5,320	5,950
	<u>89,898</u>	<u>70,950</u>
Employee Costs		
Employee benefit costs	5,377,033	4,971,652
	<u>5,377,033</u>	<u>4,971,652</u>
Finance costs		
Interest and financial charges paid/payable for financial liabilities not at fair value through profit or loss	287,129	170,210
Interest and financial charges paid/payable for lease liabilities	6,989	5,739
	<u>304,118</u>	<u>176,949</u>
Other expenditure		
Sundry expenses	746,400	824,410
Other Expenditure - East Fremantle Community Park	103,719	12,295
	<u>850,119</u>	<u>836,689</u>

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

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

Note	2025 Actual \$	2024 Actual (Restated)* \$
Cash at bank and on hand	2,789,625	2,583,217
Term deposits	2,616,769	0
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	2,798,108	338,200
18	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.

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

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 Actual \$	2024 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	2024
	Actual	Actual (Restated)*
	\$	\$
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 - East Fremantle Community Park	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.

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

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 (Restated)*
Current		\$	\$
Stock on Hand - East Fremantle Community Park		82,442	78,527
		82,442	78,527

The following movements in inventories occurred during the year:

Balance at beginning of year		78,527	0
Inventories expensed during the year		(1,050,647)	(111,043)
Additions to inventory		1,054,562	189,570
Balance at end of year		82,442	78,527

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.

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

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

7. OTHER ASSETS

	2025	2024
	Actual	Actual (Restated)*
	\$	\$
Other assets - current		
Prepayments	21,799	118,879
Accrued income	11,637	112,381
Accrued income - East Fremantle Community Park	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).

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

**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 - East Fremantle Community Park		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 (Restated)*	0		0		15,587,493		15,587,493		304,877		181,275		877,172		318,978		17,249,795	
Disposals	0		0		0		0		0		(20,783)		0		0		(20,783)	
Depreciation (Restated)*	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 (Restated)*	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		(21,950,680)	
Balance at 30 June 2024 (Restated)*	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		(11,165)		(73,410)		0		0		(84,565)	
Depreciation	0		(47,694)		(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		0		(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	

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

**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

(i) Fair Value		Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
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	\$ 5,095,350	\$ 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)	(112,060)	(33,591)	(9,645)	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
Comprises:								
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

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
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 carpark 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

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Right-of-use assets - Land - Property, Plant and Equipment	Right-of-use assets Total
Note	Actual	Actual
	\$	\$
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	(83,101)	(47,805)
(b) Lease Liabilities		
Current	80,578	45,114
Non-current	204,476	152,623
27(c)	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
\$	\$
320,962	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
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

	2025	2024
	Actual	Actual
	\$	(Restated)*
	\$	\$
Current		
Sundry creditors	429,792	725,208
Prepaid rates	65,054	77,748
Accrued payroll liabilities	78,558	58,973
ATO liabilities	93,696	155,814
Bonds and deposits held	663,641	621,711
Accrued interest on borrowings	36,579	37,783
Trade and Other Payables - East Fremantle Community Park	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.

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

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 (Restated)*		
		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
Equipment Loan - East Fremantle Community Park		137,888	390,685	528,573	137,888	528,573	663,461
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).

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

**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	\$ 5,234,000	\$ 5,234,000	0	0	\$ 5,234,000
Revaluation surplus - Buildings - non-specialised level 2	17,223		0	17,223	17,223	0	0	17,223
Revaluation surplus - Buildings - non-specialised level 3	805,806		0	805,806	805,806	0	0	805,806
Revaluation surplus - Buildings - specialised level 3	13,974,761		0	13,974,761	13,974,761	0	0	13,974,761
Revaluation surplus - Plant and equipment	469,638		0	469,638	469,638	0	0	469,638
Revaluation surplus - Infrastructure - Roads	18,869,905		0	18,869,905	18,869,905	0	0	18,869,905
Revaluation surplus - Infrastructure - Drainage	3,616,247		0	3,616,247	4,034,587	(418,340)	0	3,616,247
Revaluation surplus - Infrastructure - Parks and Ovals	2,452,427		0	2,452,427	2,452,427	0	0	2,452,427
Revaluation surplus - Infrastructure - Footpaths and Cycleways	3,232,157		0	3,232,157	3,232,157	0	0	3,232,157
Revaluation surplus - Infrastructure - Car Parks	1,008,342		0	1,008,342	590,002	418,340	0	1,008,342
Revaluation surplus - Infrastructure - Bus Shelters	151,785		0	151,785	151,785	0	0	151,785
	49,832,291		0	49,832,291	49,832,291	0	0	49,832,291
Revaluation surplus - Share from investments in associates	0		0	0	479,167	0	(479,167)	0
	49,832,291		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 (Restated)* \$
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

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

**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 Actual	2024 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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.

Mayor's annual allowance
 Mayor's meeting attendance fees
 Mayor's ICT expenses

Deputy Mayor's annual allowance
 Deputy Mayor's meeting attendance fees
 Deputy Mayor's ICT expenses

All other council member's meeting attendance fees
 All other council member's ICT expenses

Note	2025 Actual	2025 Budget	2024 Actual
	\$	\$	\$
	39,988	39,988	38,450
	27,425	27,425	26,370
	3,500	3,500	3,500
	70,913	70,913	68,320
	9,997	9,997	9,612
	17,711	17,711	17,030
	3,500	3,500	3,500
	31,208	31,208	30,142
	123,977	123,977	113,945
	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.

Mayor's annual allowance
 Deputy Mayor's annual allowance
 Meeting attendance fees
 Annual allowance for ICT expenses

	2025 Actual	2025 Budget	2024 Actual
	\$	\$	\$
	39,988	39,988	38,450
	9,997	9,997	9,612
	169,113	169,113	157,345
	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:

Short-term employee benefits
 Post-employment benefits
 Employee - other long-term benefits
 Employee - termination benefits
 Council member costs

	2025 Actual	2024 Actual
	\$	\$
	815,567	674,144
	108,787	82,707
	93,031	75,490
	36,501	0
22(a)	250,598	235,825
	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 Actual	2024 Actual
	2025	2024		
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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

23. INVESTMENT IN ASSOCIATES (Continued)

Summarised statement of comprehensive income

Note	2025 Actual \$	2024 Actual \$
Revenue	0	18,965,277
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	9,731,406
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	8,823,005
Total current liabilities	0	8,918,829
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	16,552,006
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
- Change to Accounting Estimate from Prior Year	0	(133,413)
- Provision for Contribution to equity in associate	0	144,974
- Disposal / Divestment of Investment in Associate	0	(268,434)
Carrying amount at 30 June (Refer to Note 23(a))	0	(614,455)
	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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2024/25 Actual Interim Rates	2024/25 Actual Total Revenue	2024/25 Budget Interim Rate	2024/25 Budget Total Revenue	2023/24 Actual Total Revenue
Residential	Gross rental valuation	0.071860	2,866	105,118,920	7,534,084	22,074	7,556,158	7,531,492	7,551,492	7,222,736
Commercial	Gross rental valuation	0.121806	120	12,348,985	1,537,434	(15,797)	1,521,637	1,537,430	1,537,430	1,471,619
Total general rates			3,086	117,466,905	9,071,518	6,277	9,077,795	9,088,922	9,088,922	8,694,355
Minimum payment										
Residential	Gross rental valuation	1.296	337	5,419,350	436,752	0	436,752	435,456	435,456	417,648
Commercial	Gross rental valuation	1.938	7	79,940	13,566	0	13,566	13,566	13,566	13,013
Total minimum payments			344	5,499,290	450,318	0	450,318	449,022	449,022	430,661
Total general rates and minimum payments			3,430	122,966,195	9,521,836	6,277	9,528,113	9,517,944	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		36,681	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 Carried Forward)	2024/25 Budget (30 June 2025 Carried Forward)	2023/24 Actual (30 June 2024 Carried Forward)
Note		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
	The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with Financial Management Regulation 32.			
	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	(1,881)
	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: Loss on revaluation of fixed assets	0	0	0
9(a)	Add: Depreciation	2,535,225	2,231,542	1,982,238
	Non-cash movements in non-current assets and liabilities:			
	Financial assets at amortised cost	0	0	0
	Investment property	0	0	0
	Pensioner deferred rates	(9,766)	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	2,382,963	2,162,200	2,494,240
(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 Financial Management Regulation 32.			
	Adjustments to investing activities			
	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	149,481	0	(268,434)
(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 Financial Management Regulation 32.			
	Adjustments to financing activities			
	Non cash proceeds from new leases	(149,481)	0	0
	Non-cash amounts excluded from financing activities	(149,481)	0	0
(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 Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.			
	Adjustments to net current assets			
28	Less: Reserve accounts	(2,616,769)	(1,918,630)	(2,710,049)
	Add: Current liabilities not expected to be cleared at end of year			
14	- Current portion of borrowings	295,799	157,911	288,452
11(b)	- Current portion of lease liabilities	80,578	52,049	45,114
	Total adjustments to net current assets	(2,240,392)	(1,708,670)	(2,376,483)
	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)	(2,855,389)	(4,090,975)
	Less: Total adjustments to net current assets	(2,240,392)	(1,708,670)	(2,376,483)
	Surplus or deficit after imposition of general rates	(446,842)	0	135,633

**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

(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 1 July 2024	Principal at 30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RRG - Administration Building **		99,180	0	(4,876)	(1,800)	(92,404)	0	0	0	0	0
East Fremantle Community Park Redevelopment		0	4,800,000	(72,634)	0	0	4,727,366	0	(150,564)	4,727,366	4,576,802
East Fremantle Community Park - Equipment Loan		0	689,442	(22,981)	0	0	666,461	0	(137,888)	0	528,573
Total Borrowings	14	99,180	5,489,442	(100,857)	(1,800)	(92,404)	5,383,827	0	(288,452)	4,727,366	5,105,375

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Actual for year ended 30 June		Budget for year ended 30 June	
				2025	2024	2025	2024
				\$	\$	\$	\$
RRG - Administration Building **	2-7	WATC+	0.35%	0	0	0	(4,806)
East Fremantle Community Park Redevelopment	185	WATC+	4.82%	(259,405)	(159,116)	(259,405)	(159,116)
East Fremantle Community Park - Equipment Loan		BoQ	5.65%	(38,927)	0	0	(5,488)
Total				(287,129)	(170,210)	(259,405)	(170,210)
Total Finance Cost Payments				(287,129)	(170,210)	(259,405)	(170,210)

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

** The Town's share of PRG 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					
		New Leases		Principal Repayments		ROU Adjustment		New Leases		Principal Repayments		New Leases	
		During 2023-24	30 June 2024	During 2023-24	30 June 2024	During 2023-24	30 June 2024	During 2024-25	30 June 2025	During 2024-25	30 June 2025	During 2024-25	30 June 2025
River seabed (Mooring Pens)		\$ 242,414		\$ 0	(3,610)	\$ 0	197,737	\$ 0	148,210	\$ 0	148,210	\$ 0	109,520
IT Equipment		0		0	0	0	0	148,481	136,844	0	136,844	0	0
Total Lease Liabilities	11(b)	242,414		0	(3,610)	0	197,737	148,481	285,054	0	285,054	0	109,520
Lease Finance Cost Payments													
Purpose	Note	Institution	Interest Rate	Date final payment is due	Actual for year ended		Budget for year ended		Lease Term				
					30 June 2025	30 June 2024	30 June 2025	30 June 2024	Lease Term (months)				
					\$	\$	\$	\$					
River seabed (Mooring Pens)	21(b)	Department of Transport	2.60%	1/06/2028	(4,416)	(8,000)	(6,739)	(6,739)	252				
IT Equipment	21(b)	CHG-Meridian	5.00%	16/02/2027	(2,573)	0	0	0	48				
Total Finance Cost Payments					(6,989)	(8,000)	(6,739)	(6,739)					

28. RESERVE ACCOUNTS

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 and its operations 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 financial report and accompanying notes of the Town.

Statement of Financial Position

	30 June 2024	Adjustment	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	Adjustment	2024 (Restated)
(Extract)	\$	\$	\$
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 OPERATIONS EAST FREMANTLE COMMUNITY PARK

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.

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 operations, and its contribution to the overall results of the Town.

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)

East Fremantle Community Park

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2025

East Fremantle Community Park

INDEX

	Page
Declaration by the Directors of the Trustee Company	1
Statement of Profit and Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the financial statements	5 to 10
Independent Auditor's Report	11

East Fremantle Community Park

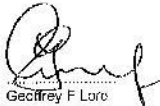
DECLARATION BY THE DIRECTORS OF THE TRUSTEE COMPANY

The directors of the trustee company have determined that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 of the financial statements.

In accordance with a resolution of the Board of Directors, the directors of the trustee company declare that:-

1. The financial statements and notes, as set out on pages 2 to 10 present fairly the trust's financial position as at 30 June 2025 and 30 June 2024, and their performances for the year ended on those dates in accordance with the accounting policies described in Note 2 to the financial statements; and
2. In the directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors of the trustee company and is signed for and on behalf of the directors by:


Geoffrey F Laro
Director


Brett Nicholson
Secretary

Dated this 15th day of April 2026

Audited by HLB Mann Judd (Vic) Partnership



East Fremantle Community Park
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 \$	2024 \$
CONTINUING OPERATIONS			
Sales revenue		4,541,921	389,690
Cost of sales		(1,050,647)	(111,043)
Gross Profit		3,491,274	278,647
Employee benefits expenses		(2,726,162)	(537,943)
Operating Expenses		(1,392,254)	(235,817)
Interest and Depreciation		(231,640)	(38,850)
Net profit attributable to unitholders from continuing operations		(858,782)	(533,963)
Net profit for the year		(858,782)	(533,963)
Total comprehensive income for the year		(858,782)	(533,963)

Audited by HLB Mann Judd (Vic) Partnership



The accompanying notes form part of these financial statements

Page 2

East Fremantle Community Park
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2025

	Notes	2025 \$	2024 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	15,000	15,000
Trade and other receivables	4	76,288	51,928
Inventories	5	82,442	78,527
TOTAL CURRENT ASSETS		173,730	145,453
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets	7	674,757	840,170
TOTAL NON-CURRENT ASSETS		674,757	840,170
TOTAL ASSETS		848,487	985,623
CURRENT LIABILITIES			
Trade and other payables	8	1,678,970	836,425
Interest bearing liabilities including lease liabilities	9(a)	137,888	137,868
Provisions	10	32,940	16,701
Contract liabilities	11	750	-
TOTAL CURRENT LIABILITIES		1,850,548	991,014
NON-CURRENT LIABILITIES			
Interest bearing liabilities including lease liabilities	9(b)	390,684	528,572
TOTAL NON-CURRENT LIABILITIES		390,684	528,572
TOTAL LIABILITIES		2,241,232	1,519,586
NET ASSETS		(1,392,745)	(533,963)

Audited by HLB Mann Judd (Vic) Partnership



The accompanying notes form part of these financial statements

East Fremantle Community Park

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	2025 \$	2024 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts in the course of operations	4,517,559	337,764
Payments in the course of operations	(4,352,372)	(112,053)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	165,187	225,711
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant & equipment (paid by Belgravia Leisure)	(27,299)	(877,172)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(27,299)	(877,172)
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of hire purchase principal (paid by Belgravia Leisure)	-	689,442
Repayment of hire purchase principal (paid by Belgravia Leisure)	(137,888)	(22,981)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(137,888)	666,461
NET INCREASE (DECREASE) IN CASH HELD	-	15,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	15,000	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	15,000	15,000

The accompanying notes form part of these financial statements

Page 4

East Fremantle Community Park

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1 CORPORATE INFORMATION

The financial report of East Fremantle Community Park ('The Park') prepared by Belgravia Health & Leisure Group Pty Ltd ATF Belgravia Leisure Unit Trust ('The Trust') as manager of the Centre pursuant to the Operator Agreement LHB 3455-1724-3176_1 executed between the Trust and the Town of East Fremantle ('The Town') executed on 21 November 2023, for the year ended 30 June 2025 was authorised for issue in accordance with a resolution of the directors of the Trustee Company on 28 February 2026.

Belgravia Leisure Unit Trust is a unit trust, incorporated and domiciled in Australia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to meet the financial report preparation requirements of the trust deed to prepare the financial report. The trustee has determined that the trust is not a reporting entity because there are no users dependent on general purpose financial statements. The Trust is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report is for the operation of East Fremantle Community Park, and is presented in Australian Dollars.

(a) Basis of preparation

The report has been prepared in accordance with the following:

(a) The requirements of the trust deed:

(b) The requirements of the following Australian Accounting Standards:

- AASB 101: Presentation of Financial Statements
- AASB 107: Statement of Cash Flows
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110: Events after the Reporting Period
- AASB 1048: Interpretation of Standards

No other requirements of Australian Accounting Standards or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The accounting policies set out below have been consistently applied to all years presented except as stated.

(b) Reporting Basis and Conventions

The report has been prepared on an accruals basis other than cash flow information. It is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

(c) Statement of Compliance

Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). As the trustee has elected to prepare a set of special purpose financial statements, a statement of compliance cannot be made.

(d) Revenue

Memberships

Membership fees are charged for access to the leisure centre facilities and equipment and associated services. Membership fees are collected fortnightly in advance. As the performance obligation is linked to the provision of access, revenue is recognised proportionately over this two-week period.

Casual and entry fees

Casual and entry fees are charged for use of the leisure centre's facilities and associated services for a single visit and are charged on the day of use. The performance obligation is the process of access to the leisure centre's facilities and equipment and, therefore, revenue is recognised on receipt.

Hire fees

Hire fees are charges for the use of venues, rooms, swim lanes and equipment. The performance obligation is the provision of item subject to the hire. Revenue is recognised overtime as access to the item is provided.

Management services fees

The Trust manages leisure centres and sporting facilities for a number of organisations consisting predominantly of municipalities. The performance obligation under these arrangements is the daily management of the leisure centres and sporting facilities and revenue is recognised over the term of the contract.

East Fremantle Community Park
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract partnership subsidy

The Trust receives subsidies from municipalities to assist with funding the operations of the leisure centres and sporting facilities and to ensure fees and charges are reasonable. The performance obligation under these arrangements can vary from contract to contract. Revenue is recognised when these performance obligations are successfully met.

Commission

Commission revenue is earned from the sale of certain items or the provision of specific services subject to an agency arrangements. The Trust's share of the revenue is recognised when the performance obligation under the respective arrangements are satisfactorily completed.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Provision of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

GST

All revenue is stated net of the amount of goods and services tax (GST).

(e) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(f) Cash and Cash Equivalents

The Park does not maintain a separate bank account. All receipts and payments are processed through the Trust, which manages cash centrally. The Park holds a cash float of \$15,000 for operational purposes. Expenses paid on behalf of the Park by the Trust are recorded as intercompany receivables or payables. Accordingly, cash and cash equivalents in these financial statements comprise only the cash float.

(g) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for doubtful debts. Trade receivables are due for settlement no more than 90 days from the date of recognition.

The trust has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(h) Contract assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in-first-out basis.

East Fremantle Community Park

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property, Plant & Equipment

Property, plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by the trustee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

Depreciation is calculated over the useful lives of the assets of the trust commencing from the time the asset was held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class	Depreciation Rate	Depreciation
Plant & machinery	10-50%	Straight line
Office equipment	15-60%	Straight line
Motor vehicles	20-33%	Straight line
Leasehold Improvements	10%	Straight line

There have been no changes to depreciation rates since the prior period.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the profit and loss.

(l) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Trust has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(m) Intangible Assets

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest; and
- (iii) the acquisition date fair value of any previously held equity interest, over the acquisition date fair value of net identifiable assets acquired.

Management Rights

Management rights are amortised over the period of the management rights contract, being 10 years (2019: 10 years).

East Fremantle Community Park

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of Assets

The trust assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the unit trust makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Interest Bearing Liabilities

Borrowings are initially recognised at fair value, net of transactions cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

(q) Employee Benefits

Short-term employee benefits

Provision is made for the Trust's obligation 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 Trust'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.

Long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at 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. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

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

East Fremantle Community Park

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST flows.

(s) New Accounting Standards for Application in Future Periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2025 reporting period and have not been adopted by the Trust. Management believe that their impact on future financial results will not be material.

(t) Critical Accounting Estimates and Judgements

The trustee evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the trust.

Key estimates

(i) Impairment

The trust assesses impairment at the end of each reporting period by evaluating conditions and events specific to the trust that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

	2025 \$	2024 \$
3 CASH AND CASH EQUIVALENTS		
Cash on hand	15,000	15,000
	<u>15,000</u>	<u>15,000</u>
4 TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	76,288	51,926
	<u>76,288</u>	<u>51,926</u>
5 INVENTORIES		
Finished goods at cost	82,442	78,527
	<u>82,442</u>	<u>78,527</u>
7 PROPERTY, PLANT & EQUIPMENT AND RIGHT-OF-USE ASSETS		
Plant & equipment at cost	904,471	877,172
Less accumulated depreciation	(229,714)	(37,002)
	<u>674,757</u>	<u>840,170</u>
8 CURRENT TRADE AND OTHER PAYABLES		
<i>Unsecured</i>		
Trade creditors	147,266	90,965
Cashflow loan	1,470,061	691,165
Accrued expenses	61,643	54,295
	<u>1,678,970</u>	<u>836,425</u>

East Fremantle Community Park
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

	2025 \$	2024 \$
9 INTEREST BEARING LIABILITIES		
(a) Current		
Hire purchase liabilities	137,888	137,888
Lease liabilities for right-of-use assets		
	137,888	137,888
(b) Non-Current		
Hire purchase liabilities	390,684	528,572
Lease liabilities for right-of-use assets		
	390,684	528,572
(c) Total		
Hire purchase liabilities	528,572	666,461
	528,572	666,461
10 PROVISIONS		
(a) Current		
Annual leave provisions	32,940	16,701
Long service leave provisions	-	-
	32,940	16,701
11 CONTRACT LIABILITIES		
Deferred income	750	-

12 EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of The Park, the results of those operations, or the state of affairs of the Fund in future financial years.



INDEPENDENT AUDITOR'S REPORT

To: David Delvalle, OAG Engagement leader (Town of East Fremantle)

In accordance with your *Group Reporting Instructions* dated 28 October 2025, we have audited, for purposes of your audit of the financial report of the Town of East Fremantle:

- the statement of financial position as at 30 June 2025 and 30 June 2024, the statement of profit or loss and other comprehensive income and the statement of cash flows for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

This special purpose financial statements has been prepared solely to enable the Town of East Fremantle to prepare its financial report.

Opinion

In our opinion, the special purpose financial statements referred to above is presented fairly, in all material respects, based on component materiality in accordance with Australian Accounting Standards, *Local Government Act 1995* and the Local Government (Financial Management) Regulations 1996. The financial statements are not intended to be a complete presentation of East Fremantle Community Park's results of operations and financial position and do not contain all required informative disclosures.

Management's Responsibility for financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, *Local Government Act 1995* and the Local Government (Financial Management) Regulations 1996 for inclusion in the financial report of the Town of East Fremantle and are intended solely for that purpose. Management is also responsible for such internal controls as necessary to enable the preparation and fair presentation of component financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, based on our audit. We conducted our audit in accordance with Australian Accounting Standards, *Local Government Act 1995* and the Local Government (Financial Management) Regulations 1996, adapted as necessary based on your instructions for the purpose of your audit of the financial report of the Town of East Fremantle.

Australian Auditing Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. As requested by the Office of the Auditor General, we planned and performed our audit using the materiality level specified in the *Group Reporting Instructions* from the Office of the Auditor General, which is different than the materiality level that we would have used had we been designing the audit to express an opinion on the financial information of the component alone.

hlb.com.au

HLB Mann Judd (VIC) Partnership ABN 20 696 861 713

Level 9, 550 Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001

T: +61 (0) 3 9606 3888 F: +61 (0) 3 9606 3800 E: mailbox@hlbvic.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (VIC) Partnership is a member of HLB International, the global advisory and accounting network



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the component financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the component financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the component financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the component materiality level specified by you in the context of the audit of the consolidated financial statements of the group.

Restriction on Use and Distribution

This financial statements have been prepared for purposes of providing information to the Town of East Fremantle to enable it to prepare the financial report of the Town. The special purpose financial information may, therefore, not be suitable for another purpose.

This report is intended solely for the information and use of the Office of the Auditor General and should not be used by anyone other than this specified party.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Melbourne
15 April 2026

Nick Walker

Nick Walker
Partner



Auditor General

INDEPENDENT AUDITOR'S REPORT 2025 Town of East Fremantle

To the Council of the Town of East Fremantle

Opinion

I have audited the financial report of the Town of East Fremantle (Town) which comprises:

- the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report :

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Town for the year ended 30 June 2025 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – Restatement of comparative balances

I draw attention to Note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2025, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer (CEO) of the Town is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Town's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Town.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. 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, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Town of East Fremantle for the year ended 30 June 2025 included in the annual report on the Town's website. The Town's management is responsible for the integrity of the Town's website. This audit does not provide assurance on the integrity of the Town's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Town to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
16 April 2026

Attachments 3-6

Confidential Attachments

7.2 STRATEGIC RISK BRIEF - LIQUID FUEL SUPPLY DISRUPTION

Report Reference Number	ACR-955
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 13 May 2026
Voting requirements	Simple majority

Documents tabled Nil

Attachments

Attachment 1: Liquid Fuel Supply Disruption – Strategic Risk Brief

Attachment 2: Operational Briefing Note – Road Transport Contractual Chain Order (Fuel Cost Recovery) – WALGA webinar update (1 May 2026)

PURPOSE

To present the Liquid Fuel Supply Disruption Strategic Risk Brief to the Audit, Risk and Improvement Committee and seek the Committee's endorsement to include the proposed risks on the Town's Strategic Risk Register.

EXECUTIVE SUMMARY

Management has identified liquid fuel supply disruption as an emerging operational and reputational risk for the Town. While fuel supply control rests with the Commonwealth and State, the impacts of any disruption are experienced at the local government level through service interruptions, contractor performance impacts and increased community expectation.

Two risks are proposed for inclusion on the Strategic Risk Register: (1) Liquid Fuel Supply Disruption – Service Interruption (inherent High, residual Moderate) and (2) Liquid Fuel Supply Disruption – Reputational Impact (inherent High, residual Moderate). Existing controls are considered adequate and the residual risk is assessed as within the Town's risk tolerance; no additional risk treatment plan is proposed at this time beyond ongoing monitoring through normal ARIC reporting.

BACKGROUND

Liquid fuel supply disruption has been identified as an emerging risk with potential to affect diesel-dependent operations and contracted services (particularly waste and recycling, parks and open space, and civil works).

In parallel, recent Commonwealth industrial regulation changes have introduced the Fair Work Commission (FWC) Road Transport Contractual Chain Order – Fuel Cost Recovery – 2026 (commencing 21 April 2026), which requires entities in relevant road transport contractual chains to take "reasonable steps" to implement a fuel cost recovery process (including where a fuel component is embedded in contract rates).

In a disruption event the Town may need to implement service prioritisation measures, defer non-essential programs and provide clear communications to the community regarding service changes and the Town's role and limitations.

The Town controls service prioritisation, business continuity arrangements, contractor management, internal allocation of limited resources, local communications and recovery planning. The Town does not control fuel supply, imports, national stockpiles, fuel allocation decisions, Essential User classifications or retail rationing rules, which sit under Commonwealth and State arrangements.

CONSULTATION

This brief has been prepared for consideration by the Audit, Risk and Improvement Committee, having regard to sector guidance (including a WALGA webinar update on 1 May 2026) and specialist legal advice obtained to date. Further consultation will occur as required through the Town's emergency management and business continuity planning processes, and through engagement with key contractors for critical services. Management will continue to document decision-making rationale and maintain audit trails for any fuel-related contractual adjustments, noting that guidance and recommendations are evolving.

STATUTORY ENVIRONMENT

Liquid fuel supply emergency powers sit primarily with the Commonwealth under the *Liquid Fuel Emergency Act 1984 (Cth)*, supported by National and State emergency management arrangements. Any demand-restraint measures, retail rationing settings and priority allocation decisions would be determined outside the Town's control.

At the local level, the Town's response would be guided by its Local Emergency Management Arrangements (LEMA) and applicable business continuity frameworks, including alignment with State-led public information and warnings.

Separately, the FWC Road Transport Contractual Chain Order – Fuel Cost Recovery – 2026 is made under the *Fair Work Act 2009 (Cth)* and is intended to protect vulnerable operators (including owner-drivers and small fleet operators) by supporting fuel cost recovery through the contractual chain. The Order contemplates (at least) fortnightly adjustments and places an emphasis on parties taking "reasonable steps" to establish a compliant process.

POLICY IMPLICATIONS

No new policy is proposed. If a disruption occurs, existing decision-making frameworks (service prioritisation, business continuity and communications) would be applied to ensure that limited resources are directed to public health, safety and critical services.

FINANCIAL IMPLICATIONS

A fuel supply disruption (and/or fuel price volatility) may increase operating costs through higher direct fuel prices, contractor claims, re-sequencing of works and recovery activity (including clearing backlogs). The FWC Order also creates a potential requirement to implement a fuel cost recovery mechanism for relevant road transport services, increasing administrative effort (e.g., contractor triage, streamlined approval templates, and invoice verification) and potentially creating cost pressures that must be funded in-year.

Recent fuel purchasing data indicates consumption has been broadly stable (average ~2,678 L per month from Jul-25 to Mar-26 compared to ~2,815 L per month across Jul-24 to Jun-25), however the average cost per litre has increased from ~\$1.78/L to ~\$1.87/L over the compared periods. In March 2026, total fuel cost increased to ~\$7,678 (3,065 L), compared to ~\$5,667 in March 2025, reflecting price volatility risk.

The Order's contemplated fortnightly adjustment cycle is not well aligned with the Town's annual budgeting and rating processes. If additional costs arise, there may be limited mechanisms to recover those costs from ratepayers within the same financial year, resulting in a timing gap where the Town may need to absorb increased costs until future budget settings are adopted.

STRATEGIC IMPLICATIONS

The proposed risks align with the Town's strategic objectives relating to reliable service delivery, governance, and maintaining community confidence. Inclusion on the Strategic Risk Register will support consistent oversight and monitoring through ARIC reporting.

RISK IMPLICATIONS

RISKS

The Strategic Risk Brief recommends inclusion of two related risks on the Strategic Risk Register, with inherent ratings of High and residual ratings of Moderate (within tolerance), reflecting the Town's limited control over fuel supply but ability to mitigate impacts through continuity planning, service prioritisation and communications.

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)
Liquid Fuel Supply Disruption (Service Interruption; Reputational Impact)	Possible	Major	High (inherent); Moderate (residual)	Service interruption; reputation	Ongoing monitoring through ARIC. Maintain and test business continuity and service prioritisation arrangements; align local communications with State/Commonwealth messaging; incorporate fuel disruption scenarios into continuity and recovery planning.

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	Moderate (residual)
Does this item need to be added to the Town's Risk Register	Yes
Is a Risk Treatment Plan Required	No (monitoring only)

SITE INSPECTION

Not applicable.

COMMENT

This report brings forward an emerging strategic risk for the Town arising from potential liquid fuel supply disruption and associated price volatility, noting the Town's reliance on fuel for service delivery (including contracted services) and the heightened community sensitivity that can arise during periods of constrained supply.

For completeness, the report also notes recent Commonwealth industrial regulation changes through the FWC Road Transport Contractual Chain Order – Fuel Cost Recovery – 2026. While separate to the fuel supply disruption scenario, the Order may increase the Town's exposure to fuel-related cost pressures and administrative effort (including contract triage and invoice verification) and highlights the importance of clear governance, defensible decision-making and audit trails.

- Endorse inclusion of two related risks on the Strategic Risk Register: (1) Liquid Fuel Supply Disruption – Service Interruption and (2) Liquid Fuel Supply Disruption – Reputational Impact.
- Note that the residual risk ratings are assessed as Moderate (within tolerance) and that no additional risk treatment plan is proposed at this time beyond ongoing monitoring and integration into existing business continuity and communications arrangements.
- Request management provide updates to ARIC where there is a material change in the external environment, service impacts, contractor performance, or where additional controls are proposed.

CONCLUSION

On this basis, it is recommended that the Audit, Risk and Improvement Committee endorse inclusion of the proposed risks on the Strategic Risk Register and note the monitoring approach set out in the attachments.

7.2 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 021305

OFFICER RECOMMENDATION

Moved Mayor Natale, seconded Cr White

That Council:

1. Endorses the inclusion of the following risks on the Town's Strategic Risk Register:

- **Liquid Fuel Supply Disruption – Service Interruption (inherent High; residual Moderate).**
- **Liquid Fuel Supply Disruption – Reputational Impact (inherent High; residual Moderate).**

2. Notes that existing controls are assessed as adequate and the residual risk ratings are within the Town's risk tolerance, with no additional risk treatment plan proposed at this time beyond ongoing monitoring.

3. Requests management provide updates to the Audit, Risk and Improvement Committee as required, including any material change in risk profile, service impacts, or proposed additional controls arising from changes in the external fuel supply environment.

(CARRIED UNANIMOUSLY 6:0)

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

Against: Nil

REPORT ATTACHMENTS

Attachments start on the next page

Liquid Fuel Supply Disruption – Strategic Risk Brief

Town of East Fremantle – Internal Briefing for ELT, Audit, Risk and Improvement Committee and Council

CEO Commentary

Liquid fuel supply disruption has been identified as an emerging operational and reputational risk for the Town, recognising that while fuel supply control rests with the Commonwealth and State, the impacts of any disruption are experienced at the local government level. Management has assessed this risk having regard to Western Australia's emergency management framework and the Town's service delivery profile. Two related risks—service interruption and reputational impact—are proposed to be added to the Strategic Risk Register with inherent risk ratings of High. After consideration of existing controls, including Local Emergency Management Arrangements, business continuity planning and established communications processes, the residual risk ratings are assessed as Moderate and within the Town's risk tolerance. No additional risk treatment plan is proposed at this time, with management recommending ongoing monitoring through normal reporting to the Audit, Risk and Improvement Committee.

Executive Brief – What to Expect / What We Control / What We Don't

What to Expect

In the event of a liquid fuel supply disruption, the Town should expect early fuel availability constraints and market volatility prior to any formal emergency declaration. Demand-restraint measures may be implemented at a national or State level. If disruption persists, contractor performance and diesel-dependent services are likely to be affected first. In a severe or prolonged event, retail rationing and priority allocation to Essential Users may occur, increasing service disruption and community pressure on the Town.

What the Town Controls

The Town controls service prioritisation, business continuity arrangements, contractor management, internal allocation of limited resources, local communications, and recovery planning. Management can defer non-essential works, focus resources on public health and safety services, and provide clear and consistent messaging to elected members and the community.

What the Town Does Not Control

The Town does not control fuel supply, imports, national stockpiles, fuel allocation decisions, Essential User classifications or retail rationing rules. These decisions are made under Commonwealth legislation in consultation with States and Territories.

Likely Actions the Town May Need to Take During a Fuel Shortage

Depending on the severity and duration of a fuel supply disruption, the Town may need to implement practical operational adjustments. These actions would be taken to prioritise public health, safety and critical services, and may include the following:

- Reduce the frequency of mowing, verge maintenance and non-critical parks and open space works.
- Suspend or defer non-essential capital works, routine maintenance programs and discretionary projects.

- Prioritise fuel use for critical services such as waste and recycling collection, emergency response support and public safety activities.
- Modify waste, recycling or verge collection schedules, including route consolidation or reduced service frequency where necessary.
- Rely more heavily on contractor prioritisation and renegotiation of service timeframes where fuel availability limits performance.
- Increase use of remote work and flexible arrangements for staff to reduce travel demand.
- Limit the use of Council vehicles and plant to essential tasks only, with internal approval processes for fuel use if required.
- Provide proactive communications to the community explaining service changes, expected impacts and the Town's role and limitations.
- Coordinate closely with State agencies during response and prepare for increased recovery activity once fuel supply stabilises.

See Appendix 1 for more specific actions.

Strategic Risk Register – Extract

Risk 1: Liquid Fuel Supply Disruption – Service Interruption

Field	Entry
Risk description	A loss of, or interruption to, the supply of liquid fuel (as defined under the <i>Liquid Fuel Emergency Act 1984 (Cth)</i>) may disrupt Council operations and contracted services, resulting in temporary or prolonged interruption to core service delivery and increased recovery burden on the Town.
Risk cause	External fuel supply disruption; implementation of national demand-restraint measures, bulk fuel allocation controls or retail rationing.
Affected objectives	Service delivery; financial sustainability; safety and asset management; compliance.
Inherent likelihood	Possible (3)
Inherent consequence	Major (4) – prolonged interruption of services requiring additional resources; performance affected for up to one month.
Inherent risk rating	High (12)
Existing controls	• Local Emergency Management Arrangements (LEMA) recognising liquid fuel supply disruption as a hazard. • Business continuity and service prioritisation frameworks. • State-led coordination of fuel supply and allocation.
Control effectiveness	Adequate
Residual likelihood	Possible (3)
Residual consequence	Moderate (3) – medium-term temporary interruption; backlog cleared by additional resources within one week.
Residual risk rating	Moderate (9)

Risk treatment / monitoring	Ongoing monitoring. Integrate fuel disruption scenarios into service continuity and recovery planning.
Risk owner	Chief Executive Officer
Oversight	Audit, Risk and Improvement Committee

Risk 2: Liquid Fuel Supply Disruption – Reputational Impact

Field	Entry
Risk description	A liquid fuel supply disruption may negatively affect community confidence in the Town if reduced services, delays or altered operations are perceived as poor planning or inadequate response, despite fuel supply control resting outside local government authority.
Risk cause	Community exposure to service disruption; misunderstanding of Council's role versus State and Commonwealth responsibility for fuel supply control.
Affected objectives	Reputation; community confidence; governance and compliance.
Inherent likelihood	Possible (3)
Inherent consequence	Major (4) – substantiated public embarrassment; high impact with moderate to high media profile.
Inherent risk rating	High (12)
Existing controls	- Established community and stakeholder communication channels. - Alignment with State and Commonwealth emergency messaging. - Clear role delineation under WA emergency management arrangements.
Control effectiveness	Adequate
Residual likelihood	Unlikely (2)

Residual consequence	Moderate (3) – substantiated, low-to-moderate impact reputational issue with limited media profile.
Residual risk rating	Moderate (6)
Risk treatment / monitoring	Ongoing monitoring. Pre-approved messaging and elected member briefings during disruption events.
Risk owner	Chief Executive Officer
Oversight	Audit, Risk and Improvement Committee

Appendix A

Likely Operational Actions by Town Service Unit

(Indicative, proportionate and subject to circumstances)

1. Parks & Open Space

In a fuel-constrained environment, Parks operations are likely to be **scaled back to prioritise safety and amenity risks** rather than presentation standards.

Possible actions

- Reduce mowing frequency across parks, reserves, verges and passive open space.
- Prioritise mowing only where required for:
 - public safety (sightlines, trip hazards), or
 - fire risk management (where applicable).
- Suspend or defer non-essential landscaping works, turf renovations and beautification programs.
- Limit use of plant and equipment to essential activities only, with internal approval controls if required.
- Accept short-term deterioration in visual amenity as a trade-off for fuel conservation.

Implications

- Increased community complaints about grass height and presentation.
 - Need for clear communications explaining prioritisation decisions.
-

2. Waste & Recycling

Waste services are typically **high fuel-dependent** and **public-health critical**, making them a priority but still vulnerable to disruption.

Possible actions

- Prioritise household waste and recycling collection over non-essential verge or bulk waste services.
- Modify collection schedules, including:
 - route consolidation,
 - reduced frequency for non-critical services, or

- temporary suspension of discretionary collections.
- Work with contractors to renegotiate service sequencing and timeframes where fuel availability limits capacity.
- Defer non-urgent waste-related projects or service expansions.

Implications

- High community sensitivity; proactive messaging essential.
 - Increased operational risk if contractor fuel allocations are constrained.
-

3. Infrastructure, Works & Assets

Infrastructure services are likely to be **significantly curtailed** to preserve fuel for critical operations.

Possible actions

- Defer non-essential road, drainage, footpath and streetscape works.
- Focus available resources on:
 - safety-critical repairs,
 - statutory compliance works, and
 - emergency response support.
- Suspend routine inspections or maintenance cycles where risk-based deferral is acceptable.
- Extend project delivery timeframes and vary contractor arrangements due to fuel constraints.

Implications

- Backlog growth and future recovery costs.
 - Potential reputational impact if service standards visibly decline.
-

4. Community Facilities & Operations

Community facilities may experience **indirect disruption** through staff availability, reduced travel and operating cost pressures.

Possible actions

- Reduce operating hours or consolidate services across facilities where demand drops due to travel constraints.
- Defer non-essential events, programs or discretionary community activities.
- Increase reliance on remote or flexible work arrangements for staff to reduce commuting demand.
- Prioritise facilities that support community wellbeing or emergency response functions.

Implications

- Community access expectations will need careful management.
 - Risk of perception that Council services are “closing”, even where reductions are temporary.
-

Cross-cutting actions (all service units)

Regardless of service area, the Town may also need to:

- Introduce internal fuel-use approval or monitoring arrangements.
- Reprioritise contractor work programs across the organisation.
- Implement consistent, plain-English communications explaining:
 - what has changed,
 - why changes are necessary, and
 - what the Town can and cannot control.
- Prepare for a **recovery phase** once fuel supply stabilises, including clearing service backlogs and managing community expectations.

Appendix B

Staff-Focused Response Options During a Fuel Shortage

The following options outline potential measures the Town may consider to support staff, maintain productivity and reduce travel demand during a fuel-constrained period. These options are indicative only and subject to existing policy frameworks, WHS requirements and industrial considerations.

Expanded Working from Home Arrangements

- Temporarily broaden access to working from home for roles where duties can be effectively performed remotely.
- Prioritise working from home for staff with long commutes or high reliance on private vehicles.
- Ensure home-based work remains compliant with WHS requirements and approved by managers.

Flexible Working Arrangements

- Encourage flexible start and finish times to reduce peak-hour travel and congestion.
- Support compressed hours or adjusted work patterns where operationally feasible.

Support for Staff Required to Travel

- Prioritise access to Town fleet vehicles for staff undertaking essential work-related travel.
- Provide administrative flexibility in approving private vehicle use where Town vehicles are unavailable.
- Consider an additional allowance or subsidy beyond existing policy.

Encouraging Public Transport Use

- Provide SmartRider cards or temporary top-ups to staff where public transport is a viable alternative.
- Promote public transport use for non-site-based roles during periods of fuel constraint.

Staggered Start and Finish Times

- Introduce or expand staggered start and finish times to spread travel demand.
- Align work hours with public transport timetables where possible.

WHS and Wellbeing Considerations

- Ensure all changes to work patterns comply with the Town's WHS Management System.
- Monitor fatigue, working alone risks and psychological wellbeing during prolonged disruption.

Operational Briefing Note: Road Transport Contractual Chain Order – Fuel Cost Recovery following WALGA webinar update (1 May 2026)

1. INTRODUCTION

This Operational Briefing Note updates advice on the Fair Work Commission (FWC) Road Transport Contractual Chain Order – Fuel Cost Recovery – 2026 (the Order) following a WALGA webinar on 1 May 2026. This provided both advice on how to comply as well as some background on the order. For clarity, compliance is framed around the Town's position in the contractual chain and the rate it pays, including whether the Town has taken "reasonable steps" to establish a recovery process by 5 May 2026.

The Road Transport Contractual Chain Order framework is a Commonwealth Fair Work Act mechanism intended to protecting vulnerable operators such as owner-drivers and small fleet operators in road transport contractual chains. Ordinarily, the process includes lengthy consultation and notice periods to allow industry to assess and prepare.

In April 2026, legislative amendments created an emergency pathway enabling the FWC to make a time-sensitive order on an expedited basis. The Road Transport Contractual Chain Order - Fuel Cost Recovery was made on 20 April 2026 and commenced on 21 April 2026. **Due to the rapid implementation required advice and recommendations are evolving and may change as further guidance becomes available.**

The information below reflects not only the advice obtained from Kingston Reid (specialist workplace law firm) and presented in the WALGA webinar, but also arising modifications to previous advice following this advice as well as further investigation and consideration.

It sets out updated considerations, practical steps for the Town, and minor refinements to the proposed resolution process. Where it differs from the original discussion paper, this addendum should be considered as the current position.

2. ACTIONS TO SUPPORT RESOLUTION (TOWN IMPLEMENTATION)

The webinar proposed the following practical actions for local governments to support timely implementation. They broadly align with Option 2, with recommended refinements to that approach noted later.

1. **Audit contractors** – Map where road transport services are directly procured or embedded in supply (trriage to three groups defined later in this addendum).
2. **Confirm CEO/officer delegations** - identify which variations the CEO can approve, and those that require Council Approval.
3. **Establish streamlined approval templates for fuel variation adjustments** – Reduce governance workload for recurring fortnightly approvals
4. **Brief Council early and seek pre-endorsement of frameworks where possible** – Develop approval frameworks that maximise delegation of authority to speed decision making. (The discussion paper, this addendum and ongoing Council updates including reports where Council approval is required)
5. **Identify Clause 4.6 reliance opportunities**. Identify opportunities to rely on Clause 4.6 of the Order that provides guidance on a suggested pathway that would satisfy the Order. The provision of a specific rise and fall formula, as contemplated by the Town, is included

within Clause 4.6. However, the Town may also consider other compliant options where appropriate.

6. **Engage contractors early and proactively** – Calculate exposure before engagement with contractors as there will be disagreement as to how much rates should increase.
7. **Document decision-making rationale carefully** - contemporaneous records will be critical if compliance is ever challenged (including assumptions, calculations and approvals).
8. **Maintain clear audit trails** - document the adjustment, the methodology and the rationale for any price adjustments or variations implemented under the Order.

3. GOVERNANCE AND DELEGATIONS

For transparency, it is proposed to seek Council approval to issue notices (and the proposed temporary variation clause) to contractors in scope of the Order, including where delegation limits are not exceeded. Variations above delegation will be escalated for Council approval.

While the Order is wide-reaching, compliance turns on the concept of a “rate”, which may not be explicit in some contracts—particularly where pricing is bundled or schedule-based. The light-touch approach will therefore need clear templates and a defensible record of the reasonable steps taken.

The Town will require specific legal advice to ensure any mechanism is expressly time-limited and aligned to the intent and duration of the Order, and does not create an unintended permanent change to pricing or other terms. Any arrangement should operate only while the Order is in force, and include clear cessation provisions.

For tendered contracts, variations may only be made where the relevant statutory exceptions are met; the Order does not, of itself, create a tender exemption. Any variation outside the CEO’s delegation will require Council approval, supported by a Council report. Officers will confirm what can be approved under delegation and progress other matters to Council.

Officers will remain alert to the Order’s dispute resolution and enforcement framework and maintain a defensible compliance pathway aligned to the Order’s intent. This includes avoiding actions that could “put providers out of business”, and implementing practical mechanisms that can be withdrawn when the Order ceases.

As compliance focuses on having a process in place (rather than payment by a particular date), officers have time to confirm the details of the Town’s approach, supported by legal advice, and then return to Council for any required approvals.

The Order contemplates adjustments at least fortnightly. Any Council endorsement should therefore approve the methodology and governance framework (including parameters, reporting and audit requirements), so routine fortnightly adjustments can be implemented administratively within delegation and do not require fortnightly Council meetings.

4. ADMINISTRATION IMPACT

Capacity will be a key constraint for the Town, particularly if fortnightly reviews are required, and will affect supporting documentation and audit trail requirements.

Under a light-touch compliance model, the Town would adopt a clear, time-limited adjustment mechanism. Contractors (where applicable) would apply the fortnightly fuel adjustment when

invoicing. The Town would perform proportionate invoice checks against the agreed reference fuel price and calculation, and retain records as the audit trail.

This still requires the Town to monitor fuel price movements. Contractors may not proactively reduce rates when fuel prices fall, so invoice checks should confirm both upward and downward adjustments are applied in accordance with the mechanism.

Option 2 (low-touch compliance notification) remains a proportionate response at this time and is consistent with the webinar's recommended actions. Officers propose to seek legal advice to finalise the standard temporary clause principles, and to seek guidance from WALGA on whether sector-wide drafting support can be procured to reduce the need for each local government to obtain separate advice.

5. RECOMMENDED AMENDMENT

Further consideration has led to the conclusion that the majority of existing rise and fall mechanisms are not likely to be suitable to meet compliance with the order, as few are exclusively focussed on fuel costs but broader CPI adjustments – therefore the following amendment has been made to option 2

Option 2 – Low-touch compliance notification

Issuing a formal notice to existing contractors that:

- notes the FWC Order;
- provides a proposed compliant rise-and-fall mechanism (temporary clause); and
- where an existing rise-and-fall clause applies, set out how double counting of the fuel component will be avoided.

Where a rise-and-fall clause is already in place, it may need to be adjusted so the fuel component is not escalated twice. This could be as simple as specifying that for the duration of the variation the existing rise-and-fall calculation will apply to the non-fuel component only.

6. CONTRACT TRIAGE (THREE GROUPS)

To support implementation, officers were advised to categorise relevant contracts into three groups to enable triage, prioritisation, and an appropriate compliance mechanism. Legal advice will confirm the categorisation approach and the contractual treatment for each group.

The three groups are:

1. **Direct engagement of road transport operators** – contracts directly for road transport services (expected to be in scope of the Order). e.g. waste, road sweeping, tree watering.
2. **Bundled delivery** – contracts for supply/services where delivery is a component (may be in scope, depending on the chain and transport arrangement). e.g. construction or installation contracts with significant supply components.
3. **Incidental delivery** – contracts where delivery is incidental to an overall service (not expected to be in scope of the Order). e.g. services contracts, maintenance contracts with minimal supply components.

For any contract assessed as in scope (or potentially in scope), officers will need to confirm how fuel contributes to the applicable rate(s), including assumptions in schedules of rates, and how additional fuel costs will be calculated and compensated in accordance with the Order and the contract terms.

Further consideration suggests existing rise-and-fall or indexation clauses are unlikely to meet the Order's requirements, and may not appropriately limit variations to fuel only.

Accordingly, rather than increasing the frequency of existing rise-and-fall/indexation clauses, it is proposed to issue a proposed compliant fuel-only mechanism to all relevant contracts (including where a rise-and-fall clause already exists), to achieve consistency and reduce dispute risk.

A consistent, temporary fuel adjustment clause is expected be required as the default mechanism for relevant contractors (subject to legal advice).

When liaising with contractors, the Town should also request evidence that any additional fuel costs are being passed through the contractual chain, as required.

7. DISPUTE RESOLUTION AND CIVIL REMEDY CONTEXT

The Order includes a dispute clause (Clause 6). In practice, the initial remedy is expected to be dispute resolution rather than prosecution, and any contravention is treated as a civil remedy matter. The Town's compliance focus is therefore on taking reasonable steps and having a workable process to establish a rate variation / cost recovery mechanism, consistent with the Order's intent of avoiding providers—particularly smaller owner-operators—being put out of business.

8. BUDGET AND RATING IMPLICATIONS

Updated guidance highlights the need to recognise ratepayer and budget impacts early. Rates are set annually and changes would ordinarily require public consultation, with limited mechanisms to recover additional costs within the same financial year. In practice, cost increases could generally only be passed on in the following financial year. The Order's fortnightly adjustment cycle is therefore misaligned with annual budgeting and rating, creating a gap where the Town may need to fund increases immediately but may not recover them from ratepayers for up to 12 months.

8 MATTERS BEHIND CLOSED DOORS

Nil.

9 CLOSURE OF MEETING

There being no further business the Presiding Member closed the meeting at 7.17pm.

*I hereby certify that the Minutes of the special meeting of the **Audit Risk and Improvement Committee** of the Town of East Fremantle, held on **13 May 2026** Minute Book reference **1 to 9** were confirmed at the meeting of the Committee on*

.....

Presiding Member