



AGENDA

Audit Committee Agenda Wednesday, 27 September 2023 6:00 PM

Disclaimer

The purpose of this Council meeting is to discuss and, where possible, make resolutions about items appearing on the agenda.

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 (e)) 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

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Procedure for Deputations, Presentations and Public Question Time at Council Meetings

Council thanks you for your participation in Council Meetings and trusts that your input will be beneficial to all parties. Council has a high regard for community input where possible, in its decision making processes.

<p>Deputations</p> <p>A formal process where members of the community request permission to address Council or Committee on an issue.</p>	<p>Presentations</p> <p>An occasion where awards or gifts may be accepted by the Council on behalf of the community, when the Council makes a presentation to a worthy recipient or when agencies may present a proposal that will impact on the Local Government.</p>
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Procedures for Deputations

The Council allows for members of the public to make a deputation to Council on an issue related to Local Government business.

Notice of deputations need to be received **by 5pm on the day before the meeting** and agreed to by the Presiding Member. Please contact Executive Support Services via telephone on 9339 9339 or email admin@eastfremantle.wa.gov.au to arrange your deputation.

Where a deputation has been agreed to, during the meeting the Presiding Member will call upon the relevant person(s) to come forward and address Council.

A Deputation invited to attend a Council meeting:

- (a) is not to exceed five (5) persons, only two (2) of whom may address the Council, although others may respond to specific questions from Members;
- (b) is not to address the Council for a period exceeding ten (10) minutes without the agreement of the Council; and
- (c) additional members of the deputation may be allowed to speak with the agreement of the Presiding Member.

Council is unlikely to take any action on the matter discussed during the deputation without first considering an officer’s report on that subject in a later Council agenda.

Procedure for Presentations

Notice of presentations being accepted by Council on behalf of the community, or agencies presenting a proposal, need to be received by **5pm on the day before the meeting** and agreed to by the Presiding Member. Please contact Executive Support Services via telephone on 9339 9339 or email admin@eastfremantle.wa.gov.au to arrange your presentation.

Where the Council is making a presentation to a worthy recipient, the recipient will be advised in advance and asked to attend the Council meeting to receive the award.

All presentations will be received/awarded by the Mayor or an appropriate Councillor.

Procedure for Public Question Time

The Council extends a warm welcome to you in attending any meeting of the Council. Council is committed to involving the public in its decision making processes whenever possible, and the ability to ask questions during ‘Public Question Time’ is of critical importance in pursuing this public participation objective.

Council (as required by the **Local Government Act 1995**) sets aside a period of ‘Public Question Time’ to enable a member of the public to put up to three (3) questions to Council. Questions should only relate to the business of Council and should not be a statement or personal opinion. Upon receipt of a question from a member of the public, the Mayor may either answer the question or direct it to a Councillor or an Officer to answer, or it will be taken on notice.

Having regard for the requirements and principles of Council, the following procedures will be applied in accordance with the **Town of East Fremantle Local Government (Council Meetings) Local Law 2016**:

1. Public Questions Time will be limited to fifteen (15) minutes.
2. Public Question Time will be conducted at an Ordinary Meeting of Council immediately following “Responses to Previous Public Questions Taken on Notice”.
3. Each member of the public asking a question will be limited to two (2) minutes to ask their question(s).
4. Questions will be limited to three (3) per person.
5. Please state your name and address, and then ask your question.
6. Questions should be submitted to the Chief Executive Officer in writing by **5pm on the day before the meeting and be signed by the author**. This allows for an informed response to be given at the meeting.
7. Questions that have not been submitted in writing by 5pm on the day before the meeting will be responded to if they are straightforward.
8. If any question requires further research prior to an answer being given, the Presiding Member will indicate that the “question will be taken on notice” and a response will be forwarded to the member of the public following the necessary research being undertaken.
9. Where a member of the public provided written questions then the Presiding Member may elect for the questions to be responded to as normal business correspondence.
10. A summary of the question and the answer will be recorded in the minutes of the Council meeting at which the question was asked.

During the meeting, no member of the public may interrupt the meetings proceedings or enter into conversation.

Members of the public shall ensure that their mobile telephone and/or audible pager is not switched on or used during any meeting of the Council.

Members of the public are hereby advised that use of any electronic, visual or audio recording device or instrument to record proceedings of the Council is not permitted without the permission of the Presiding Member.

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NOTICE OF MEETING

Elected Members

An Ordinary Meeting of the Audit Committee will be held on 27/09/2023 6:00:00 PM in the Council POD, 135 Canning Highway, East Fremantle and your attendance is requested.



Jonathan Throssell
Chief Executive Officer

AGENDA

1 DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS

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

4 MEMORANDUM OF OUTSTANDING BUSINESS

5 DISCLOSURES OF INTEREST

6 PUBLIC QUESTION TIME

7 PRESENTATIONS/DEPUTATIONS

8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

8.1 AUDIT COMMITTEE WEDNESDAY, 26 JULY 2023

OFFICER RECOMMENDATION

That the minutes of the Audit Committee meeting held on Wednesday, 26 July 2023 be confirmed as a true and correct record of proceedings.

9 ANNOUNCEMENTS BY THE PRESIDING MEMBER

Resignation and acknowledgment of Community Representative Mr. Ben Arnold.

10 REPORTS

Reports start on the next page

10.1 2309 DRAFT 2022-23 ANNUAL FINANCIAL STATEMENTS AND POSITION PAPERS

Report Reference Number	ACR-485
Prepared by	Phil Garoni, Finance Manager
Supervised by	Peter Kocian, Executive Manager Corporate Services
Meeting date	Wednesday, 27 September 2023
Voting requirements	Simple Majority

Documents tabled

Attachments

1. Draft annual financial statements 2022/23
2. Management Consideration of Correction to Prior Year Amounts – SMRC.
3. Management consideration of provisions, contingent asset or liability.
4. Management Review of Fair Value, RUL's, Residual Values, Depreciation and Impairment of Assets.
5. Revenue Recognition – Grant Income.
6. Contaminated sites.

PURPOSE

The purpose of this report is for the Audit Committee to receive the draft Annual Financial Report for the year ended 30 June 2023. A new requirement has been implemented by the OAG for all councils to have the annual financial report signed by the CEO prior to the final audit being conducted. In addition, to support the draft financial statements are position papers to provide the principles behind the financial treatment of significant accounting entries and disclosures.

EXECUTIVE SUMMARY

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

One of the objectives of the Audit Committee is to assess the integrity of external financial reporting, including accounting policies (3.1 of Terms of Reference). As such, five (5) Management Position Papers are presented to the Audit Committee to increase awareness of significant account balances and audit emphasis.

BACKGROUND

The following audit timetable has been extrapolated from the Audit Planning Summary that was issued by the Office of the Auditor General on 10 May 2023. At the time of this Audit Committee Meeting, audit field work has only commenced with expected completion on 20 October 2023. The audit process is expected to be finalised in the month of November with the Audit Opinion issued by the 23 November.

The Auditors Report will be considered at the first Committee Meeting in 2024, at which time representatives from the Office of Auditor General will be in attendance.

10. Proposed audit schedule

	Date
Audit planning	April 2023
Interim audit	17 April to 21 April 2023
Interim management letter	By 12 May 2023
Information systems audit	July - August 2023
Final trial balance	By 29 September 2023
Receipt of CEO signed annual financial report	By 29 September 2023
Receipt of information for the following certifications: <ul style="list-style-type: none"> • Roads to Recovery • Local Roads and Community Infrastructure Program 	By 15 September 2023
Final audit	25 September to 20 October 2023
Audit opinions issued for the following certifications: <ul style="list-style-type: none"> • Roads to Recovery • Local Roads and Community Infrastructure Program 	By 31 October 2023
Receipt of clearance on Resource Recovery Group (RRG) balances	By 31 October 2023*
Exit meeting (week ending)	18 November 2022*
Receipt of signed annual financial report and management representation letter	18 November 2023*
Audit opinion issued	By 24 November 2023* (within 5 working days of the receipt of signed annual financial report and management representation letter)

*The proposed date is dependent on the RRG audit progress

Prior to the commencement of the annual final audit, the Office of the Auditor General (OAG) provides the Town with a Planning Summary which is discussed at an entrance meeting. The Planning Summary includes significant risks and audit emphasis and significant account balances identified by OAG, extrapolated below for the 22/23 Audit:

4. Significant risks and other audit issues

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

Details of risk / issue	Audit approach
<p>Significant projects the Town is undertaking in the current year:</p> <ul style="list-style-type: none"> • East Fremantle oval precinct redevelopment • Fremantle Women Soccer Club refurbishment project 	<p>We will review management’s assessment of the impact of the projects, determine whether, to the extent necessary, the Town’s accounting treatment of the events and transactions is correct.</p>
<p>The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> • provision for annual and long service leave • fair value of assets • impairment of assets • reasonableness of useful lives of property, plant and equipment and infrastructure • expected credit loss assessment 	<p>We will review the method and underlying data that management, and where applicable third parties, use when determining critical accounting estimates. This will include considering the reasonableness of assumptions and corroborating representations.</p>
<p>Accounting for the Town’s investment in associate:</p> <ul style="list-style-type: none"> • Resource Recovery Group 	<p>We will review management’s take up of the Town’s interest in the associate and ensure this reflects the net investment. In addition, we will review all material disclosures relating to the Town’s investment in associate to ensure compliance with the relevant accounting standards.</p>

OAG’s Better Practice Guide recommends that Position Papers should be prepared where there is an event or change to the operating environment, government policy, legislation, business development etc. that impacts the financial statements and for the Audit Committee to be briefed.

3. Anticipating and responding to change: Significant changes to the entity, the reporting framework or the entity's environment that impact on the financial statements are identified, communicated and addressed in a timely manner.

3.1 An event or change to the operating environment, government policy, legislation, business development

- Entities should be alert to any event or change which would impact their financial statements on an ongoing basis, not just at the time the financial statements are being prepared.
- Once a change has been identified as having an impact on the financial statements, an assessment should be undertaken to determine if it is material to the financial statements.
- Position papers and potential adjustments should be prepared. The audit committee and accountable authority should be briefed and approval obtained. The OAG should be consulted early and advised of any material adjustments.

3.2 Change to accounting requirements

- Assign specific responsibility for monitoring, identifying and assessing new and revised requirements. Attendance at CFO forums, member body conferences, professional firm updates and OAG entrance and exit meetings provides an avenue to keep up-to-date with accounting developments relevant to the public sector.
- Where changes to accounting requirements will affect, in a substantive way, the entity's accounting policies and presentation and disclosure in the financial statements, position papers should be prepared outlining the implications of the changes, including how the changes will be implemented. Entities should seek independent accounting advice where appropriate. The OAG should be consulted promptly to obtain early agreement.
- Review the statements at least annually and assess whether the most appropriate accounting policies have been selected and whether presentation can be improved. Accounting policies should only be changed when required by an AAS, or when the changes would result in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.
- Prepare draft pro-forma statements including accounting policy notes for review and agreement by the OAG well in advance of year-end.
- Brief the accountable authority and audit committee, as required, on any changes that are likely to have significant implications on the financial statements, how these affect the financial performance and position of the entity, and obtain approval of proposed changes, where appropriate.

CONSULTATION

Kelli Small – Consultant
 Peter Kocian – Executive Manager Corporate Services
 Office of Auditor General

STATUTORY ENVIRONMENT

The Audit Committee is constituted under the *Local Government Act 1995* and operates under the Terms of Reference approved by Council.

POLICY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

There are no financial implications relevant to this item.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency.

5.3 Strive for excellence in leadership and governance.

RISK IMPLICATIONS

10.1.1.1.1 RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That the Town receives a qualified audit report	Possible (3)	Moderate (3)	Moderate (5-9)	REPUTATIONAL Substantiated, public embarrassment, moderate impact, moderate news profile	Control through robust internal controls and staff development...
Failure to prepare Position Papers may result in OAG not accepting accounting estimates and treatments, either delaying audit or resulting in a qualified audit report	Likely (4)	Major (4)	High (10-16)	COMPLIANCE Short term non-compliance but with significant regulatory requirements imposed	Accept Officer Recommendation

10.1.1.1.2 RISK MATRIX

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

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk

matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

10.1.1.1.3 RISK RATING

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

SITE INSPECTION

Not Applicable.

COMMENT

The Draft Annual Financial Report of the Town of East Fremantle for the financial year ended 30 June 2023 is based on proper accounts and records to fairly present the financial position of the Town of East Fremantle at 30 June 2023 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent they are not inconsistent with the Act, the Australian Accounting Standards.

Five Positions Papers have been prepared aligned to the areas of risk and audit emphasis identified by OAG in their Planning Summary:

1. Management Consideration of Correction to Prior Year Amounts – SMRC
2. Management consideration of provisions, contingent asset or liability.
3. Management Review of Fair Value, RUL’s, Residual Values, Depreciation and Impairment of Assets
4. Revenue Recognition – Grant Income
5. Contaminated sites

The Position Papers have been reviewed and approved by the Finance Manager and Executive Manager Corporate Services and submitted to OAG, to be subsequently reviewed by their technical team.

The Position Papers are very comprehensive and illustrate the depth of work required to enable audit clearance to be provided in a timely manner.

CONCLUSION

The Audit Committee is requested to receive the tabled Draft Annual Financial Report for the year ending 30 June 2023. Noting there is potential for changes during the final Office of the Auditor General audit. Representatives from the Office of the Auditor General will be invited to meet with the Audit Committee in the new year, and there will be an opportunity to discuss the contents of the Annual Financial Report and Auditors Report.

In addition, the Position Papers be received by the Audit Committee. Clarifications are welcome.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

<p>Committee Resolution Choose an item. Click or tap to enter a date.</p> <p>OFFICER RECOMMENDATION</p> <p>That the Audit Committee recommend Council:</p>

- 1. Receive the draft Annual Financial Report for the Year Ended 30 June 2023 for review and request initial sign off by the Chief Executive Officer. Noting there is potential for change during the audit of the financial statements during the final Office of the Auditor General audit.**

- 2. That the Audit Committee receive and endorse the following Position Papers prepared by Management:**
 - i. Management Consideration of Correction to Prior Year Amounts – SMRC**
 - ii. Management consideration of provisions, contingent asset or liability.**
 - iii. Management Review of Fair Value, RUL's, Residual Values, Depreciation and Impairment of Assets.**
 - iv. Revenue Recognition – Grant Income.**
 - v. Contaminated sites.**

REPORT ATTACHMENTS

Attachments start on the next page

**TOWN OF EAST FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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

An inclusive community balancing growth, lifestyle and sustainability.

Principal place of business:
135 Canning Highway
East Fremantle WA

**TOWN OF EAST FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

*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 2023 and the financial position as at 30 June 2023.

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

Signed on the _____ day of _____ 2023

Chief Executive Officer

Jonathan Throssell

Name of Chief Executive Officer

**TOWN OF EAST FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),25	8,677,877	8,660,135	8,302,387
Grants, subsidies and contributions	2(a)	1,283,167	907,014	1,082,054
Fees and charges	2(a)	1,523,133	1,442,358	1,382,038
Interest revenue	2(a)	608,758	98,000	72,311
Other revenue	2(a)	53,697	27,170	215,971
		12,146,632	11,134,677	11,054,761
Expenses				
Employee costs	2(b)	(4,804,595)	(4,736,197)	(4,436,672)
Materials and contracts		(4,096,164)	(4,028,396)	(3,510,439)
Utility charges		(236,291)	(259,034)	(255,191)
Depreciation		(1,817,749)	(2,103,440)	(2,071,668)
Finance costs	2(b)	(9,425)	(16,250)	(14,220)
Insurance		(220,712)	(228,901)	(197,780)
Other expenditure	2(b)	(798,659)	(775,797)	(798,313)
		(11,983,595)	(12,148,015)	(11,284,283)
		163,037	(1,013,338)	(229,522)
Capital grants, subsidies and contributions	2(a)	9,918,811	14,099,113	1,156,549
Gain on disposal of assets held for sale		407,382	0	0
Profit on asset disposals		41,577	487,693	32,651
Loss on asset disposals		(4,797,942)	0	(4,738)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	3,686	0	3,997
Share of net profit of associates accounted for using the equity method	22(c)	(148,330)	0	(47,410)
		5,425,184	14,586,806	1,141,049
Net result for the period	24(b)	5,588,221	13,573,468	911,527
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	9,551,305	0	1,285,323
Total other comprehensive income for the period	16	9,551,305	0	1,285,323
Total comprehensive income for the period		15,139,526	13,573,468	2,196,850

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

**TOWN OF EAST FREMANTLE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	14,631,561	7,067,665
Trade and other receivables	5	612,547	252,401
Other assets	6	490,318	52,099
Assets classified as held for sale	6	0	1,442,619
TOTAL CURRENT ASSETS		15,734,426	8,814,784
NON-CURRENT ASSETS			
Trade and other receivables	5	96,650	95,847
Other financial assets	4(b)	81,490	77,804
Investment in associate	22(a)	1,502,543	1,382,443
Property, plant and equipment	7	41,422,143	31,855,046
Infrastructure	8	45,798,291	38,970,743
Right-of-use assets	10(a)	208,607	238,311
TOTAL NON-CURRENT ASSETS		89,109,724	72,620,194
TOTAL ASSETS		104,844,150	81,434,978
CURRENT LIABILITIES			
Trade and other payables	11	4,750,979	1,854,813
Other liabilities	12	6,936,583	1,801,616
Lease liabilities	10(b)	44,114	38,617
Borrowings	13	5,068	98,204
Employee related provisions	14	757,227	718,704
Other provisions	15	268,434	0
TOTAL CURRENT LIABILITIES		12,762,405	4,511,954
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	198,300	216,187
Borrowings	13	94,112	99,537
Employee related provisions	14	125,624	83,117
TOTAL NON-CURRENT LIABILITIES		418,036	398,841
TOTAL LIABILITIES		13,180,441	4,910,795
NET ASSETS		91,663,709	76,524,183
EQUITY			
Retained surplus		38,645,126	33,211,629
Reserve accounts	28	2,638,933	2,484,209
Revaluation surplus	16	50,379,650	40,828,345
TOTAL EQUITY		91,663,709	76,524,183

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

**TOWN OF EAST FREMANTLE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		33,798,518	985,793	39,543,022	74,327,333
Comprehensive income for the period					
Net result for the period		911,527	0	0	911,527
Other comprehensive income for the period	16	0	0	1,285,323	1,285,323
Total comprehensive income for the period		911,527	0	1,285,323	2,196,850
Transfers from reserve accounts	28	43,720	(43,720)	0	0
Transfers to reserve accounts	28	(1,542,136)	1,542,136	0	0
Balance as at 30 June 2022		33,211,629	2,484,209	40,828,345	76,524,183
Comprehensive income for the period					
Net result for the period		5,588,221	0	0	5,588,221
Other comprehensive income for the period	16	0	0	9,551,305	9,551,305
Total comprehensive income for the period		5,588,221	0	9,551,305	15,139,526
Transfers from reserve accounts	28	3,059,287	(3,059,287)	0	0
Transfers to reserve accounts	28	(3,214,011)	3,214,011	0	0
Balance as at 30 June 2023		38,645,126	2,638,933	50,379,650	91,663,709

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

**TOWN OF EAST FREMANTLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		8,645,505	8,360,130
Grants, subsidies and contributions		1,290,020	1,085,066
Fees and charges		3,289,098	1,729,304
Interest revenue		608,758	72,311
Goods and services tax received		1,428,050	504,668
Other revenue		53,697	237,520
		15,315,128	11,988,999
Payments			
Employee costs		(4,702,224)	(4,402,142)
Materials and contracts		(3,832,679)	(3,391,069)
Utility charges		(236,291)	(255,191)
Finance costs		(9,425)	(14,220)
Insurance paid		(220,712)	(197,780)
Goods and services tax paid		(1,671,020)	(342,582)
Other expenditure		(784,962)	(770,984)
		(11,457,313)	(9,373,968)
Net cash provided by (used in) operating activities	16(b)	3,857,815	2,615,031
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	7(a)	(12,353,340)	(1,154,983)
Payments for construction of infrastructure	8(a)	(1,070,224)	(657,402)
Capital grants, subsidies and contributions		15,368,480	2,627,000
Proceeds from assets held for sale		1,850,000	0
Proceeds from sale of property, plant & equipment		49,040	66,788
Net cash provided by (used in) investing activities		3,843,956	881,403
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	27(a)	(97,259)	(103,104)
Payments for principal portion of lease liabilities	27(b)	(40,616)	(37,551)
Net cash provided by (used In) financing activities		(137,875)	(140,655)
Net increase (decrease) in cash held		7,563,896	3,355,779
Cash at beginning of year		7,067,665	3,711,886
Cash and cash equivalents at the end of the year	16(a)	14,631,561	7,067,665

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

TOWN OF EAST FREMANTLE
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$	
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	25	8,677,877	8,660,135	8,302,387
Grants, subsidies and contributions		1,283,167	907,014	1,082,054
Fees and charges		1,523,133	1,442,358	1,382,038
Interest revenue		608,758	98,000	72,311
Other revenue		53,697	27,170	215,971
Profit on asset disposals		41,577	487,693	32,651
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	3,686	0	3,997
Share of net profit of associates accounted for using the equity method	22(c)	(148,330)	0	(47,410)
		<u>12,043,565</u>	<u>11,622,370</u>	<u>11,043,999</u>
Expenditure from operating activities				
Employee costs		(4,804,595)	(4,736,197)	(4,436,672)
Materials and contracts		(4,096,164)	(4,028,396)	(3,510,439)
Utility charges		(236,291)	(259,034)	(255,191)
Depreciation		(1,817,749)	(2,103,440)	(2,071,668)
Finance costs		(9,425)	(16,250)	(14,220)
Insurance		(220,712)	(228,901)	(197,780)
Other expenditure		(798,659)	(775,797)	(798,313)
Loss on asset disposals		(4,797,942)	0	(4,738)
		<u>(16,781,537)</u>	<u>(12,148,015)</u>	<u>(11,289,021)</u>
Non-cash amounts excluded from operating activities	26(a)	6,774,167	1,601,825	2,092,869
Amount attributable to operating activities		<u>2,036,195</u>	<u>1,076,180</u>	<u>1,847,847</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		9,918,811	14,099,113	1,156,549
Proceeds from disposal of assets		49,040	167,568	66,788
Proceeds from Assets held for sale		1,850,000	1,500,000	0
		<u>11,817,851</u>	<u>15,766,681</u>	<u>1,223,337</u>
Outflows from investing activities				
Payments for investments in associates	22(b)	(268,434)	0	0
Purchase of property, plant and equipment	7(a)	(12,353,340)	(14,220,450)	(1,154,983)
Purchase and construction of infrastructure	8(a)	(1,070,224)	(1,143,127)	(657,402)
		<u>(13,691,998)</u>	<u>(15,363,577)</u>	<u>(1,812,385)</u>
Non-cash amounts excluded from investing activities	26(b)	268,434	0	0
Amount attributable to investing activities		<u>(1,605,713)</u>	<u>403,104</u>	<u>(589,048)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	27(a)	0	0	0
Transfers from reserve accounts	28	3,059,287	494,250	43,720
		<u>3,059,287</u>	<u>494,250</u>	<u>43,720</u>
Outflows from financing activities				
Repayment of borrowings	27(a)	(97,259)	(102,000)	(103,104)
Payments for principal portion of lease liabilities	27(b)	(40,616)	(45,000)	(37,551)
Transfers to reserve accounts	28	(3,214,011)	(2,344,226)	(1,542,136)
		<u>(3,351,886)</u>	<u>(2,491,226)</u>	<u>(1,682,791)</u>
Amount attributable to financing activities		<u>(292,599)</u>	<u>(1,996,976)</u>	<u>(1,639,071)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	26(c)	512,821	517,692	893,093
Amount attributable to operating activities		2,036,195	1,076,180	1,847,847
Amount attributable to investing activities		(1,605,713)	403,104	(589,048)
Amount attributable to financing activities		(292,599)	(1,996,976)	(1,639,071)
Surplus or deficit after imposition of general rates	26(c)	<u>650,704</u>	<u>0</u>	<u>512,821</u>

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

**TOWN OF EAST FREMANTLE
FOR THE YEAR ENDED 30 JUNE 2023
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**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

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

The local government reporting entity

All funds through which the 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.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

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 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- 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 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified. Except as described above 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 2023

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General rates	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligation	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment of the licence, registration or approval
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES

(a) Revenue (Continued)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Fees and charges - property hire	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges for other goods and services	Reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is issued
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
Fees & Charges Mooring Pen Fees	Leasing Mooring Pen	Single point in time	Payment in full in advance	Contract obligation	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction on cancellation	On entry or at conclusion of hire
Fees & Charges - Property Leases	Leasing of Commercial or Residential Properties	Single point in time	Payment in full in advance	Contract obligation	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction on	On entry or at conclusion of hire

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 2023**

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 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	8,677,877	0	8,677,877
Grants, subsidies and contributions	1,283,167	0	0	0	1,283,167
Fees and charges	1,006,439	0	516,694	0	1,523,133
Interest revenue	0	0	53,298	555,460	608,758
Other revenue	53,697	0	0	0	53,697
Capital grants, subsidies and contributions	0	9,918,811	0	0	9,918,811
Total	2,343,303	9,918,811	9,247,869	555,460	22,065,443

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	8,302,387	0	8,302,387
Grants, subsidies and contributions	1,082,054	0	0	0	1,082,054
Fees and charges	843,239	0	538,799	0	1,382,038
Interest revenue	0	0	52,143	20,168	72,311
Other revenue	78,962	0	137,009	0	215,971
Capital grants, subsidies and contributions	0	1,156,549	0	0	1,156,549
Total	2,004,255	1,156,549	9,030,338	20,168	12,211,310

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES

(a) Revenue (Continued)	Note	2023 Actual	2022 Actual
		\$	\$
Interest revenue			
Interest on reserve account funds		491,101	7,323
Trade and other receivables overdue interest		53,299	52,143
Other interest revenue		64,358	12,845
		608,758	72,311
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$22,000.			
Fees and charges relating to rates receivable			
Charges on instalment plan		36,020	34,621
The 2023 original budget estimate in relation to: Charges on instalment plan was \$36,000.			
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report		53,750	49,960
- Other services – grant acquittals		5,900	0
		59,650	49,960
Employee Costs			
Employee benefit costs		4,804,595	4,436,672
		4,804,595	4,436,672
Finance costs			
Interest and financial charges paid/payable for lease		2,621	7,146
Lease liabilities		6,804	7,074
		9,425	14,220
Other expenditure			
Sundry expenses		798,659	798,313
		798,659	798,313

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	10,185,860	3,885,073
Term deposits	4,445,701	3,182,592
Total cash and cash equivalents	14,631,561	7,067,665
Held as		
- Unrestricted cash and cash equivalents	5,060,116	2,781,840
- Restricted cash and cash equivalents	9,571,445	4,285,825
	14,631,561	7,067,665

SIGNIFICANT ACCOUNTING POLICIES**Cash and cash equivalents**

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

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

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.

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 and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

	2023	2022
	\$	\$
(b) Non-current assets		
Financial assets at fair value through profit or loss	81,490	77,804
	81,490	77,804
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	77,804	73,807
Movement attributable to fair value increment	3,686	3,997
Units in Local Government House Trust - closing balance	81,490	77,804

SIGNIFICANT 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 2023**

5. TRADE AND OTHER RECEIVABLES

Note	2023	2022
	\$	\$
Current		
Rates and statutory receivables	68,034	76,390
Trade receivables	67,456	55,012
GST receivable	512,041	131,356
Allowance for credit losses of trade and other receivables	(43,638)	(19,011)
Loan receivables - EFLTC	3,000	3,000
Other receivables - EFJCC & EFJFC	5,654	5,654
	612,547	252,401
Non-current		
Rates and statutory receivables	76,382	66,925
Loan receivables - EFLTC	12,000	15,000
Other receivables - EFJCC & EFJFC	8,268	13,922
	96,650	95,847

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:

Note	30 June 2023 Actual	30 June 2022 Actual	1 July 2021 Actual
	\$	\$	\$
Contract assets	6 329,416	0	0
Allowance for credit losses of trade and other receivables	5 (43,638)	(19,011)	(26,358)
Total trade and other receivables from contracts with customers	285,778	(19,011)	(26,358)

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

6. OTHER ASSETS

Other assets - current

Prepayments
Accrued income
Contract assets

	2023	2022
	\$	\$
	55,155	45,768
	105,747	6,331
	329,416	0
	490,318	52,099
Non-current assets held for sale		
Land and Buildings - 128 George St	0	1,442,619
	0	1,442,619

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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).

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable. Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non-specialised level 2	Buildings - non-specialised level 3	Buildings - specialised	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Buildings - work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	4,330,900	54,113	556,598	26,239,286	31,180,897	31,180,897	287,303	864,925	14,000	32,347,125
Additions	0	0	0	20,607	20,607	20,607	13,324	129,876	991,176	1,154,983
Disposals	0	0	0	0	0	0	0	(38,875)	0	(38,875)
Revaluation increments / (decrements) transferred to revaluation surplus	1,268,100	17,223	0	0	1,285,323	1,285,323	0	0	0	1,285,323
Assets classified as held for sale	(1,400,000)	(69,949)	0	0	(1,469,949)	(1,469,949)	0	0	0	(1,469,949)
Depreciation	0	(1,387)	(47,403)	(1,085,272)	(1,134,062)	(1,134,062)	(73,917)	(215,582)	0	(1,423,561)
Balance at 30 June 2022	4,199,000	0	509,195	25,174,621	29,882,816	29,882,816	226,710	740,344	1,005,176	31,855,046
Comprises:										
Gross balance amount at 30 June 2022	4,199,000	0	604,000	27,342,422	32,145,422	32,145,422	403,587	1,416,749	1,005,176	34,970,934
Accumulated depreciation at 30 June 2022	0	0	(94,805)	(2,167,801)	(2,262,606)	(2,262,606)	(176,877)	(676,405)	0	(3,115,888)
Balance at 30 June 2022	4,199,000	0	509,195	25,174,621	29,882,816	29,882,816	226,710	740,344	1,005,176	31,855,046
Additions	0	0	9,291	58,733	68,024	68,024	24,413	70,980	12,189,923	12,353,340
Disposals	0	0	0	(4,793,736)	(4,793,736)	(4,793,736)	(4,206)	(7,463)	0	(4,805,405)
Revaluation increments / (decrements) transferred to revaluation surplus	125,000	0	220,426	2,816,351	3,161,777	3,161,777	0	0	0	3,161,777
Depreciation	0	0	(47,472)	(884,869)	(932,341)	(932,341)	(80,607)	(129,667)	0	(1,142,615)
Transfers	0	0	0	0	0	0	0	58,410	(58,410)	0
Balance at 30 June 2023	4,324,000	0	691,440	22,371,100	27,386,540	27,386,540	166,310	732,604	13,136,689	41,422,143
Comprises:										
Gross balance amount at 30 June 2023	4,324,000	0	2,243,000	40,797,900	47,364,900	47,364,900	359,020	1,460,139	13,136,689	62,320,748
Accumulated depreciation at 30 June 2023	0	0	(1,551,560)	(18,426,800)	(19,978,360)	(19,978,360)	(192,710)	(727,535)	0	(20,898,605)
Balance at 30 June 2023	4,324,000	0	691,440	22,371,100	27,386,540	27,386,540	166,310	732,604	13,136,689	41,422,143

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	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	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 2023**

7. 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.

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.

(ii) Cost

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

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads	Infrastructure - Drainage	Infrastructure - Parks and Ovals	Infrastructure - Footpaths and Cycleways	Infrastructure - Car Parks	Infrastructure - Bus Shelters	Other infrastructure - Work In Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	22,641,274	4,230,434	4,003,394	5,526,742	2,300,436	219,547	0	38,921,827
Additions		223,808	204,475	184,619	29,500		15,000	657,402
Depreciation	(314,829)	(53,562)	(117,119)	(86,622)	(28,055)	(8,299)		(608,486)
Balance at 30 June 2022	22,326,445	4,400,680	4,090,750	5,624,739	2,301,881	211,248	15,000	38,970,743
Comprises:								
Gross balance at 30 June 2022	22,641,274	4,454,242	4,305,585	5,711,361	2,329,936	219,547	15,000	39,676,945
Accumulated depreciation at 30 June 2022	(314,829)	(53,562)	(214,835)	(86,622)	(28,055)	(8,299)	0	(706,202)
Balance at 30 June 2022	22,326,445	4,400,680	4,090,750	5,624,739	2,301,881	211,248	15,000	38,970,743
Additions	354,230	56,707	305,347	294,899	0	0	59,041	1,070,224
(Disposals)	0	0	0	0	0	0	(15,000)	(15,000)
Revaluation increments / (decrements) transferred to revaluation surplus	3,631,572	714,731	694,488	946,689	369,093	32,955	0	6,389,528
Depreciation	(315,747)	(55,735)	(119,118)	(89,475)	(28,830)	(8,299)	0	(617,204)
Balance at 30 June 2023	25,996,500	5,116,383	4,971,467	6,776,852	2,642,144	235,904	59,041	45,798,291
Comprises:								
Gross balance at 30 June 2023	26,729,467	5,243,429	5,359,646	6,981,544	2,708,266	255,197	59,041	47,336,590
Accumulated depreciation at 30 June 2023	(732,967)	(127,046)	(388,179)	(204,692)	(66,122)	(19,293)	0	(1,538,299)
Balance at 30 June 2023	25,996,500	5,116,383	4,971,467	6,776,852	2,642,144	235,904	59,041	45,798,291

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost.	Internal valuation assessment	June 2023	ABS Producer Price Index (Index number 3101 Roads and bridge construction Western Australia)
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost.	Internal valuation assessment	June 2023	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.	Internal valuation assessment	June 2023	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.	Internal valuation assessment	June 2023	ABS Producer Price Index (Index number 3101 Roads and bridge construction Western Australia)
Infrastructure - Car Parks	Level 3	Cost approach using depreciated replacement cost.	Internal valuation assessment	June 2023	ABS Producer Price Index (Index number 3101 Roads and bridge construction Western Australia)
Infrastructure - Bus Shelters	Level 3	Cost approach using depreciated replacement cost.	Internal valuation assessment	June 2023	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 2023**

9. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	20 to 65 years
Furniture and equipment	3 to 19 years
Plant and equipment	2 to 20 years
Plant and equipment - Motor Vehicles - Light Fleet	2 to 10 years
Plant and equipment - Motor Vehicles - Heavy Fleet	5 to 10 years
Sealed roads, streets and carparks formation (subgrade)	not depreciated
Sealed pavement (roads/carparks)	85 to 100 years
Surface (roads/carparks)	30 to 35 years
Kerbing	60 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 (river seabed)	Based on the remaining lease
Parks and Ovals - minor structure polygon	10 to 70 years
Parks and Ovals - playground polygon	27 years
Parks and Ovals - amenities	20 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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Town's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation consistent with *Financial Management Regulation 17A(4)*.

Revaluation

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

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

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of 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.

Amortisation

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

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

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

Impairment

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

Gains 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 2023**

10. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - Land - Property, Plant and Equipment \$	Right-of-use assets Total \$
Balance at 1 July 2021		276,841	276,841
Adjustment		1,091	1,091
Depreciation		(39,621)	(39,621)
Balance at 30 June 2022		238,311	238,311
Gross balance amount at 30 June 2022		357,233	357,233
Accumulated depreciation at 30 June 2022		(118,922)	(118,922)
Balance at 30 June 2022		238,311	238,311
Adjustment		28,226	28,226
Depreciation		(57,930)	(57,930)
Balance at 30 June 2023		208,607	208,607
Gross balance amount at 30 June 2023		385,459	385,459
Accumulated depreciation at 30 June 2023		(176,852)	(176,852)
Balance at 30 June 2023		208,607	208,607

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

	2023 Actual \$	2022 Actual \$
Depreciation on right-of-use assets	(57,930)	(39,621)
Finance charge on lease liabilities	(6,804)	(7,074)
Total amount recognised in the statement of comprehensive income	(64,734)	(46,695)
Total cash outflow from leases	(47,420)	(44,625)
(b) Lease Liabilities		
Current	44,114	38,617
Non-current	198,300	216,187
	242,414	254,804

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.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. LEASES (Continued)

SIGNIFICANT 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(b).

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

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the 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 2023**

10. 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

	2023 Actual	2022 Actual
	\$	\$
	264,028	299,708
	159,037	196,067
	159,037	181,187
	157,600	179,903
	152,818	178,521
	894,944	1,019,642
	1,787,464	2,055,028

SIGNIFICANT 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 (eg 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 2023**

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued payroll liabilities
ATO liabilities
Bonds and deposits held

	2023	2022
	\$	\$
Sundry creditors	3,996,414	1,035,605
Prepaid rates	67,184	98,455
Accrued payroll liabilities	52,317	30,976
ATO liabilities	149,869	89,393
Bonds and deposits held	485,195	600,384
	4,750,979	1,854,813

SIGNIFICANT 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.

Trade and other payables

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

Prepaid rates

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

12. OTHER LIABILITIES

	2023	2022
	\$	\$
Current		
Contract liabilities	82,553	71,910
Capital grant/contributions liabilities	6,849,959	1,729,706
Income in advance	4,071	0
	6,936,583	1,801,616
Reconciliation of changes in contract liabilities		
Opening balance	71,910	68,898
Additions	82,553	39,430
Revenue from contracts with customers included as a contract liability at the start of the period	(71,910)	(36,418)
	82,553	71,910
<p>The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$82,553 (2022: \$71,910)</p> <p>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.</p>		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	1,729,706	259,255
Additions	6,849,959	1,729,706
Revenue from capital grant/contributions held as a liability at the start of the period	(1,729,706)	(259,255)
	6,849,959	1,729,706
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	6,849,959	1,729,706
	6,849,959	1,729,706

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

SIGNIFICANT ACCOUNTING POLICIES**Contract liabilities**

Contract liabilities represent the 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.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

13. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		5,068	94,112	99,180	98,204	99,537	197,741
Total secured borrowings	27(a)	5,068	94,112	99,180	98,204	99,537	197,741

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 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

Risk

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	430,041	409,658
Long service leave	281,751	265,516
Provision for rostered days off	37,522	40,090
Provision for time in lieu	7,913	3,440
Total current employee related provisions	757,227	718,704
Non-current provisions		
Employee benefit provisions		
Long service leave	125,624	83,117
Total non-current employee related provisions	125,624	83,117
Total employee related provisions	882,851	801,821

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.

SIGNIFICANT 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 2023**

15. OTHER PROVISIONS

	Equity Contribution - Investment in Associate
	\$
Opening balance at 1 July 2022	0
Additional provision	268,434
Balance at 30 June 2023	268,434
Comprises	
Current	268,434
	268,434

Other provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

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 2023**

16. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	5,109,000	125,000	5,234,000	3,840,900	1,268,100	5,109,000
Revaluation surplus - Buildings - non-specialised level 2	17,223	0	17,223	0	17,223	17,223
Revaluation surplus - Buildings - non-specialised level 3	585,380	220,426	805,806	585,380	0	585,380
Revaluation surplus - Buildings - specialised	11,158,410	2,816,351	13,974,761	11,158,410	0	11,158,410
Revaluation surplus - Plant and equipment	469,638	0	469,638	469,638	0	469,638
Revaluation surplus - Infrastructure - Roads	15,205,424	3,631,572	18,836,996	15,205,424	0	15,205,424
Revaluation surplus - Infrastructure - Drainage	3,341,189	714,731	4,055,920	3,341,189	0	3,341,189
Revaluation surplus - Infrastructure - Parks and Ovals	1,799,044	694,488	2,493,532	1,799,044	0	1,799,044
Revaluation surplus - Infrastructure - Footpaths and Cycleways	2,331,013	946,689	3,277,702	2,331,013	0	2,331,013
Revaluation surplus - Infrastructure - Car Parks	216,407	369,093	585,500	216,407	0	216,407
Revaluation surplus - Infrastructure - Bus Shelters	116,450	32,955	149,405	116,450	0	116,450
	40,349,178	9,551,305	49,900,483	39,063,855	1,285,323	40,349,178
Revaluation surplus - Share from investments in associates	479,167	0	479,167	479,167	0	479,167
	40,828,345	9,551,305	50,379,650	39,543,022	1,285,323	40,828,345

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

17. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2023 Actual \$	2022 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	9,571,445	4,285,825
		9,571,445	4,285,825
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	2,638,933	2,484,209
Contract liabilities	12	82,553	71,910
Capital grant liabilities	12	6,849,959	1,729,706
Total restricted financial assets		9,571,445	4,285,825
18. 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		(4,178)	(5,245)
Total amount of credit unused		1,015,822	1,014,755
Loan facilities			
Loan facilities - current		5,068	98,204
Loan facilities - non-current		94,112	99,537
Total facilities in use at balance date		99,180	197,741
Unused loan facilities at balance date		0	0

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

19. CONTINGENT LIABILITIES

(a) Southern Metropolitan Regional Council (SMRC) - Remediation Costs

The SMRC has made provision for remediation costs (make good provision for lease) in relation to the decommissioning and restoration of the land upon which its operations are based. Since the Town accounts for its share in the SMRC by way of an investment in associate, this provision is inherently included in the Town's share of the net assets of the SMRC. As such, the Town is not required to make any provisions for these remediation costs. Any movement in this provision will be negligible and the Town does not identify any financial risk associated with this provision.

(b) Town of East Fremantle Withdrawal from the Southern Metropolitan Regional Council (SMRC)

At the Ordinary Council Meeting held on 20 June 2023, Council unanimously resolved to provide formal notice of withdrawal to the Resource Recovery Group (RRG - formerly SMRC) in accordance with section 11.1 of the Establishment Agreement (1997) to end its membership (participation) within the regional local government.

The resulting impact of the withdrawal is dependent on whether the remaining members determine to proceed with the SMRC as a going concern, or if the Town's withdrawal ultimately triggers a winding up of the SMRC.

Should the SMRC continue as a going concern, the Town is required to fund the costs of an amended business plan, which could be in the vicinity of up to \$250,000; yet they are also entitled to a proportional equity payments of net assets valued at 30 June 2024.

If a winding up is triggered, the following costs could apply which would be proportionally shared by Project Participants:

- staff redundancy payments;
- site remediation;
- costs of valuations/assessment of remediation costs;
- penalty costs for early lease departure;
- possible breach of contract penalties for other customers;

meaning that if there are insufficient liquid assets available to meet the costs of winding up, then the Town of East Fremantle, and the other participating members would be required to fund any shortfall to the extent of their proportional equity amount. Alternatively, should there be any remaining net assets for distribution after the finalisation of a winding up, the Town would be entitled to their proportional share.

The status of the future of the SMRC is yet to be determined by participating members.

(c) Bank Guarantee

The Town has provided a bank guarantee in favour of the Department of Parks and Wildlife 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.

20. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- contract liabilities for capital works	24,638,083	1,698,229
- plant & equipment purchases	0	1,662,437
	24,638,083	3,360,666
Payable:		
- not later than one year	24,638,083	3,360,666

Capital expenditure projects with committed expenditure outstanding at the end of the current reporting period are:

East Fremantle Oval Redevelopment Project	17,774,294
Fremantle Women's Soccer Club	13,831

The above capital expenditure commitments relate to open purchase orders, whereby work is still currently being undertaken at 30 June 2023 (WIP), or goods and/or services have not been provided to the Town at the end of the reporting period.

Contract liabilities for capital works:

East Fremantle Oval Redevelopment Project	6,790,584
Fremantle Women's Soccer Club	59,374

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	28,560	28,560	28,000
President's meeting attendance fees	25,500	25,500	25,000
President's ICT expenses	3,500	3,500	3,500
	57,560	57,560	56,500
Deputy President's annual allowance	7,140	7,140	6,981
Deputy President's meeting attendance fees	15,810	15,810	20,005
Deputy President's ICT expenses	3,500	3,500	4,516
	26,450	26,450	31,502
All other council member's meeting attendance fees	108,035	110,670	101,984
All other council member's ICT expenses	23,917	24,500	23,021
	131,952	135,170	125,005
21(b)	215,962	219,180	213,007

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	671,005	635,714
Post-employment benefits	86,491	92,499
Employee - other long-term benefits	72,275	61,395
Employee - termination benefits	43,228	0
Council member costs	215,962	213,007
21(a)	1,088,961	1,002,615

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 2023**

21. RELATED PARTY TRANSACTIONS

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:

	2023 Actual	2022 Actual
	\$	\$
Purchase of goods and services	581,339	586,959
Loan Repayments (including interest & guarantee fee)	99,675	111,161
Annual contribution towards operating expenditure	29,704	28,236
Amounts payable to related parties:		
Trade and other payables	51,117	48,121

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 21(a) and 21(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.

The Town of East Fremantle is a participant in the Canning Vale Regional Resource Recovery Centre (RRRC). The RRRC is controlled by a regional local government established in accordance with the *Local Government Act 1995*. The regional local government, being the Southern Metropolitan Regional Council, consists of four local governments which are participants in the Canning Vale RRRC. Participating local governments are required to contribute an annual fee to cover the capital cost in the establishment of the facility and pay gate fees for each tonne of waste they deliver to the facility to cover the operating costs. Transactions between parties are on normal commercial terms.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

22. INVESTMENT IN ASSOCIATES**(a) Investment in associates**

Set out in the table below are the associates of the Town. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2023 Actual \$	2022 Actual \$
	2023	2022		
Southern Metropolitan Regional Council (SMRC) - Existing Undertakings Proportional Equity Share	5.38%	5.37%		
Southern Metropolitan Regional Council (SMRC) - Office Accommodation Project Proportional Equity Share	5.44%	5.43%		
Southern Metropolitan Regional Council (SMRC) - RRRRC Project Proportional Equity Share	5.37%	5.36%		
Southern Metropolitan Regional Council (SMRC) - Consolidated			1,502,543	1,382,443
Total equity-accounted investments			1,502,543	1,382,443

(b) Share of investment in SMRC

The Southern Metropolitan Regional Council (SMRC) 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 exist between the Town and the Southern Metropolitan Regional Council (SMRC), a legal constituted regional local government entity, for the provision of waste services. Control of the SMRC rests with the SMRC 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 SMRC 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 currently has 33.33% voting rights in the SMRC, it is considered to have significant influence over the SMRC and meets the definition of an associate under AASB 128.3. Investment in the SMRC 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 SMRC 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 and City of Kwinana in June 2021.

(a) Existing Undertakings

The historical annual contributions made by Participants to the Existing Undertakings are used to determine the proportional contribution percentage of each Participant to the Existing Undertakings.

The Town's share as at 30 June 2023:

SMRC Existing Undertakings Proportional Equity Share 5.38%

(b) Regional Resource Recovery Centre (RRRC) Project

RRRC Project Participants shall make an annual contribution towards the acquisition of any asset of a capital nature required by the Project, plus pay gate fees for each tonne of waste they deliver to the facility to cover the operating costs.

The annual contribution shall be an amount which bears the same proportion to the cost of the acquisition disclosed in the Project Budget for the financial year as the Population of the Project Participant bears to the total of the Populations of all Project Participants.

The capital costs for each participating Local Government member is based on the Australian Bureau of Statistics population statistics. Each project participant will develop equity in the project equal to the relevant proportion of the total capital loan repayments made by that project participant.

The Town's share as at 30 June 2023:

RRRC Project Proportional Equity Share 5.37%

RRRC - Lending Facility

The Capital construction of the RRRC facility was funded by borrowings from Western Australian Treasury Corporation (WATC). The lending facility will be fully repaid on 30 June 2023.

The SMRC administer the borrowings with the project participants making quarterly contributions equal to the repayment costs of these borrowings.

The Town guaranteed by way of agreement to its share of the loan liability to the SMRC and the WATC. The Town's estimated share of the project funding is based on population percentages as derived from the Australian Bureau of Statistics census. These are revised yearly over the life of the lending facility.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

22. INVESTMENT IN ASSOCIATES (Continued)

(b) Share of investment in SMRC (Continued)

As at 30 June 2023, the balance outstanding against the lending facility stood at: \$0
with the Town's share of this liability being: \$0
using the current cost/profit sharing percentage of: 3.00%

(c) Office Accommodation Project

The Office Accommodation Project pertains to SMRC's Office located at 9 Aldous Place, Booragoon, Western Australia.
The Town's equity share of the project is based on proportional population.
The Town's share as at 30 June 2023:

Office Accommodation Project Proportional Equity Share 5.44%

Office Accommodation - Lending facility

As a SMRC participant, the Town has 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 SMRC administration building at 9 Aldous Place Booragoon. This facility has a limit of \$2 million.

As at 30 June 2023, the balance outstanding against the lending facility stood at: \$1,800,000
with the Town's share of this liability being: \$99,180
using the current cost/profit sharing percentage of: 5.51%

Summarised statement of comprehensive income	Note	2023 Actual \$	2022 Audited* \$	2022 Unaudited** \$
Revenue		16,513,136	18,170,620	17,412,446
Interest revenue		238,952	20,805	20,805
Finance charge		(414,999)	(543,876)	(543,876)
Depreciation		(4,740,647)	(4,613,630)	(4,258,623)
Profit/(loss) from continuing operations		(4,725,527)	(3,327,051)	(3,743,717)
Profit/(loss) from discontinued operations				
Profit/(loss) for the period		(4,725,527)	(3,327,051)	(3,743,717)
Other comprehensive income		0	0	758,174
Total comprehensive income for the period		(4,725,527)	(3,327,051)	(2,985,543)
Summarised statement of financial position				
Cash and cash equivalents		10,814,151	11,974,442	18,601,201
Other current assets		3,460,588	8,426,760	
Total current assets		14,274,739	20,401,202	18,601,201
Non-current assets		28,923,186	30,332,453	32,224,485
Total assets		43,197,925	50,733,655	50,825,686
Current financial liabilities		91,976	5,086,955	6,310,750
Other current liabilities		4,284,468	3,286,770	
Total current liabilities		4,376,444	8,373,725	6,310,750
Non-current financial liabilities		1,708,024	0	11,236,836
Other non-current liabilities		8,915,892	9,436,838	
Total non-current liabilities		10,623,916	9,436,838	11,236,836
Total liabilities		15,000,360	17,810,563	17,547,586
Net assets		28,197,565	32,923,092	33,278,100
Reconciliation to carrying amounts				
Opening net assets 1 July		32,923,092	36,250,143	36,250,143
Profit/(Loss) for the period		(4,725,527)	(3,327,051)	(3,743,717)
Other comprehensive income		0	0	758,174
Correction of Error 2020-21		0	0	13,500
Closing net assets 1 July		28,197,565	32,923,092	33,278,100
Carrying amount at 1 July		1,382,443	1,429,853	1,429,853
- Share of associates net profit/(loss) for the period	22(c)	(136,911)	(62,561)	(103,279)
- Share of associates other comprehensive income arising during the period		0	0	40,718
- Change to Accounting Estimate from Prior Year		(11,419)	15,151	15,151
- Provision for Contribution to equity in associate		268,434	0	0
Carrying amount at 30 June (Refer to Note 22(a))		1,502,547	1,382,443	1,382,443

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2023

22. INVESTMENT IN ASSOCIATES (Continued)

(c) Share of associates net profit/(loss) for the period
 Share of investment in SMRC (refer to Note 22(b))

2023 Actual	2022 Actual
\$	\$
(148,330)	(47,410)
(148,330)	(47,410)

SIGNIFICANT 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 2023**

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Town is not aware of any material events occurring after the end of the reporting period that may impact these financial statements.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 2023**

25. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
Residential	Gross rental valuation	0.079432	2,964	86,842,498	6,868,599	20,177	6,888,776	6,867,266	20,000	6,887,266	6,595,820
Commercial	Gross rental valuation	0.118300	119	11,626,910	1,365,391	14,704	1,380,095	1,363,277	0	1,363,277	1,313,443
Total general rates			3,083	98,469,408	8,233,990	34,881	8,268,871	8,230,543	20,000	8,250,543	7,909,263
Minimum payment		\$									
Residential	Gross rental valuation	1,184	336	4,204,574	389,536	0	389,536	388,352	0	388,352	374,402
Commercial	Gross rental valuation	1,770	7	117,220	19,470	0	19,470	21,240	0	21,240	18,722
Total minimum payments			343	4,321,794	409,006	0	409,006	409,592	0	409,592	393,124
Total general rates and minimum payments			3,426	102,791,202	8,642,996	34,881	8,677,877	8,640,135	20,000	8,660,135	8,302,387
Total Rates							8,677,877			8,660,135	8,302,387
Rate instalment interest							36,020			36,000	34,621
Rate overdue interest							17,278			22,000	17,523

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

*Rateable Value at time of raising of rate.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

26. DETERMINATION OF SURPLUS OR DEFICIT

	2022/23 Actual (30 June 2023 Carried Forward)	2022/23 Budget (30 June 2023 Carried Forward)	2022/23 Actual (1 July 2022 Brought Forward)	2021/22 Actual (30 June 2022 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 <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
	(41,577)	(487,693)	(32,651)	(32,651)
	(1,302)	0	21,549	21,549
	(3,686)	0	(3,997)	(3,997)
	148,330	0	47,410	47,410
	4,797,942	0	4,738	4,738
9(a)	1,817,749	2,103,440	2,071,668	2,071,668
Non-cash movements in non-current assets and liabilities:				
	0	0	0	0
	(9,457)	0	(20,339)	(20,339)
6	0	0	27,329	27,329
	42,507	0	(11,915)	(11,915)
	8,661	(13,922)	(10,923)	(10,923)
	15,000	0	0	0
	6,774,167	1,601,825	2,092,869	2,092,869
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
	268,434	0	0	0
	268,434	0	0	0
(c) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
28	(2,638,933)	(4,331,960)	(2,484,209)	(2,484,209)
5	0	0	(1,442,619)	(1,442,619)
13	5,068	2,343	98,204	98,204
	268,434	0	0	0
10(b)	44,114	0	38,617	38,617
	(2,321,317)	(4,329,617)	(3,790,007)	(3,790,007)
Net current assets used in the Statement of Financial Activity				
	15,734,426	6,520,749	8,814,784	8,814,784
	(12,762,405)	(2,191,132)	(4,511,956)	(4,511,956)
	(2,321,317)	(4,329,617)	(3,790,007)	(3,790,007)
	650,704	0	512,821	512,821

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual					Budget							
		Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Population Adjustment to Loan Principal	Principal at 30 June 2022	Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Population Adjustment to Loan Principal	Principal at 30 June 2023			
SMRC - Regional Resource Recovery Centre		\$ 203,516	\$ 0	\$ (103,104)	\$ (2,208)	\$ 98,204	\$ 0	\$ (97,259)	\$ (945)	\$ 0	\$ 101,520	\$ 0	\$ (102,000)	\$ (480)
SMRC - Administration Building		75,780	0	0	23,757	99,537	0	0	(357)	99,180	75,780	0	0	75,780
Total		279,296	0	(103,104)	21,549	197,741	0	(97,259)	(1,302)	99,180	177,300	0	(102,000)	75,300

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
SMRC - Regional Resource Recovery Centre		Various	WATC	Various	\$ 2,621	\$ (8,250)	\$ (7,146)
SMRC - Administration Building		2-6	WATC	2.55%	0	0	0
Total					2,621	(8,250)	(7,146)
Total Finance Cost Payments					2,621	(8,250)	(7,146)

* Share of SMRC Loan Liability is adjusted annually based on proportional population of member local governments.

There is an obligation between the Town of East Fremantle and the Southern Metropolitan Regional Council (SMRC) to pay its share of the loan liability to the SMRC which will eventually be paid to the Western Australian Treasury Corporation via the SMRC. A loan payable balance is to be recorded in the financial statements of the Town with the corresponding entry as an investment in associate. This determination is based on the Charge Agreement, with the Town's share of loan payment to SMRC formally established. In the event of default by the SMRC, the Town guarantees to pay its share of loan directly to the Western Australian Treasury Corporation.

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2023

27. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual								Budget				
		Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	CPI Adjustment 2021-22	Principal at 30 June 2022	New Leases During 2022-23	ROU Adjustment 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
River seabed (Mooring Pens)		\$ 291,264	\$ 0	\$ (37,551)	1,091	\$ 254,804	\$ 0	28,226	\$ (40,616)	\$ 242,414	\$ 246,264	\$ 0	\$ (45,000)	\$ 201,264
Total Lease Liabilities	10(b)	291,264	0	(37,551)	1,091	254,804	0	28,226	(40,616)	242,414	246,264	0	(45,000)	201,264

Purpose	Note	Institution	Interest Rate	Date final payment is due	Actual for	Budget for	Actual for	Lease Term (months)
					year ending 30 June 2023	year ending 30 June 2023	year ending 30 June 2022	
River seabed (Mooring Pens)	2(b)	Department of Transport	2.60%	1/06/2028	\$ (6,804)	\$ (8,000)	\$ (7,074)	252
Total Finance Cost Payments					(6,804)	(8,000)	(7,074)	

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

28. RESERVE ACCOUNTS	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Actual	Actual	Actual	Actual	
	Opening	Transfer to	Transfer	Closing	Opening	Transfer to	Transfer	Opening	Transfer to	Transfer	Closing	
	Balance		(from)	Balance	Balance		(from)	Balance		(from)	Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Restricted by legislation/agreement												
(a) Payment in Lieu of Parking Reserve	137,010	0	0	137,010	137,010	0	0	137,010	0	137,010	137,010	
	137,010	0	0	137,010	137,010	0	0	137,010	0	137,010	137,010	
Restricted by council												
(b) Non Current Leave Entitlements Reserve	0	0	0	0	0	0	0	10,000	0	(10,000)	0	
(c) Vehicle, Plant and Equipment Reserve	50,407	0	0	50,407	50,407	0	(50,000)	84,127	0	(33,720)	50,407	
(d) Aged Services Reserve	11,803	0	(11,803)	0	11,803	0	0	11,803	0	0	11,803	
(e) Strategic Asset Management Reserve	64,920	0	0	64,920	64,920	0	0	7,542	57,378	0	64,920	
(f) Arts and Sculpture Reserve	156,772	45,000	(36,108)	165,664	156,772	45,000	(111,250)	156,772	0	0	156,772	
(g) Waste Reserve	0	35,000	0	35,000	0	35,000	0	0	0	0	0	
(h) Streetscape Reserve	75,000	0	0	75,000	75,000	0	0	75,000	0	0	75,000	
(i) Drainage Reserve	250,000	0	(56,707)	193,293	250,000	0	(100,000)	150,000	100,000	0	250,000	
(j) East Fremantle Oval Redevelopment Reserve	1,076,170	2,111,372	(2,846,111)	341,431	1,073,945	1,416,938	0	2,490,883	298,228	777,942	1,076,170	
(k) Preston Point Facilities Reserve	95,290	50,000	0	145,290	95,290	50,000	0	35,821	59,469	0	95,290	
(l) Sustainability and Environmental Reserve	210,337	129,288	(34,902)	304,723	210,337	129,288	(35,000)	90,000	120,337	0	210,337	
(m) Town Planning Reserve	70,000	30,000	0	100,000	70,000	30,000	0	50,000	20,000	0	70,000	
(n) Business Improvement Reserve	0	50,000	0	50,000	0	50,000	0	0	0	0	0	
(o) Old Police Station Reserve	16,500	0	0	16,500	16,500	28,000	(28,000)	16,500	0	0	16,500	
(p) Strategic Waste Reserve	0	146,684	0	146,684	0	60,000	0	0	0	0	0	
(q) Plympton Parking Reserve	0	616,667	0	616,667	0	500,000	0	0	0	0	0	
(r) Foreshore Management Plan	270,000	0	(73,656)	196,344	270,000	0	(170,000)	0	270,000	0	270,000	
	2,347,199	3,214,011	(3,059,287)	2,501,923	2,344,974	2,344,226	(494,250)	4,194,950	985,793	1,405,126	(43,720)	2,347,199
	2,484,209	3,214,011	(3,059,287)	2,638,933	2,481,984	2,344,226	(494,250)	4,331,960	985,793	1,542,136	(43,720)	2,484,209

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 2023**

28. RESERVE ACCOUNTS (Continued)

Name of reserve account Restricted by legislation/agreement	Purpose of the reserve account
(a) Payment in Lieu of Parking Reserve Restricted by council	To receive and apply funds for payments received in lieu of parking.
(b) Non Current Leave Entitlements Reserve	To fund the non-current liability amount of annual, sick and long service leave entitlements accrued in previous financial years beyond the amount provided for in the Provision for Leave current liability account.
(c) Vehicle, Plant and Equipment Reserve	To support the funding of vehicle, plant and equipment purchases.
(d) Aged Services Reserve	To retain surplus CHSP program funds for future periods, and to fund all activities and assets relating to the provision of this service.
(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 2023**

29 TRUST FUNDS

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

OUR REF:
ENQUIRIES:



Memorandum

To: OAG - Auditor 2022-23
From: Consultant / Executive Manager Corporate Services
Subject: Management Consideration of Correction to Prior Year Amounts - SMRC
Date: 30 August 2023

PURPOSE

The purpose of this position paper is to outline the management consideration of any requirement to restate prior year actuals for the audited information provided by the Southern Metropolitan Regional Council (SMRC) share of associates net profit/(loss) (P&L) and asset value of Investment in Associates.

BACKGROUND

To account for the Town's Investment in Associate (SMRC) the Town utilises the best available information at the time, being the unaudited financial statements provided by the SMRC for each year, unless where available the audited financial statements.

In 2021/22 the Town provided for a share of associates net profit/(loss) of (\$62,566) (unaudited) and the carrying value of Investments in Associates (Asset) being \$1,382,438 (unaudited). Upon receiving the information to complete the 2022/23 financial statements, audited financial statements of the SMRC for 2021/22 were provided, showing a share of associates net profit/(loss) of (\$73,985) for the Town in 2021/22 and the carrying value of Investments in Associates (Asset) being \$1,371,020 - resulting in a difference of (\$11,419) for the 2021/22 financial year values.

The 2022/23 share of associates net profit/(loss) is (\$136,911) with the carrying value of the asset at 30 June 2022 being \$1,234,109. Determined by information provided by the SMRC (unaudited) as at 4 September 2022.

ASSESSMENT

AASB 108 provides for the distinction between the use of accounting estimates and errors in the financial statements.



A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Accounting estimates involve judgements based on the latest available, reliable information. For example, estimates may be required for:

- Bad debts;
- Fair value of financial assets or financial liabilities;
- Depreciable Asset information (useful lives);
- Etc.

Changes in accounting estimates

- 32 As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information. For example, estimates may be required of:
- (a) bad debts;
 - (b) inventory obsolescence;
 - (c) the fair value of financial assets or financial liabilities;
 - (d) the useful lives of, or expected pattern of consumption of the future economic benefits embodied in, depreciable assets; and
 - (e) warranty obligations.
- 33 The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability.
- 34 An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error.
- 35 A change in the measurement basis applied is a change in an accounting policy, and is not a change in an accounting estimate. When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.
- 36 **The effect of a change in an accounting estimate, other than a change to which paragraph 37 applies, shall be recognised prospectively by including it in profit or loss in:**
- (a) the period of the change, if the change affects that period only; or
 - (b) the period of the change and future periods, if the change affects both.
- 37 **To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.**
- 38 Prospective recognition of the effect of a change in an accounting estimate means that the change is applied to transactions, other events and conditions from the date of the change in estimate. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. For example, a change in the estimate of the amount of bad debts affects only the current period's profit or loss and therefore is recognised in the current period. However, a change in the estimated useful life of, or the expected pattern of consumption of the future economic benefits embodied in, a depreciable asset affects depreciation expense for the current period and for each future period during the asset's remaining useful life. In both cases, the effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.



A change in accounting estimate does not relate to prior periods and is not the correction of an error (108.34). A change in accounting estimate is applied prospectively (108.36).

Accounting errors can also arise when preparing financial statements. Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorised for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

AASB 108.42 provides that an entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery.

Errors

- 41 Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Financial statements do not comply with Australian Accounting Standards if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an entity's financial position, financial performance or cash flows. Potential current period errors discovered in that period are corrected before the financial statements are authorised for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period (see paragraphs 42–47).
- 42 **Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:**
- (a) **restating the comparative amounts for the prior period(s) presented in which the error occurred; or**
 - (b) **if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.**

To account for the Town's share of associates net profit/(loss) (P&L) and asset value of Investment in Associates, the information that the Town is relying on at the time of producing its financial statements is the unaudited financial statements of the SMRC as provided by the SMRC.

The SMRC is required by legislation to have their accounts submitted to their auditor no later than 30 September of each year, as does the Town. The timing of the completion of their audit and publishing of their financial statements does not necessarily coincide with the completion of the Town's audit and authorisation of issue of the Town's Annual Financial Statements.



Generally, any new developments because of the finalisation of the audit of the SMRC are not made available until after the reporting timeframes of the Town.

CONCLUSION

The Town utilises the best information available at the time and makes judgements where required in accounting for estimates to complete its financial statements.

The use of information provided to the Town by the SMRC, being the unaudited financial statements, to determine the value of its share in associates is deemed by management to be the use of an accounting estimate. Changes in accounting estimates are recognised prospectively when the information is made available.

Where the Town has audited information of the SMRC available to it prior to the authorising of issue its financial statements (completion of audit), the Town would take up any material changes in its financial statements for that period – hence to avoid any errors in its statements.

The impact of the change to accounting estimate in 2022/23 presents the share of associates net profit/(loss) of (\$148,330) with the assets carrying value being \$1,234,109 at 30 June 2023.

Prepared By:

Kelli Small
ToEF Consultant

**Phil
Garoni** Digitally signed
by Phil Garoni
Date: 2023.09.19
11:37:09
+08'00'

Reviewed By:

Phil Garoni
Finance Manager

**Peter
Kocian** Digitally signed
by Peter Kocian
Date: 2023.09.19
16:11:19 +08'00'

Reviewed By:

Peter Kocian
Executive Manager Corporate Services



Attachment -3

Confidential Attachment

OUR REF:
ENQUIRIES:



Memorandum

To: OAG - Auditor 2022-23
From: Consultant / Manager Finance
Subject: Management Review of Fair Value, RULs, Residual Values, Depreciation and Impairment of Assets
Date: June 2023

PURPOSE

The purpose of this position paper is to outline the management consideration and review of the following aspects as required by the Australian Accounting Standards and *Local Government (Financial Management) Regulations 1996*. The review considers each class of asset with a review being conducted on:

- Useful Life Estimates
- Residual Value Estimates
- Fair Value (where relevant)
- Depreciation Method
- Impairment
- Investment Property (AASB 140)

BACKGROUND

Regulation 17A of the *Local Government (Financial Management) Regulations 1996* states that local governments must revalue a non-financial asset:

- Whenever the local government is of the opinion that the fair value of the asset is likely to be **materially different** from its carrying amount; and
- In any event, within a period of no more than 5 years after the day on which the asset was last valued or revalued.
- A non-financial asset is to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition by the local government is under \$5k.
- The carrying amount of plant and equipment will be measured using the cost model.
- The carrying amount of right of use assets will be measured using the cost model.

AASB 116 requires:



- (116.31) After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. **Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.**
- (116.36) If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued.
- (116.51) The **residual value** and the **useful life** of an asset shall be **reviewed at least at each financial year-end** and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.
- (116.61) The **depreciation method** applied to an asset shall be **reviewed at least at each financial year-end and**, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate in accordance with AASB 108.

The Town has the following Classes of Assets

- Land
- Buildings – Non Specialised – Level 2
- Buildings – Non Specialised – Level 3
- Buildings – Specialised – Level 3
- Infrastructure – Roads
- Infrastructure – Drainage
- Infrastructure – Parks & Ovals
- Infrastructure - Footpaths and Cycleways
- Infrastructure – Car Parks
- Infrastructure – Bus Shelters
- Plant and Equipment
- Furniture and Equipment



Except where an interim revaluation is required or has been performed, revaluations on asset classes have been performed as follows by qualified valuers:

Asset Class	Last Reval Year	Desktop or Full	Completed By	Next Reval Year
Land	2022/23	Full	JLL	2027/28
Buildings – All	2022/23	Full	JLL	2027/28
Infrastructure – All	2020/21	Desktop	Talis Consultants	2025/26



ASSESSMENT

Land

There are 11 assets that make up this class.

External valuers, JLL, were engaged to complete the valuation of all land and building assets at 30 June 2023. The revaluation resulted in a gain of \$125,000, posted to the land revaluation reserve, a 2.98% change. The percentage increase across all land assets ranged from 1.08% to 66.67, averaging 31.12%.

Land has an unlimited useful life and therefore is not depreciated.

	Pre-Assessment	Post-Assessment
Measurement after Recognition Model:	Revaluation Model	Revaluation Model
Class Total Carrying Amount:	\$4,199,000	\$4,324,000
Last Revaluation Year:	30 June 2022	30 June 2023
Depreciation Method:	Not Depreciated	Not Depreciated
Useful Life:	Unlimited	Unlimited
Residual Value:	Not Applicable	Not Applicable

Being Land, management is satisfied that there is no evidence to conclude that the current Useful Life, Depreciation Method, or Residual Value should change for any asset in this class as at 30 June 2023.

Buildings Non-Specialised Level 2

In determining whether a building is specialised or non-specialised, the Town has applied the following guidance from the NSW Office of Local Government:

2. Buildings

In relation to buildings, questions have been raised regarding the level to which the building should be divided into components when revaluing. When revaluing council owned and controlled buildings, councils should utilise the classifications of "non-specialised buildings" and "specialised buildings". Non-specialised buildings are general purpose or commercial buildings where there is a secondary market and a market value can be determined by appraisal. Specialised buildings are those buildings that are designed for a particular purpose. Where there is no market-based evidence available specialised buildings should be valued at depreciated replacement cost.



With the reclassification of 128/128A George Street Building (LB223) to Land Held for Sale in the financial year ended 30 June 2022, there are no assets in this class. No review has been completed.

	Pre-Assessment	Post-Assessment
Measurement after Recognition Model:	Revaluation Model	Revaluation Model
Class Total Carrying Amount:	\$0	\$0
Last Revaluation Year:	30 June 2022	Not Applicable / No Assets
Depreciation Method:	Straightline	Straightline
Useful Life:	40 (2.5%)	40 (2.5%)
Residual Value:	Nil	Nil



Buildings Non-Specialised Level 3

There are 4 assets/asset groups that make up this class; the assets being:

- LB235 - JP Mckenzie Pre Primary School - 61 George Street East Fremantle
- LB236 – Glyde In Community Learning Centre - 42 Glyde Street East Fremantle
- LB237 - EH Grey Old Infant Health Clinic Building - 80 Canning Highway East Fremantle
- LB238 - Richmond Early Childhood Centre - Cnr Fraser Street And Osborne Road East Fremantle

In determining whether a building is specialised or non-specialised, the Town has applied the following guidance from the NSW Office of Local Government:

2. Buildings

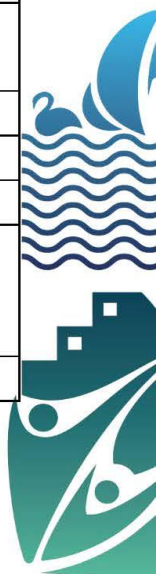
In relation to buildings, questions have been raised regarding the level to which the building should be divided into components when revaluing. When revaluing council owned and controlled buildings, councils should utilise the classifications of "non-specialised buildings" and "specialised buildings". Non-specialised buildings are general purpose or commercial buildings where there is a secondary market and a market value can be determined by appraisal. Specialised buildings are those buildings that are designed for a particular purpose. Where there is no market-based evidence available specialised buildings should be valued at depreciated replacement cost.

An independent Valuation was undertaken by JLL of all land and buildings as at 30 June 2023. As a result, a fair value increment of \$220,426 was recognised for this class of assets.

As part of the valuation a physical inspection was completed to inform the condition-based report and remaining useful lives (RULs) of each asset. Where required, the new depreciation rates were updated in Synergysoft to reflect the new RUL's as per the valuation report.

Management is satisfied that there is no evidence to conclude that the current Useful Life, Depreciation Method, or Residual Value should change as at 30 June 2023.

	Pre-Assessment	Post-Assessment
Measurement after Recognition Model:	Revaluation Model	Revaluation Model
Class Total Carrying Amount:	\$471,014	\$691,440
Last Revaluation Year:	30 June 2020	30 June 2023
Depreciation Method:	Straight-line	Straight-line
Useful Life:	9-15 years (6.67-11.11%) (RUL)	9-24 years (RUL) 45-49 years (Useful Life) (2.04%-2.22%)
Residual Value:	Nil	Nil



Buildings Specialised Level 3

There are 35 assets/asset groups that make up this class of specialised buildings.

During the year, 5 assets (LB227, LB228, LB229, LB234, LB243) were disposed as part of the East Fremantle Oval Redevelopment Project demolition.

In determining whether a building is specialised or non-specialised, the Town has applied the following guidance from the NSW Office of Local Government:

2. Buildings

In relation to buildings, questions have been raised regarding the level to which the building should be divided into components when revaluing. When revaluing council owned and controlled buildings, councils should utilise the classifications of "non-specialised buildings" and "specialised buildings". Non-specialised buildings are general purpose or commercial buildings where there is a secondary market and a market value can be determined by appraisal. Specialised buildings are those buildings that are designed for a particular purpose. Where there is no market-based evidence available specialised buildings should be valued at depreciated replacement cost.

An independent Valuation was undertaken by JLL of all land and buildings as at 30 June 2023. As a result, a fair value increment of \$2,816,345 was recognised for this class of assets.

As part of the valuation a physical inspection was completed to inform the condition-based report and remaining useful lives (RULs) of each asset. Comment in the report details JLLs approach to the building useful lives:

Useful Life

The useful lives of the assets have been reviewed and adjustments have been made where appropriate. JLL understand that the majority of building assets had previously adopted a useful life of 80 years. We consider a useful life of 80 years to be suitable for some building assets however, as part of the valuation process and our review of the useful lives we have adopted a shorter life as reflective for the remaining building assets on an individual basis. From the information provided and collected during our onsite inspections there is evidence of building assets being removed and redeveloped prior to reaching 80 years. In determining an appropriate useful life, we have considered the building design, type of construction, environmental factors, the Shire's current operations and future plans, physical, economic and obsolescent factors.

Where required, the new depreciation rates were updated in Synergyssoft to reflect the new Useful Lives/RUL's as per the valuation report.



Management is satisfied that there is no evidence to conclude that the current Useful Life, Depreciation Method, or Residual Value should change as at 30 June 2023.

	Pre-Assessment	Post-Assessment
Measurement after Recognition Model:	Revaluation Model	Revaluation Model
Class Total Carrying Amount:	\$19,554,755	\$22,371,100
Last Revaluation Year:	30 June 2020	30 June 2023
Depreciation Method:	Straight-line	Straight-line
Useful Life:	3-50 years (2%-33.33%) (RUL)	3-42 years(RUL) 25-65 years (Useful Life) (1.5% - 4%)
Residual Value:	Nil	Nil



Furniture and Equipment

There are 14 assets/asset groups that make up this class. The assets are predominantly IT/Audio Visual Equipment and Office Furniture/Equipment.

AASB 116.60 states that the depreciation method used shall reflect the pattern in which the assets future economic benefits are expected to be consumed. The economic benefit is consumed equally over time and the straight-line method of depreciation remains appropriate.

The following general advice was received in regards to aggregating/grouping assets when determining their capitalization threshold:

There may be circumstances where agencies should apply the standard asset capitalisation threshold of \$5,000 to the aggregate value of a group or network of assets (a group is a collection of similar assets and a network is a chain of interconnected but dissimilar assets for the provision of one simultaneous service e.g. computer system or office furniture). That is, the cost of individual items (assets) may be below the threshold but collectively the cost of items in the group or network exceeds the threshold. Generally, aggregations of assets should only be considered where they have long useful lives and high aggregate values. It is also relevant to compare patterns of asset consumption (i.e. consumption of future economic benefits embodied in the asset or consumption of service potential) with patterns of asset replacement expenditure to identify whether there is a material periodic difference between depreciation expense and the on-going expensing of acquisitions. Where asset replacement expenditure is both lumpy and significant and depreciation expense is determined using the straight-line method, there may be a case for capitalising the assets. To aggregate assets, the impact must be material in the overall context of an agency's financial statement. The cost benefit of capitalising expenditures in such circumstances must be considered. For example, a general fit-out may involve a material outlay and yield future economic benefits over a long period of time and consequently would generally be capitalised. Although the individual items may be below the capitalisation threshold, the fit-out can be considered a network for capitalisation purposes.

Based on the above, the Town has determined to capitalise its computer hardware replacement (annual 3 year full year replacement program), as well as the FOGO bins (\$247k aggregate), in Plant and Equipment.

The Town operates an IT Hardware replacement program on a 3-year basis which is reflective in the useful lives of the assets.

In most instances items are scrapped or the sale price is nominal upon completion of their useful lives. The residual values of the assets within the Furniture and Equipment class is nil, and is deemed insignificant and therefore immaterial in the calculation of the depreciable amount.



	Pre-Assessment	Post-Assessment
Measurement after Recognition Model:	Cost Model	Cost Model
Class Total Carrying Amount:	\$166,310	\$166,310
Last Revaluation Year:	Not Applicable	Not Applicable
Depreciation Method:	Straight-line	Straight-line
Useful Life:	3-19 years (5.26% - 33.33%)	3-19 years (5.26% - 33.33%)
Residual Value:	Nil	Nil

An asset stock take has been completed for all furniture and equipment assets and portable and attractive assets not listed on the asset register. Where items have been identified as requiring removal from the asset register, this is completed.



Plant and Equipment

There are 36 assets/asset groups that make up this class. The assets consist of light fleet, heavy plant and other equipment.

AASB 116.60 states that the depreciation method used shall reflect the pattern in which the assets future economic benefits are expected to be consumed. The economic benefit is consumed equally over time for most vehicles and plant and the straightline method of depreciation remains appropriate.

A review of the plant and equipment useful lives and residual values has been completed for the year ended 30 June 2023 and deemed to be still appropriate for each asset and in accordance with the MV Acquisition and Usage Policy.

In FY2022, the application of the revised residual lives were updated in June 2022 and any changes to the depreciation calculations were applied prospectively in accordance with AASB108 – change in estimates and effective in the June Depreciation Calculation.

The system was checked for application, and:

- where the Residual Value is still less than the remaining depreciable amount, the depreciation calculation has been applied prospectively taking into consideration the revised calculation requirements - in accordance with AASB108 – see PE284 below
- where the carrying amount has exceed the revised residual value, the depreciation calculation has been paused - should a later review of residual value change to be lower than carrying value, depreciation calculation will recommence - in accordance with AASB108 - see PEMV269 below

PE284

Depreciation calculation for June has been lowered with the increase to the Residual Value estimate.

Date	Post Year	Period	Trans. Type	Reference	Val Amt	Days Amt	Description
18/08/2022	21/22	12	Depreciation	DEP JUNE 2022		333.94	DEPRECIATION - JUNE 2022
09/06/2022	21/22	11	Depreciation	DEP MAY 2022		430.00	DEPRECIATION MAY 2022
06/05/2022	21/22	10	Depreciation	DEP APR 2022		416.13	DEPRECIATION APRIL 2022
04/04/2022	21/22	09	Depreciation	DEP MARCH 22		430.00	DEPRECIATION - MARCH 2022
03/03/2022	21/22	08	Depreciation	DEP - FEB 22		389.39	DEPRECIATION FEBRUARY 2022
03/02/2022	21/22	07	Depreciation	DEP - JAN 22		430.00	DEPRECIATION - JANUARY 2022
27/01/2022	21/22	05	Depreciation	DEP NOV 21		416.13	DEPRECIATION NOVEMBER 2021
27/01/2022	21/22	04	Depreciation	DEP OCT 21		430.00	DEPRECIATION OCTOBER 2021
27/01/2022	21/22	03	Depreciation	DEP SEP 21		416.13	DEPRECIATION SEPTEMBER 2021
27/01/2022	21/22	02	Depreciation	DEP AUG 21		430.00	DEPRECIATION AUGUST 2021
27/01/2022	21/22	01	Depreciation	DEP - JULY 21		430.00	DEPRECIATION JULY 2021
27/01/2022	21/22	06	Depreciation	DEP DEC 21		430.00	DEPRECIATION DECEMBER 2021
25/09/2021	20/21	12	Depreciation	DEP JUNE 2021		416.13	DEPRECIATION JUNE 2021



PEMV269

No depreciation has been calculated for June as the asset is already fully depreciated based on the change in the estimate of the Residual Value.

Transaction History						
Date	Post Year	Period	Trans Type	Reference	Val Amt	Dep Amt Description
05/05/2022	21/22	11	Depreciation	DEP MAY 2022		445.89 DEPRECIATION MAY 2022
06/05/2022	21/22	10	Depreciation	DEP APR 2022		431.50 DEPRECIATION APRIL 2022
04/04/2022	21/22	09	Depreciation	DEP - MARCH 22		445.89 DEPRECIATION - MARCH 2022
09/03/2022	21/22	08	Depreciation	DEP - FEB 22		402.73 DEPRECIATION FEBRUARY 2022
03/02/2022	21/22	07	Depreciation	DEP - JAN 22		445.89 DEPRECIATION - JANUARY 2022
27/01/2022	21/22	06	Depreciation	DEP DEC 21		445.89 DEPRECIATION DECEMBER 2021
27/01/2022	21/22	05	Depreciation	DEP NOV 21		431.50 DEPRECIATION NOVEMBER 2021
27/01/2022	21/22	04	Depreciation	DEP OCT 21		445.89 DEPRECIATION OCTOBER 2021
27/01/2022	21/22	03	Depreciation	DEP SEP 21		431.50 DEPRECIATION SEPTEMBER 2021
27/01/2022	21/22	02	Depreciation	DEP AUG 21		445.89 DEPRECIATION AUGUST 2021
27/01/2022	21/22	01	Depreciation	DEP - JULY 21		445.89 DEPRECIATION JULY 2021
25/06/2021	20/21	12	Depreciation	DEP JUNE 2021		431.50 DEPRECIATION JUNE 2021
26/05/2021	20/21	11	Depreciation	DEP MAY 2021		445.89 DEPRECIATION MAY 2021
30/04/2021	20/21	10	Depreciation	DEP - APR 2021		431.50 DEPRECIATION APRIL 2021
30/03/2021	20/21	09	Depreciation	DEP MARCH 2021		445.89 DEPRECIATION MARCH 2021
26/02/2021	20/21	08	Depreciation	DEP - FEB 2021		402.73 DEPRECIATION FEBRUARY 2021
25/01/2021	20/21	07	Depreciation	DEP - JAN 2021		445.89 DEPRECIATION - JANUARY 2021
05/01/2021	20/21	06	Depreciation	DEP - DEC 2020		445.89 DEPRECIATION - DECEMBER 2020

2.1.14 Motor Vehicle Acquisition & Usage Policy

Replacement of vehicles

All vehicles are to be replaced at the optimum period for changeover (see table below) , in order to achieve the lowest possible operating costs for each vehicle and as per the Town's plant and equipment replacement program and budgets.

Sedans 2 years or 40,000km
Utilities (Petrol) 3 years or 60,000km
Utilities (Diesel) 4 years or 80,000km
Trucks and heavy plant 3 to 8 years

	Pre-Assessment	Post-Assessment
Measurement after Recognition Model:	Cost Model	Cost Model
Class Total Carrying Amount:	\$732,604	\$732,604
Last Revaluation Year:	Not Applicable	Not Applicable
Depreciation Method:	Straight-line	Straight-line
Useful Life:	2-20 years (5% - 50%)	2-20 years (5% - 50%)
Residual Value:	Various	Various

An asset stock take has been completed for all plant and equipment assets and portable and attractive assets not listed on the asset register.



Infrastructure – All Classes Comments

Fair Value

AASB 116 requires revaluations to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

All classes of Infrastructure were revalued for Fair Value as at 30 June 2021 by an external Valuer – 2 years prior (sufficient regularity).

FM Reg 17A requires all non-current assets that are subsequently measured at Fair Value to be revalued:

- Whenever the local government is of the opinion that the fair value of the asset is likely to be **materially different** from its carrying amount; and
- In any event, within a period of no more than 5 years after the day on which the asset was last valued or revalued.

When reviewing Level 3 inputs, AASB 13.89 states:

- An entity shall develop unobservable inputs using the best information available in the circumstances, which might include the entity's own data. In developing unobservable inputs, an entity may begin with its own data, but it shall adjust those data if reasonably available information indicates that other market participants would use different data or there is something particular to the entity that is not available to other market participants (eg an entity-specific synergy).
- An entity need not **undertake exhaustive efforts** to obtain information about market participant assumptions. However, an entity shall take into account all information about market participant assumptions that is reasonably available.

A high level review of each Infrastructure asset class has been completed to enable management to make the judgement as to whether any material changes to the cost approach and replacement cost inputs have occurred since the last revaluation. To conduct the high level review the Town has utilised any of its own data and market information where the information has been obtainable without exhaustive efforts.

Where no new internal or external information has been available without extensive effort and cost to the Town, the Town has sought information from the ABS Producer Price Index (Index Number ; 3101 Road and bridge construction Western Australia) to assess the fair value of the Town's infrastructure assets.



This approach is in line with commentary received from Talis Consultants in an email dated 4 May 2023:

- 1. To evaluate cost movements specific to the Town, between infrastructure replacement costs in 2021 and now, you would need to compare the supporting data and assumptions applied to the 2021 valuation against new and equivalent information. Hence, comparisons between 2021 contractor rates, schedule of rates and project costs/capital works with any revised contractor rates from 2023, or recent capital works conducted against similar asset construction works. As you've mentioned, construction works over the past 24 months is limited and therefore evidence is lacking. Other key contracts/schedule of rates have not been revised, and/or is considered immaterial.*
- 2. Because cost movements cannot be substantiated through internal supporting data, the next valid source would be a reliable and relevant market indicator such as the ABS statistics. This may identify material increases/decreases across certain sectors/disciplines, and although not specific to the Town, it may still be applicable in a general application. In recent times, Talis have referred to the ABS Producer Price Index (Index Number ; 3101 Road and bridge construction Western Australia) for this type of analysis. Quarterly index measurements presented in this document can be compared between periods to assess market increases against relevant construction materials. It may then be reasonable to assume the percentage increases apply to relevant unit rates.*

The ABS PPI:3101 resulted in a 11.98% change from June 2021 to June 2022 and a 3.8% change from June 2022 to June 2023. As the last revaluation of infrastructure assets was performed as at 30 June 2021 the PPI change to June 2022 (11.98%) is first applied followed by applying the change to June 2023 (3.8%). This approach is consistent with calculating the change in index points as a percentage from June 2021 to June 2023, being 16.24%.

When applied to the Town's Infrastructure Gross Carrying Amount and Accumulated Depreciation, this results in a net FV Increment of \$6,389,529. Whilst individual unit rates are not able to be ascertained, this provides a reliable basis to estimate if the carrying amount of the assets may be materially different to its Fair Value. It is assumed that there has been no change in the condition rating or remaining useful life of each asset since the last revaluation, as detailed below the Town does undertake cyclical asset inspections, with no material changes in condition reported.

For 2022/23, this difference is deemed material, and the PPI has been used as the basis to calculate and apply the fair value valuation to the Town's Infrastructure Assets.



Subject to any Accounting Standard or Regulation changes, the Town will review all infrastructure assets on an annual basis against movement in the ABS PPI:3101 from June to June.

Residual Value

The use of residual value as it relates to public infrastructure is not applicable for reasons being:

- a) the ordinary meaning of the words needs to be considered in the context of the relevant accounting standard definition, including in conjunction with the definition of useful life;
- b) disposal involves the entity losing control of the asset at the end of its useful life to the entity – the relocation of an asset into another asset or location does not involve any loss of control of the asset by the entity; and
- c) where an entity has control of an asset and intends to continue to consume the future economic benefits embodied in the asset through use, the asset cannot be regarded as having reached the end of its useful life to the entity. In the case of public sector assets held for their current service potential, the useful life is unlikely to end before all the service potential in that asset is substantially consumed, at which time no cost savings from re-use of the asset, or a part thereof, would remain available to the entity.
- d) by nature of the asset being constructed through the use of various materials of which upon the end of its useful life is unlikely to be able to be re-used or on-sold in any market and hence has no residual value.

The reasons above remain consistent and there has been no change in estimates to residual values (nil RV) of infrastructure assets.

Useful Life

Remaining useful life (RUL) is an estimation of the remaining service potential of the asset component based on its condition. The determination of precise physical condition by visual assessment is considered appropriate to determine RUL for valuation purposes, however without extensive and expensive mechanistic or laboratory testing, supported by reliable historic data, the RUL will be an estimation at the network level. For example, visual inspections of drainage is not practicable without the use of extensive and expensive technology and the result is deemed immaterial to the resulting outcomes on RULs.

The pattern of consumption of the asset component needs to be appropriate. Different asset types have varying lifecycles with commonly accepted examples being in a straight line with a uniform loss of value of its lifecycle, or a curve which considers potentially accelerated periods of consumption. For example, many assets will appear and actually be functioning very effectively for most of their lives, but then appear to rapidly deteriorate towards the end of life. Those types of assets might be assessed with average condition rating until nearing end of life.



The RULs for all infrastructure asset classes were reviewed as part of the 2021 Valuation of Infrastructure. Regular/cyclical inspections of infrastructure assets are being incorporated as part of the Town's regular Asset Management practices. In 2021/22 a visual inspection of the asset class – Footpaths and Cycleways was conducted. The results of this are discussed under the relevant header below.

Unless as otherwise identified, the RULs for all infrastructure assets are deemed to be appropriate given the last valuation was conducted only 2 years prior with a regular inspection cycle underway to identify any further changes in condition.

Management Improvements to Infrastructure Asset Data

The Town is committed to continuously improving the data quality of its infrastructure assets. The following steps have been identified as significant steps towards achieving better Asset Management practice, as well supporting future valuations and are being progressively implemented as resources and capability become available. The steps and management comments/updates are provided below:

- Asset Register – identify one source of truth for all assets and record in a consolidated asset register. Infrastructure assets are currently held in multiple registers.

2022 - This is a large project and systems changes will be required – work is yet to commence on this project.

2023 – 2022 comments are still relevant, however in addition to this, the Town does utilise ROMANS to maintain inventory for Roads and Footpath Assets. This information is maintained internally by the Technical Services team.

- Asset ID's – Consistency is difficult to maintain across multiple valuations, when source information/assets are not linked to a unique TEF ID. The importance can become more evident when different valuers assess information from year to year. This can be resolved through a consolidated asset register. Currently there are Asset IDs in Synergyssoft, ROMANS and where applied by different Valuers.

2022 - This is a large project and systems changes will be required – work is yet to commence on this project.

2023 – No additional comments



- Spatial Information – the development of a GIS database will further support validation of the asset register and ongoing asset audits. This is especially helpful for tracking non-stagnant assets and assets with shorter useful lives, such as parks assets. Other AM value can be derived from known drainage locations etc.

2022 - The Town does not currently have spatial mapping software. This is a significant change to the way the Town would conduct its operations and requires investment of a new system implementation along with commitment to change management across the organisation – work is yet to commence on this project and is not likely to commence in the short-medium term as it is cost prohibitive.

2023 – No additional comments

- Regular Asset Inspections – Cost efficiencies can be realised from conducting large scale/all-encompassing asset inspections on a cycle basis, but it would be more efficient for the Town to implement rolling asset inspection programs for various asset classes. It may be more practical (resources/costs/data usefulness) to perform annual inspections on differing asset classes. Some classes may benefit from more regular audits than others.

2022

- Drainage inspections were carried out in 2020. The asset inspections identified a significant number of assets previously not recognised, and thus an increase in the overall drainage asset inventory. An additional 182 drainage pipes with varying lengths and dimensions and fifteen drainage pits were identified. The net worth of drainage assets increased proportionately as part of the 2021 valuation of infrastructure. Management has a high level of confidence that no less than 95% of the drainage network has been picked up and accounted for.
- The Town has commenced regular asset inspections starting with Footpaths and Cycleways. The intention is to undertake a physical footpath inspection every 2 years.
- Other Infrastructure Asset Classes will be considered for cyclical inspections in the future.

2023

Above commentary is still valid with the following additions:

- The Town has commenced regular asset inspections starting with Footpaths and Cycleways. The intention is to undertake a physical footpath inspection ~~every 2 years~~ annually (Jan/Feb of each year).



- Road inspections were carried out by ToEF Technical Services team in 2022 using the WALGA road condition assessment manual.
 - Playground inspections occur annually (Nov/Dec of each year)
- Gap Analysis – It may be prudent to define the key valuation inputs (asset related fields) and assess the existing gaps in data. This can inform the requirements going forward.

2022 - The Town is comfortable with the level of information held for each Infrastructure Asset Class to enable sufficient professional judgement to be applied when considering the valuation inputs. However, for continuous improvement, gap analysis forms part of incorporating all of the proposed improvement actions as stated here.

2023 – No additional comments

- Inspection Standards/Manuals – develop condition rating manuals which guide the asset inspection process, define levels of service for the relevant asset classes and specify applicable standards. This creates ongoing consistency and supports scrutiny surrounding condition rating standards and practices.

2022 - WALGA has developed various inspection manuals including a “Road Visual Condition Assessment Manual”. The Town will consider implementing asset inspection sheets for roads and footpaths subject to resourcing capability.

2023 – The WALGA manual was utilised to perform inspections/condition assessments on Town roads in 2022.

- Asset Management Practice – further development of organisation wide asset management practice/framework in consultation with finance. This may include further development of AM procedures, processes, work order management etc.

2022 - This action will form part of the overall improvement of the organisations asset management. This is a large project in its entirety, however through focusing on implementing the above actions the Town will improve its Asset Management Practices.

2023 – Asset Management Plans were updated in January 2022. Updating of the plans needs to be aligned with the periodic condition assessments and revaluation process.



Infrastructure – Roads

The Asset system reflects the management valuation (PPI) completed in 2023 per the comments in the above fair value of infrastructure section. Assets are grouped into their respective component and depreciated on a straight-line basis as follows:

- Subgrade – Not depreciated
- Sealed Pavement – 85-100 years
- Pavement Surface – 30-35 years
- Surface Water Channels - 55-60 years

	Pre-Assessment of FV	Post-Assessment of FV
Measurement after Recognition Model:	Revaluation Model	Revaluation Model
Class Total Carrying Amount:	\$22,364,927.47	\$ 25,996,499.66
Last Revaluation Year:	30 June 2021	30 June 2023 (Management)
Depreciation Method:	Straight-line	Straight-line
Average RUL:	Not Dep. – 100 years (0% - 3.33%)	Not Dep. – 100 years (0% - 3.33%)
Residual Value:	Nil	Nil



Infrastructure – Drainage

The Asset system reflects the management valuation (PPI) completed in 2023 per the comments in the above fair value of infrastructure section. Assets are grouped into their respective component and depreciated on a straight-line basis as follows:

- Pipe – 80 years
- Pit – 80 years

Drainage inspections were carried out in 2020. The asset inspections identified a significant number of assets previously not recognised, and thus an increase in the overall drainage asset inventory. An additional 182 drainage pipes with varying lengths and dimensions and fifteen drainage pits were identified. The net worth of drainage assets increased proportionately as part of the 2021 valuation of infrastructure. Management has a high level of confidence that no less than 95% of the drainage network has been picked up and accounted for.

Additional Drainage quantities were as follows:

	2018	2021	Additional
Drainage Pipes	11,129 m	12,596 m	1,467 m
Drainage Pits	689 Qty	704 Qty	15 Qty

	Pre-Assessment of FV	Post-Assessment of FV
Measurement after Recognition Model:	Revaluation Model	Revaluation Model
Class Total Carrying Amount:	\$4,401,651.26	\$ 5,116,382.58
Last Revaluation Year:	30 June 2021	30 June 2023 (Management)
Depreciation Method:	Straight-line	Straight-line
Useful Life:	80 years (1.25%)	80 years (1.25%)
Residual Value:	Nil	Nil



Infrastructure – Parks and Ovals

The Asset system reflects the management valuation (PPI) completed in 2023 per the comments in the above fair value of infrastructure section. Assets are grouped into their respective component and depreciated on a straight-line basis as follows:

- Parks & Ovals - Bore and Pump – 20 years
- Parks & Ovals – Signage – 15-40 years
- Parks & Ovals – Fence – 25-70 years
- Parks & Ovals – Gate – 15-40 years
- Parks & Ovals - Minor Structure Polygon – 10-70 years
- Parks & Ovals - Playground Polygon – 27 years
- Parks & Ovals - Irrigation – 30-35 years
- Parks & Ovals – Turf – Not Depreciated
- Parks & Ovals - Minor Structure – 20-25 years
- Parks & Ovals – Amenities – 20-25 years
- Parks & Ovals – Bin – 15-20 years
- Parks & Ovals – Lighting – 20 years
- Parks & Ovals - Playground Point - 15-25 years
- Parks & Ovals - Playground Lines – 40-70 years
- Parks & Ovals - Other Improvements – 20-25 years

	Pre-Assessment of FV	Post-Assessment of FV
Measurement after Recognition Model:	Revaluation Model	Revaluation Model
Class Total Carrying Amount:	\$4,276,979.71	\$4,971,467.11
Last Revaluation Year:	30 June 2021	30 June 2023 (Management)
Depreciation Method:	Straight-line	Straight-line
Useful Life:	10-70 years (1.43-10%)	10-70 years (1.43-10%)
Residual Value:	Nil	Nil



Infrastructure – Footpaths & Cycleways

The Asset system reflects the management valuation (PPI) completed in 2023 per the comments in the above fair value of infrastructure section. Assets are grouped as footpaths and depreciated on a straight-line basis as follows:

- Footpaths – 40-80 years

In March 2022 the Town commissioned a data pick up of Footpaths – this involved a full visual inspection of the entire footpath network. Inspection resulted in a pick up of the Town’s footpath network totaling 59.646km which is consistent with the data provided to Talis for the previous valuation (59.7km). The average condition rating of the data pick up conducted in 2021/22 is equivalent to that of Talis’ report, being between a rating of 2-3. Suggesting there is no material change to the fair value due to the asset volume or condition is required.

3 Infrastructure Asset Classes

Talis was commissioned to provide a valuation for the infrastructure asset class including Assets detailed in Table 3-1:

Table 3-1 Asset Classes for Valuation

Asset Class/Sub Class	Unit of Measurement	Quantity
Roads	Kilometre	36.7km
Drainage - Pipes	Each	629
Drainage - Pits	Each	704
Footpaths	Kilometres	59.7km
Bus Shelters	Each	30
Car Parks	Each	17
Park Assets	Each	1259

Source: Talis – 2021 Valuation Report

	Pre-Assessment of FV	Post-Assessment of FV
Measurement after Recognition Model:	Revaluation Model	Revaluation Model
Class Total Carrying Amount:	\$5,830,161.74	\$6,776,851.74
Last Revaluation Year:	30 June 2021	30 June 2023 (Management)
Depreciation Method:	Straight-line	Straight-line
Useful Life:	40-80 years (1.3% - 2.5%)	40-80 years (1.3% - 2.5%)
Residual Value:	Nil	Nil



Infrastructure – Car Parks

The Asset system reflects the management valuation (PPI) completed in 2023 per the comments in the above fair value of infrastructure section. Assets are grouped into their respective component and depreciated on a straight-line basis as follows:

- Subgrade – Not depreciated
- Sealed Pavement – 85-100 years
- Pavement Surface – 30-35 years
- Surface Water Channels - 55-60 years

	Pre-Assessment of FV	Post-Assessment of FV
Measurement after Recognition Model:	Revaluation Model	Revaluation Model
Class Total Carrying Amount:	\$2,273,050.88	\$2,642,144.32
Last Revaluation Year:	30 June 2021	30 June 2023 (Management)
Depreciation Method:	Straight-line	Straight-line
Useful Life:	Not Dep. – 100 years (0% - 3.33%)	Not Dep. – 100 years (0% - 3.33%)
Residual Value:	Nil	Nil



Infrastructure – Bus Shelters

The Asset system reflects the management valuation (PPI) completed in 2023 per the comments in the above fair value of infrastructure section. Assets are grouped as Bus Shelters and depreciated on a straight-line basis as follows:

- Bus Shelters – 25-30 years

	Pre-Assessment	Post-Assessment
Measurement after Recognition Model:	Revaluation Model	Revaluation Model
Class Total Carrying Amount:	\$202,949.40	\$235,903.91
Last Revaluation Year:	30 June 2021	30 June 2023 (Management)
Depreciation Method:	Straight-line	Straight-line
Useful Life:	25-30 years (4% - 3.33%)	25-30 years (4% - 3.33%)
Residual Value:	Nil	Nil



Investment Property

There are no assets that fall under the application of AASB 140.

Contributed Assets

The Town does not have any developer contributed assets for the year ended 30 June 2023. At the Town, contributed assets may only usually arise where a lessee of a community building has undertaken capital works. In this instance, the Town has a Policy where a form needs to be completed and the building works approved prior to completion. No requests for capital works on Town assets were received for the year ended 30 June 2023. In some instances the Town contributes to a community group project where an asset results in ownership by the Town.

Further confirmation was sought from the Town's Planning/Building and Operations departments to ensure that no building permits were issued or improvements/works were commenced/completed on Town Assets in the year ended 30 June 2023.



Impairment

Management has reviewed all indicators of Impairment and is satisfied that there is no indication of impairment loss for any asset as at 30 June 2023. An impairment questionnaire was completed considering internal, external and other indicators as part of this assessment.

OUR REF:
ENQUIRIES:



IMPAIRMENT REVIEW/QUESTIONNAIRE 2022/23

Indicator Question	Yes	No	Comments
External Indicators			
Are there observable indications that an asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	With the exception of EF Oval which has been demolished as part of the EF Oval Redevelopment.
Have any significant changes with an adverse effect on the local government taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the local government operates or in the market to which an asset is dedicated?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Have market interest rates or other market rates of return on investments increased during the period; and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Internal Indicators			
Is there any evidence available of obsolescence or physical damage of an asset?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A review of all Plant, Furniture and Equipment occurs annually.
Have any significant changes with an adverse effect on the local government taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Is there any evidence available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Other Indicators			
Are there any other indicators of impairment not previously considered?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<p><i>If any question has been answered "Yes" and any indication is present - make a formal estimate of recoverable amount. If the recoverable amount is less than the asset's carrying amount, the carrying amount of the asset must be reduced to its recoverable amount.</i></p> <p><i>If all questions have been answered "No" - no formal estimate of recoverable amount is required to be made if no indication of an impairment loss is present.</i></p>			

Peter Kocian  Digitally signed by Peter Kocian
Date: 2023.08.17 09:06:51 +08'00'

Prepared/Reviewed By:
Peter Kocian
Exec Manager Corporate Services



Prepared By:

Kelli Small

ToEF Consultant

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Phil Garoni

Finance Manager

**Peter
Kocian** Digitally signed
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Reviewed By:

Peter Kocian

Exec Manager Corporate Services



OUR REF:
ENQUIRIES:



Memorandum

To: OAG - Auditor 2022-23
From: Consultant / Manager Finance / Executive Manager Corporate Services
Subject: Revenue Recognition – Grant Income
Date: 30 June 2023

PURPOSE

The purpose of this position paper is to outline the revenue recognition principles to be applied to grant, contribution and subsidy revenue received by the Town of East Fremantle. This paper also details the specific application to grant revenue applicable to the year ended 30 June 2023.

BACKGROUND

Two new accounting standards relevant to revenue recognition for local governments came into effect on 1 July 2019 being:

- AASB 15 *Contracts with Customers*; and
- AASB 1058 *Income of Not-for-Profit Entities*.

Considering which Revenue Standard to Apply

To determine if AASB 15 or AASB 1058 applies requires a two-step process.

Step 1

Local government entities should first determine whether a transaction is a contract with a customer under AASB 15.

To be in the scope of AASB 15, there should be:

1. an 'enforceable contract' – i.e. the contract between two or more parties must create enforceable rights and obligations
2. 'sufficiently specific performance obligations' – i.e. the NFP entity's promise to transfer a good or service must be sufficiently specific
3. 'underlying goods or services are not retained by the entity' – i.e. the goods or services will be transferred to the customer or to other parties on behalf of the customer (AASB 1058.IE5) and not retained by the entity for its own use.

If all criteria are met, income is recognised under AASB 15 when (or as) the performance obligations under the contract are satisfied. If any of these criteria are not met, then Step 2 applies.



Step 2

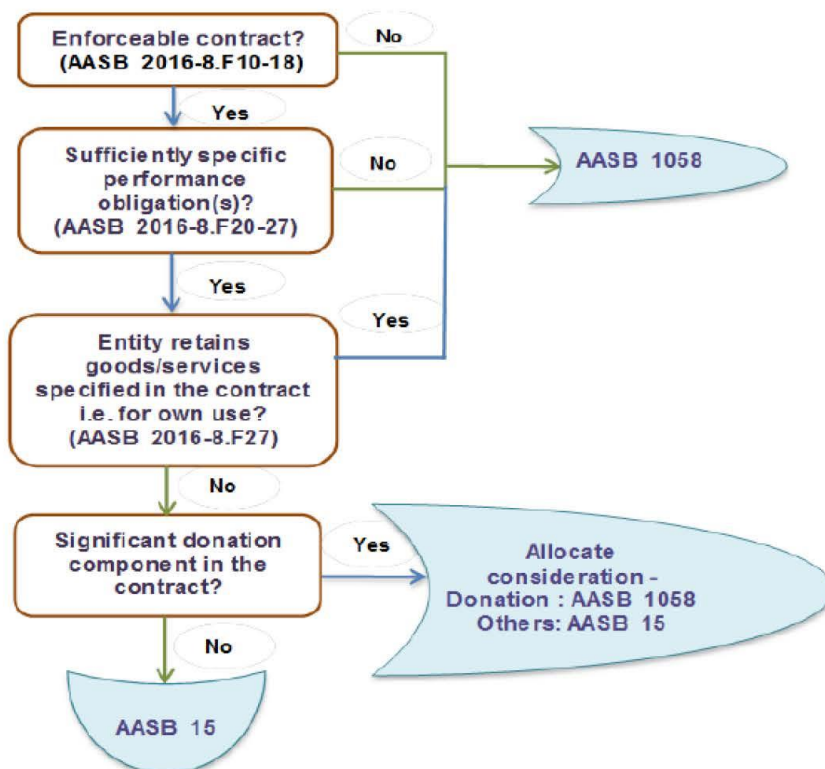
Determine if a volunteer service has been received or there is a significant 'donation' component in the contract. A donation component and thereby a donation transaction exists if:

- the consideration to acquire an asset is significantly less than its fair value; and
- the intent is primarily to enable the NFP entity to further its objectives

AASB 1058 applies if NFP entities enter into 'donation' transactions as above or receive volunteer services.

In circumstances where a contract with a customer contains both a donation and non-donation component, the transaction should be allocated between AASB15 and AASB 1058 to ensure appropriate recognition.

Decision tree for which standard to apply



Specific transactions that fall under the scope of AASB 1058 include Transfers received to acquire or construct non-financial assets.



OUR REF:
ENQUIRIES:



AASB 15 Contracts with Customers

AASB 15 Revenue from Contracts with Customers establishes the accounting principles a local government shall apply in relation to the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle is that an entity will recognise revenue at an amount that reflects the consideration entitled in exchange for transferring goods or services to a customer.

AASB 15 provides a comprehensive framework for revenue recognition using the following five-step model:



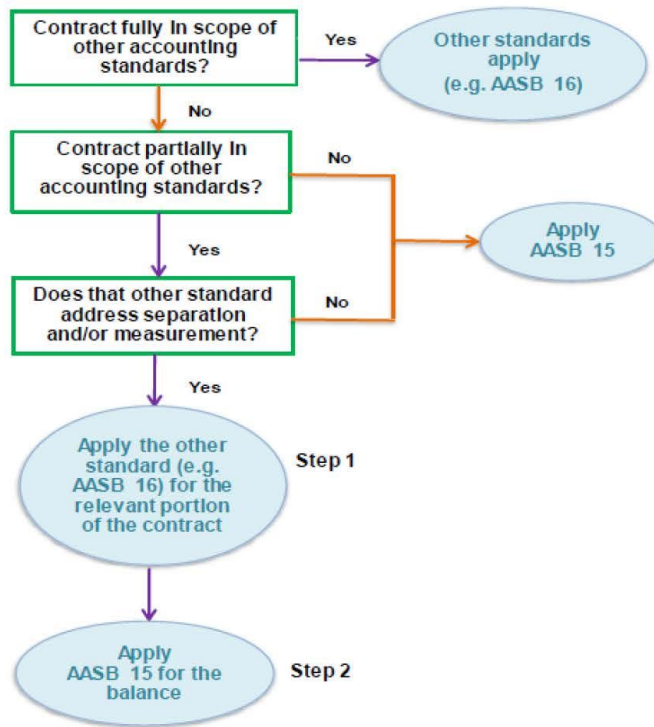
The standard requires a local government to recognise revenue aligned to the transfer of promised goods or services to customers for an amount that reflects the consideration the local government is entitled for those goods or services.

Each contract with a customer needs to be assessed to identify the performance obligations it creates. If there is a mismatch between the timing of performance obligations under a contract and receiving an asset in exchange, for example, cash, or undertaking works and services in advance, then a contract liability or contract asset is created until the performance obligation(s) under the contract are satisfied. Once the performance obligation(s) are satisfied, the associated level of revenue is recognised.

A contract with a customer may partially be in the scope of AASB 15 and partially within the scope of other Standards. In such instances, a local government is required to apply the other standard first, if those standards specify how to separate and/or initially measure one or more parts of the contract. The entity will then apply AASB 15 to the remaining components of the contract.



Decision tree for the application of AASB 15



AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not for Profit Entities* applies to local governments and significantly changed income/revenue recognition from its application date.

The purpose of AASB 1058 is to more closely recognise Not for Profit income transactions that are not contracts with customers in accordance with their economic reality. Therefore, AASB 1058 needs to be recognised in conjunction with AASB 15 Revenue from Contracts with Customers.

Local governments often receive a grant to either buy or construct a non-financial asset, such as a building, for their own future use.

A recognisable non-financial asset that is to be controlled by the entity in accordance with AASB 1058.15 is one that:

- a. requires the entity to use that financial asset to acquire or construct a recognisable non-financial asset to identified specifications;
- b. does not require the entity to transfer the non-financial asset to the transferor or other parties; and
- c. occurs under an enforceable agreement.

Financial assets transferred to a local government to construct or acquire a recognisable non-financial asset to be controlled by a local government are recognised initially, in accordance with AASB 9 Financial Instruments, on receipt of the financial asset. Subsequently the non-financial asset is recognised in accordance with AASB 116 on construction or acquisition.

When recognising the asset AASB 1058.9 requires increases in liabilities, decreases in assets and revenue to be recognised in accordance with the relevant accounting standard. The difference between the 'related amount' and the value of the non-financial asset recognised is required to be recognised as a liability by AASB 1058.16 until such time as the local government has satisfied its obligations under the initial transfer of the financial asset. When or as these obligations are satisfied the difference is recognised as income in profit or loss.

Transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity

- 15 **A transfer of a financial asset to enable an entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity is one that:**
 - (a)** requires the entity to use that financial asset to acquire or construct a recognisable non-financial asset to identified specifications;
 - (b)** does not require the entity to transfer the non-financial asset to the transferor or other parties; and
 - (c)** occurs under an enforceable agreement.
- 16 **An entity shall recognise a liability for the excess of the initial carrying amount of a financial asset received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity over any related amounts recognised in accordance with paragraph 9. The entity shall recognise income in profit or loss when (or as) the entity satisfies its obligations under the transfer.**
- 17 In such circumstances, the transferor has in substance transferred a recognisable non-financial asset to the entity. The entity recognises the financial asset received in accordance with AASB 9 and subsequently recognises the acquired or constructed non-financial asset in accordance with the applicable Australian Accounting Standard (eg AASB 116 for property, plant and equipment). This Standard requires the entity to initially recognise a liability representing the entity's obligation to acquire or construct the non-financial asset and, if applicable, other performance obligations under AASB 15, which involve the transfer of goods or services to other parties. The liability in relation to acquiring or constructing the non-financial asset is initially measured at the carrying amount of the financial asset received from the transferor that is not attributable to related amounts for performance obligations under AASB 15, contributions by owners, etc. The liability is recognised until such time when (or as) the entity satisfies its obligations under the transfer.



Transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity

- B15 An entity that receives a financial asset, such as cash, in a transfer to enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity shall apply the requirements of AASB 9 to that financial asset. The acquisition or construction of the non-financial asset is accounted for separately to the transfer of the financial asset, in accordance with other Standards. If the non-financial asset is not permitted to be recognised by another Standard (eg knowledge or intellectual property developed through research, which cannot be recognised as an asset in accordance with AASB 138), paragraphs 15–17 do not apply. The key criterion is that the recognisable non-financial asset will be under the control of the entity (ie for its own use) – it will not be transferred to the transferor or other parties. Therefore, the transfer of the financial asset (or the relevant part) to the entity does not occur under a contract with a customer and is not subject to AASB 15. However, the recognisable non-financial asset could increase the entity’s ability or capacity to provide goods or services to other parties pursuant to other transactions, which are separate to the transfer that enabled the entity to acquire or construct the non-financial asset for its own use.
- B16 On initial recognition of the financial asset, the entity recognises the requirement to acquire or construct the recognisable non-financial asset as an obligation and considers whether there are other conditions that give rise to performance obligations that require the entity to transfer goods or services to other entities (which are accounted for under AASB 15). The obligation to acquire or construct the non-financial asset is accounted for similarly to a performance obligation under AASB 15. For each obligation, the entity shall determine whether the obligation would be satisfied over time or at a point in time. If an entity does not satisfy an obligation over time, the obligation would be satisfied at a point in time.
- B17 An entity shall apply a single method of measuring progress for each obligation satisfied over time and the entity shall apply that method consistently to similar obligations and in similar circumstances. At the end of each reporting period, an entity shall remeasure its progress towards complete satisfaction of each obligation that is satisfied over time, and shall recognise income over time on that basis.

ASSESSMENT

The Town received revenue from various sources by way of grants, contributions and subsidies in the year ended 30 June 2023. A number of items are operating in nature, and others have been received by the Town to acquire or construct non-financial assets.

The Town’s finance team have applied the methodology within this position paper in accordance with the relevant accounting standards to each source of revenue, with further details held within the ‘2023 Grants Income (& Contract - Capital Grant Liability & Assets)’ workpaper.

File Ref	Project	Funding Body	Revenue Recognition Application					Revenue Recognition	Contract Asset or Liability at Y/End?	
			AASB15, Au s.5.1 (if Yes, Capital Grant)	Enforceable contract?	Sufficiently specific performance	Town retains goods/services	Significant donation component			Standard
T01	Financial Assistance Grant (FAG)	Commonwealth Government of Australia	No	No				AASB120-20	Point in time	No
T02	Financial Assistance Grant (FAG)	Commonwealth Government of Australia	No	No				AASB120-20	Point in time	No
T03	CHSP	Commonwealth Government of Australia	No	Yes	Yes	No	No	AASB 15	Over time	No
T04	HACC	Government of Western Australia								
T05	Bus Shelter Maintenance Assistance		No	Yes	No	No	No	AASB 1058	Point in time	No
T06	Go FOGO Kerbside Collection Progr	Government of Western Australia	No	Yes	Yes	No	No	AASB 15	Over time	Yes
T07	Heritage Inventory	Heritage Council								
T08	CHMAP	WA Planning Commission	No	Yes	Yes	No	No	AASB 15	Overtime	Yes
T09/16	Riverside Road River Wall Repairs \$1	The Conservation and Land Management Executive E	No	Yes	Yes	No	No	AASB 15	Overtime	Yes
T10	Urban Canopy Program	WALGA	No	Yes	Yes	Yes	No	AASB 15	Overtime	No
T11	Removal Of Fencing HMAS Leeuwin		Yes							
T12	EF Festival	Various	No	Yes	Yes	No	No	AASB 15	Point in time	No
T13	Main Roads Direct Road Grant	Main Roads WA	No	Yes	Yes	Yes	No	AASB 1058	Point in time	No
T14	Stirling Bridge Verge Maintenance	Main Roads WA	No	Yes	Yes	No	No	AASB 15	Point in time	No
T15	Street Lighting Subsidy	Main Roads WA	No	No				AASB 1058	Point in time	No

Extract taken as at 30 June 2023.

Due to their materiality, further details of the treatment of significant revenue sources for the following projects:

1. EF Oval Redevelopment;
2. Fremantle City Football Club – Redevelopment of Women’s Facilities;



are provided in the following sections of this position paper.

EF OVAL REDEVELOPMENT

BACKGROUND

In December 2021 the Town entered into a financial assistance agreement (“Agreement”) with the Department of Local Government, Sport and Cultural Industries (DLGSC), to contribute funding toward the redevelopment of the East Fremantle Oval. The original Agreement was for DLGSC to contribute \$20,000,000 (\$20m) towards the cost of the project.

Subsequent to a review of the Project costings, a variation to the Agreement was entered into in July 2022 increasing the funding provided by DLGSC to \$25,000,000 (\$25m).

Provided below is an extract of the variation detailing the payment milestones.

DEED OF VARIATION

PARTIES

STATE OF WESTERN AUSTRALIA (State) acting through the **Department of Local Government, Sport and Cultural Industries** (ABN 14 445 022 107) of 246 Vincent Street, Leederville, WA 6007 (**DLGSC**)

AND

Town of East Fremantle (ABN 80 052 365 032) of 135 Canning Highway, East Fremantle, WA 6158 (**Recipient**)

BACKGROUND

- A. The State and the Recipient entered into a Financial Assistance Agreement on 2 December 2021 (**Agreement**) for the State to provide \$20 million state funding to support the East Fremantle Oval redevelopment (**Project**).
- B. Due to the current market conditions, the Project’s estimated construction costs are expected to rise from \$26.5 million to \$32.5 million. As such, the Recipient requested from the State an additional \$5 million state funding to cover additional expected construction costs.
- C. In response, the Sport and Recreation Minister has approved and endorsed an additional State contribution of \$5 million funding towards the Project, to enable it to proceed in line with the intent of the election commitment and community expectations.
- D. The Parties have agreed to amend the Agreement terms to reflect the additional funding amount and certain other variations as set out in this Deed of Variation (No. 1) (**Deed**).



(b) In Schedule 4, Item 3.1 (Manner of Payment) under paragraph 'c.', delete the table in its entirety and replace with the following table:

A	B	C
Serial	Milestone	Instalment Amount
1	Execution of this agreement	\$2,500,000
2	Awarding of a construction contract	\$8,000,000
3	Evidence of commencement of physical works	\$5,000,000
4	Evidence of 50% completion	\$9,000,000
5	Evidence of practical completion	\$500,000

(c) In Schedule 4, Item 4.4 (Project budget), delete the table in its entirety and replace with the following table:

Project items	Funds under this Agreement (\$)	Other Funding (\$)	Name of Sources of Other Funding	Total Funds (\$)
As detailed in 4.1 Project description	\$25,000,000			\$25,000,000
		\$7,000,000	Town of East Fremantle	\$7,000,000
		\$300,000	TBC	\$300,000
		\$200,000	AFL Facility Fund	\$200,000
TOTALS	\$ 25,000,000	\$7,500,000		\$ 32,500,000

Given cost pressures, Council has approved additional project funding. The total Project funding is summarised in the table below:

<i>Project Funding (ex GST) - Cash Received</i>	\$
DLGSC - Financial Assistance Grant	25,000,000
LotteryWest	1,345,060
Town of East Fremantle - Loan Borrowings	4,800,000
Town of East Fremantle – Reserve Funds	2,649,147
AFL Facilities Fund (WAFFF)	250,000
EF Bowling Club Contribution	18,182
Total	34,062,389

The total expenditure budget for the Project is \$34,062,389 and is detailed in the *Town of East Fremantle East Fremantle Oval Redevelopment – Design Development Gateway Report*.

Unless renegotiated with current funding bodies, or new funding is acquired, any expenditure over the Project budget will be the responsibility of the Town of East Fremantle to fund.



Application to Town of East Fremantle – East Fremantle Oval Redevelopment – DLGSC Financial Assistance Agreement

Below is the application of the above decision tree for which standard to apply for this Project and the Agreement:

1. Is there an enforceable contract?

Yes, the Financial Assistance Agreement was signed by both parties in December 2021, and a subsequent variation to the agreement signed in July 2022.

Yes: Go to Q2 **No: AASB 1058**

2. Are there sufficiently specific performance obligations?

Yes, the Agreement specifically outlines that the funds are to be utilised for the funding of the redevelopment of the East Fremantle Oval Precinct consistent with the *East Fremantle Oval Precinct Redevelopment Business Plan* and the *East Fremantle Oval Precinct Concept Masterplan*.

3. OBLIGATIONS OF RECIPIENT

3.1 Use of Funding

The Recipient must use the Funding only for the carrying out of the Project in accordance with this Agreement and the Approved Budget and expend such funds by the Completion Date. All such expenditure must be effected in a commercially prudent, sensible and reasonable manner. Furthermore, the Recipient must meet all Milestones in accordance with Schedule 4.

3.2 No Changes

The Recipient must not make any changes to the Project or the Approved Budget without the prior written consent of DLGSC, which consent may be withheld at DLGSC discretion.

3.3 No Endorsement

The Recipient agrees that nothing in this Agreement constitutes an endorsement by DLGSC of any goods or services provided by the Recipient.

3.4 Acknowledgement of DLGSC

(a) Any activity including presentations, publications, signage, articles,

SCHEDULE 4 – PROJECT DETAILS

1. Project

The purpose of the Funding is:

To redevelop the East Fremantle Oval Precinct consistent with the *East Fremantle Oval Precinct Redevelopment Business Plan* and the *East Fremantle Oval Precinct Concept Masterplan*.

Yes: Go to Q3 **No: AASB 1058**

3. Does the Town of East Fremantle retain the goods/services specified in the contract?

Yes, the land on which the EF Oval precinct sits in a Class A reserve vested to the Town of East Fremantle under management orders and forms part of the land assets of the Town.



The building/s are also assets constructed by the Town of East Fremantle and will remain assets of the Town.

Yes: AASB 1058 applies *No: Go to Q4*

The financial assistance (grant) is a transfer received to acquire or construct non-financial assets

4. Is there a significant donation component within the contract?

Not Applicable as criteria for AASB 1058 met at Q3.

Application of AASB 1058

AASB 1058 requires Financial assets transferred to a local government to construct or acquire a recognisable non-financial asset to be controlled by a local government are recognised initially, in accordance with AASB 9 Financial Instruments, on receipt of the financial asset.

Subsequently the non-financial asset is recognised in accordance with AASB 116 on construction or acquisition.

When recognising the asset AASB 1058.9 requires increases in liabilities, decreases in assets and revenue to be recognised in accordance with the relevant accounting standard. The difference between the 'related amount' and the value of the non-financial asset recognised is required to be recognised as a liability by AASB 1058.16 until such time as the local government has satisfied its obligations under the initial transfer of the financial asset. When or as these obligations are satisfied the difference is recognised as income in profit or loss.

CONCLUSION

Working through the application of AASB 15 and AASB 1058, and the specifics of the Agreement for the Project, management are satisfied that recognition of the funding provided is to be accounted for in accordance with AASB 1058 Income of Not-for-Profit Entities, as it is a transfer received to acquire or construct a non-financial asset.

The performance obligations (Redevelopment of the EF Oval) of the agreement are met over time as the project is constructed, and the Town has determined to utilise the costs incurred to date as measurement of progress towards satisfaction of the performance obligation. In accordance with the outcomes of the 2021/22 Audit, revenue is recognised in proportion to the level of funding as costs are incurred, represented as follows:

Income to be recognised = (Costs incurred to date/total project cost) x grant amount

LotteryWest, WAFFF and EF Bowling Club (Other external funding)

Each other external funding arrangement has been assessed against the requirements of AASB15 and AASB1058, and as a result have been treated in a consistent manner as the DLGSC grant revenue outlined above.

The accounting approach for 2022/23 differs to the approach taken in 2021-22 as outlined in the *February 2023 Audit Committee Report*. Due to the change in accounting estimates in 2022/23, the following table highlights the revenue recognised for each funding arrangement for the EF Oval project:



Description	Job/General Ledger Account	Total Budget (Ex GST)	% of Project Budget	Amount Recognised 21/22 Actual	Correction Calculated 21/22 Adjusted in 22/23	Amount Recognised 22/23	Amount to be Recognised (23/24 Budget)
Expenditure							
East Fremantle Oval Redevelopment Project	E11738	34,062,389.00	100%	928,770.76	928,770.76	12,085,515.66	21,048,102.58
Income							
DLGSC	I11160	25,000,000.00	73.39%	928,770.76	681,668.83	8,623,030.22	15,448,199.02
LotteryWest	I11165	1,345,060.00	3.95%	-	36,675.42	513,909.82	831,150.18
AFL Facilities Fund	I11166	250,000.00	0.73%	-	6,816.69	95,518.01	154,481.99
ToEF – Loan Borrowings		4,800,000.00	14.09%	-	-	-	4,800,000.00
ToEF - Reserves		2,200,000.00	6.46%	-	203,114.06	2,396,963.67	196,963.67
ToEF – Municipal Funding		449,147.18	1.32%	-	-	449,147.18	-
EFBC Contribution.	I11157	18,181.82	0.05%	-	495.76	6,946.77	11,235.05



FREMANTLE CITY WOMEN'S FOOTBALL CLUB

BACKGROUND

In December 2022 the Town entered into a financial assistance agreement (“Agreement”) with the Department of Local Government, Sport and Cultural Industries (DLGSC), to contribute funding toward the redevelopment of the women’s facilities at the Fremantle City Football Club. The Agreement was for DLGSC to contribute \$800,000 towards the cost of the project, along with the Fremantle City Football Club (FCFC) contributing \$120,000.

4.4. Project budget

Project items	Funds under this Agreement (\$)	Other Funding (\$)	Name of Sources of Other Funding	Total Funds (\$)
As detailed in 4.1	\$800,000	NA	NA	\$800,000
Project description		\$120,000	Fremantle City Football Club	\$120,000
TOTALS	\$800,000	\$120,000	NA	\$920,000

As part of the 2022/23 Budget, the total Project cost/funding is summarised in the table below:

<i>Project Funding (ex GST)</i>	\$
DLGSC - Financial Assistance Grant	800,000
Fremantle City Football Club	109,091
Town of East Fremantle	90,909
Total	1,000,000

Unless renegotiated with current funding bodies, or new funding is acquired, any expenditure over the Project budget will be the responsibility of the Town of East Fremantle to fund.

Application to Town of East Fremantle – East Fremantle Oval Redevelopment – DLGSC Financial Assistance Agreement

Below is the application of the above decision tree for which standard to apply for this Project and the Agreement:

1. Is there an enforceable contract?

Yes, the Financial Assistance Agreement was signed by both parties in December 2022.

Yes: Go to Q2 *No: AASB 1058*

2. Are there sufficiently specific performance obligations?

Yes, the Agreement specifically outlines that the funds are to be utilised for the funding of the redevelopment of the women’s facilities at the Fremantle City Football Club.



4. Detailed Description of Project

4.1. Project Description

The project is the redevelopment of the women’s facilities at Fremantle City Football Club (the Club).

The project will include:

- the extension of the existing building to include:
 - a new unisex changeroom;
 - external female toilets;
 - first aid room;
 - umpires room; and

- deck.
- the refurbishment of the existing building including:
 - additional storage;
 - external male toilets and universal access toilet; and
 - conversion of the existing changerooms (including toilets and showers) to become unisex and universally accessible.

Refer to Attachment 1 for more details. Any changes to the final project scope and design must be submitted by the Recipient to the DLGSC for approval prior to construction commencing.

4.2. Project Outcome

The outcomes/outputs and the performance measures of the Project are as follows:

Outcome	Performance Measures
To provide the local sporting clubs with fit for purpose and fully accessible facilities.	The upgrade of women’s facilities at the Fremantle City Football Club.

Yes: Go to Q3 *No: AASB 1058*

3. Does the Town of East Fremantle retain the goods/services specified in the contract?

Yes, the land on which the Fremantle City Football Club precinct sits is a reserve vested to the Town of East Fremantle under management orders and forms part of the land assets of the Town.

The building/s are also assets constructed by the Town of East Fremantle and will remain assets of the Town.



Yes: AASB 1058 applies *No: Go to Q4*
The financial assistance (grant) is a transfer received to acquire or construct non-financial assets

4. Is there a significant donation component within the contract?

Not Applicable as criteria for AASB 1058 met at Q3.

Application of AASB 1058

AASB 1058 requires financial assets transferred to a local government to construct or acquire a recognisable non-financial asset to be controlled by a local government are recognised initially, in accordance with AASB 9 Financial Instruments, on receipt of the financial asset.

Subsequently the non-financial asset is recognised in accordance with AASB 116 on construction or acquisition.

When recognising the asset AASB 1058.9 requires increases in liabilities, decreases in assets and revenue to be recognised in accordance with the relevant accounting standard. The difference between the 'related amount' and the value of the non-financial asset recognised is required to be recognised as a liability by AASB 1058.16 until such time as the local government has satisfied its obligations under the initial transfer of the financial asset. When or as these obligations are satisfied the difference is recognised as income in profit or loss.

CONCLUSION

Working through the application of AASB 15 and AASB 1058, and the specifics of the Agreement for the Project, management are satisfied that recognition of the funding provided is to be accounted for in accordance with AASB 1058 Income of Not-for-Profit Entities, as it is a transfer received to acquire or construct a non-financial asset.

The performance obligations (Redevelopment of the women's facilities) of the agreement are met over time as the project is constructed, and the Town has determined to utilise the costs incurred to date as measurement of progress towards satisfaction of the performance obligation. To ensure consistency with its accounting treatment of grant revenue, revenue is recognised in proportion to the level of funding as costs are incurred, represented as follows:

$$\text{Income to be recognised} = (\text{Costs incurred to date} / \text{total project cost}) \times \text{grant amount}$$

FCFC Funding

The arrangement with FCFC has been assessed against the requirements of AASB15 and AASB1058, and as a result has been treated in a consistent manner as the DLGSC grant revenue outlined above.

The amount recognised/expected to be recognised in each financial year is outlined below:



Description	Job/General Ledger Account	Total Budget (Ex GST)	% of Project Budget	Amount Recognised 21/22 Actual	Correction Calculated 21/22 Adjusted in 22/23	Amount Recognised 22/23	Amount to be Recognised (23/24 Budget)
Expenditure							
Fremantle City Football Project	E11739	1,000,000.00	100%	17,995.00	17,995.00	\$104,407.32	877,597.68
Income							
DLGSC	I11206	800,000.00	80.00%		14,396.00	97,921.86	702,078.14
FCFC	I11206	109,090.91	10.91%		1,963.09	13,352.98	95,737.93
ToEF - Reserves			0.00%				
ToEF – Municipal Funding		90,909.09	9.09%	17,995.00	1,635.91	- 6,867.52	79,781.61
			0.00%		-	-	-

Prepared By:

Kelli Small

ToEF Consultant

Phil Garoni Digitally signed
by Phil Garoni
Date:
2023.08.29
15:01:09 +08'00'

Reviewed By:

Phil Garoni

Manager Finance

Peter Kocian Digitally signed
by Peter Kocian
Date:
2023.08.29
15:52:02 +08'00'

Reviewed By:

Peter Kocian

Executive Manager Corporate Services



OUR REF:
ENQUIRIES:



Memorandum

To: OAG - Auditor 2022-23
From: Consultant / Finance Manager / Executive Manager Corporate Services
Subject: Contaminated Sites (Other Provisions / Contingent Liabilities)
Date: June 2023

BACKGROUND

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, sets out to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount. The standard is to be applied by all entities (including local governments) when accounting for provisions, contingent liabilities and contingent assets, except:

- a) those resulting from executory contracts, except where the contract is onerous; and
- b) those covered by another standard (for example provisions in relation to employee benefits – AASB 119).

A provision shall be recognised when:

- a local government has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

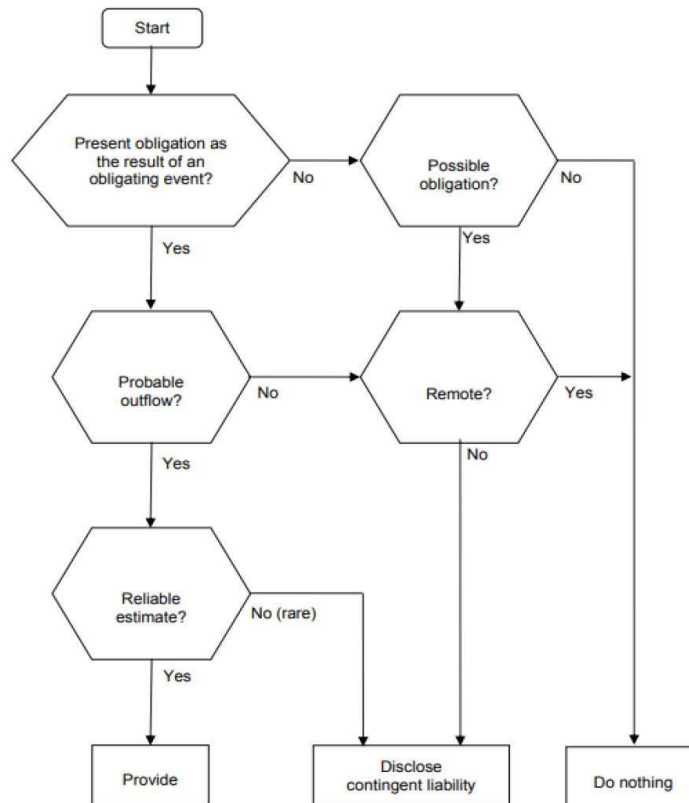
If these conditions are not met, no provision shall be recognised. Where it is not probable that a present obligation exists, a local government should disclose a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.



AASB 137 provides to the following decision tree to summarise the main recognition requirements for provisions and contingent liabilities.

B Decision tree

The purpose of this diagram is to summarise the main recognition requirements of the Standard for provisions and contingent liabilities.

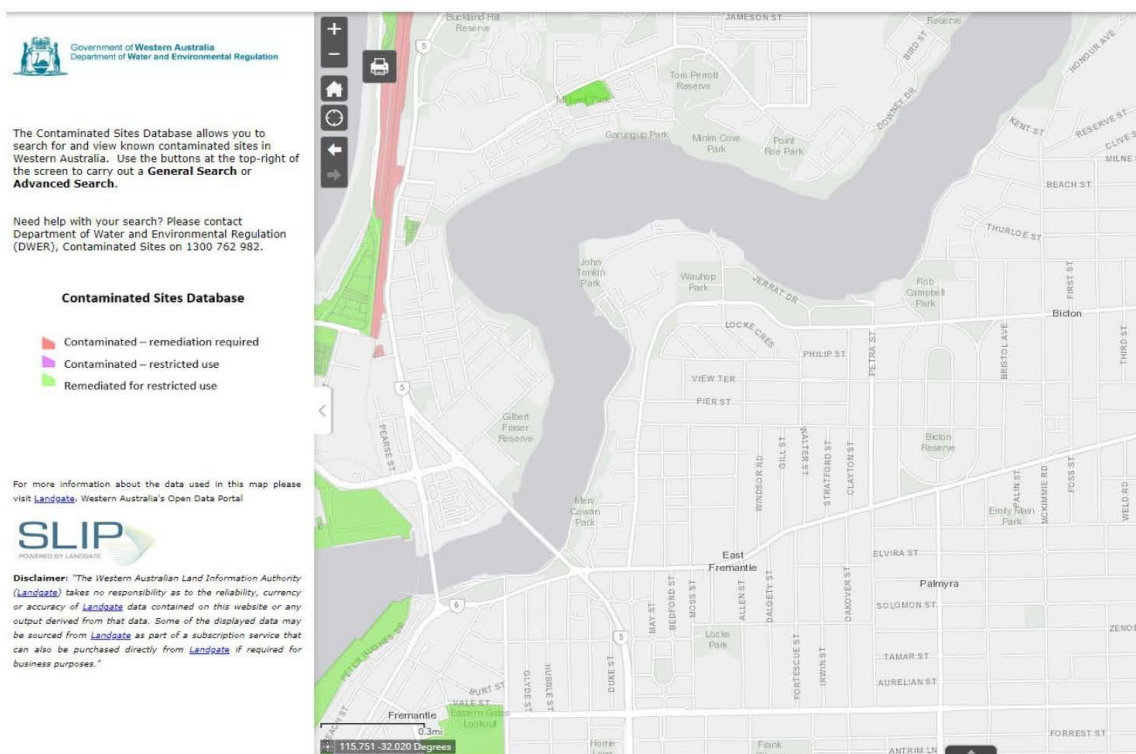


Note: In rare cases, it is not clear whether there is a present obligation. In these cases, a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the end of the reporting period (paragraph 15 of the Standard).

Due to the potential costs of rehabilitation, contaminated sites that are owned or controlled by a local government may require a provision to be made where they meet the requirements of this Standard. This position papers sets out to consider the Standard as applied to any potential contaminated sites owned or controlled by the Town of East Fremantle.

A search conducted on 26 June 2023 of the DWER Contaminated Sites Database (dow.maps.arcgis.com/apps/webappviewer/index.html?id=c2ecb74291ae4da2ac32c441819c6d47) confirms there are currently no registered Contaminated Sites in the Town of East Fremantle.





Possible Contaminated Sites – East Fremantle Yacht Club and Swan Yacht Club

In 2011 and 2012, the Town was notified of the registration of memorial – section 59 of the *Contaminated Sites Act 2003* for the following sites:

1. Memorial L583933 ML, LOT 7771 ON PLAN 169877 as shown on certificate of title LR3004/855 known as 7771 Riverside Rd, East Fremantle WA 6158 (*Swan Yacht Club*)
2. Memorial L583933 ML, LOT 10105 ON PLAN 214976 as shown on certificate of title LR3004/863 known as 10105 Riverside Rd, East Fremantle WA 6158 (*Swan Yacht Club*)
3. Memorial M66012 ML, Lot 15722 on Plan 40473 as shown on certificate of title LR3132/985 known as 7800 Wauhop Rd, East Fremantle WA 6158 (*East Fremantle Yacht Club*)
4. Memorial L360113 ML, Lot 7563 on Deposited Plan 172085 as shown on certificate of title LR3045/540 known as 7563 Riverside Rd, East Fremantle WA 6158 (*Aquarama Marina*)

The memorials are to notify that each site has been classified as ‘Possibly Contaminated – Investigation Required’. Restrictions placed on the lands are stated in the *Notification of Registration of Memorials* for each lot as:

Given that a memorial has been registered against the site, under section 58(b) of the Act, the Western Australian Planning Commission may not approve the subdivision of the land under Section 35 of the Planning and Development Act 2005, or the amalgamation of that



land with any other land without seeking, and taking into account, the advice of DEC as to the suitability of the land for subdivision or amalgamation. Furthermore, a responsible authority (e.g. Local Government Authorities) may not grant approval under a scheme for any proposed development of the land without seeking, and taking into account, advice from DEC as to the suitability of the proposed development.

The classification is to remain in accordance with Section 16. of the *Contaminated Sites Act 2003*, which states:

16. Site classified as possibly contaminated — investigation required

A site classified as possibly contaminated — investigation required is to remain so classified until classified as —

- (a) contaminated — remediation required;*
- (b) contaminated — restricted use;*
- (c) remediated for restricted use;*
- (d) not contaminated — unrestricted use; or*
- (e) decontaminated.*

By way of a Management Order the sites of the East Fremantle Yacht Club and the Swan Yacht Club are under the care and control of the Town of East Fremantle. The respective sites are leased to the East Fremantle Yacht Club and Swan Yacht Club respectively. The site of the Aquarama Marina, is not owned or controlled by the Town of East Fremantle and the Town has no obligations in respect to this land, except as a local government authority.

Due to the legacy presence of TBT's (Tributyltin) emanating from poor practices in boat maintenance such as scraping and sanding anti-foul paint combined with poor drainage leading to TBT's in paint flecks washing into the River and trapped in sediment, the two sites were investigated in 2007, as commissioned by the then Swan River Trust (DBCA) and subsequently are not listed as 'Contaminated' on DWER's Contaminated Sites Register. TBT's break down naturally over time. The memorial serves the following purposes:

1. to provide advice on how to improve practises in boat maintenance; and
2. to manage any sediment disturbance such as dredging via license from DBCA.

The Town has been advised (email on file dated 15 June 2022) that:



- the two sites in East Fremantle are low risk and low priority in the view of the Department of Water and Environmental Regulation (DWER) – due to the low levels of contaminants and flushing effects of the tides in this part of the River; and
- there was no need for further investigation unless the Town believed that there were unsafe work practices occurring or unless the Town seeks to have the memorial removed.

Conditions contained within the respective lease agreements that require the Yacht Clubs, as Lessee, to comply with all environmental laws and make good any contamination. Excerpts of these conditions are provided in Attachment 5.

Monthly water sampling at five locations in the Swan River (see map below). This sampling is undertaken as part of the Department of Health’s Recreational Water Sampling Program and the water is primarily tested for bacterial levels to assess the health of the water in areas that could be used for swimming, diving, skiing, wading, fishing etc. Most site locations in East Fremantle are chosen because of their proximity to a stormwater outlet or similar. These locations are determined by the Department of Health.



1	Main Drain	EF3/009
2	Jetty North	EF3/011
3	John Tonkin	EF3/545
4	Fremantle Rowing Club	EF3/012
5	Camp Waller	EF3/007

This testing only looks at microbiological levels and not chemical which would be required to indicate contamination from industrial or commercial activities. The closest sampling sites to the Yacht Clubs are at the Rowing and Scout Clubs which are not particularly close to these two properties. The water sampling that is currently undertaken is not suitable to reflect contamination levels and can’t be used to determine whether there is any water pollution present in the Swan River adjacent to the Swan and East Fremantle Yacht Clubs.



The Town has not conducted any further investigations to determine the presence and scope of any potential contamination, or to further assess the risk, and on a risk-based approach, the Town has not estimated any potential costs associated with remediation of these sites.

The Town is not aware of any other property owned or controlled by the Town that may require future rehabilitation.

ASSESSMENT

Below sets out to apply the facts in relation to the two Yacht Club sites to the Decision Tree provided in AASB 137.

1. Is there a present obligation as the result of an obligating event? **No.**
After investigation in 2007 by DBCA, the two sites are currently not listed on the Contaminated Sites database, and as detailed in an email (dated 15 June 2022) confirming the information received by DWER, that these sites were low risk and low priority in the view of DWER – due to the low levels of contaminants and flushing effects of the tides in this part of the River and that TBTs breakdown over time. It is more likely than not that a present obligation does not exist for either site.
2. Is there a possible obligation? **Yes.**
As stated in the background information, the two sites have had memorials erected and registered (on instruction by the Department of Environment and Conservation) against the land titles under section 59 of the *Contaminated Sites Act 2003*, with the site classification as 'Possibly Contaminated – Investigation Required' due to the past practices at these sites. The existence of the possible obligation can be confirmed by DWER or a future investigation made by the Town and is not wholly within the control of the Town.



3. Is the likelihood of an outflow of resources remote? **Yes**

AASB 137 does not provide a definition of the word 'remote'. However, according to Oxford Dictionary is defined as:

*3. (of a chance or possibility) unlikely to occur:
"chances of a genuine and lasting peace become even more remote"*

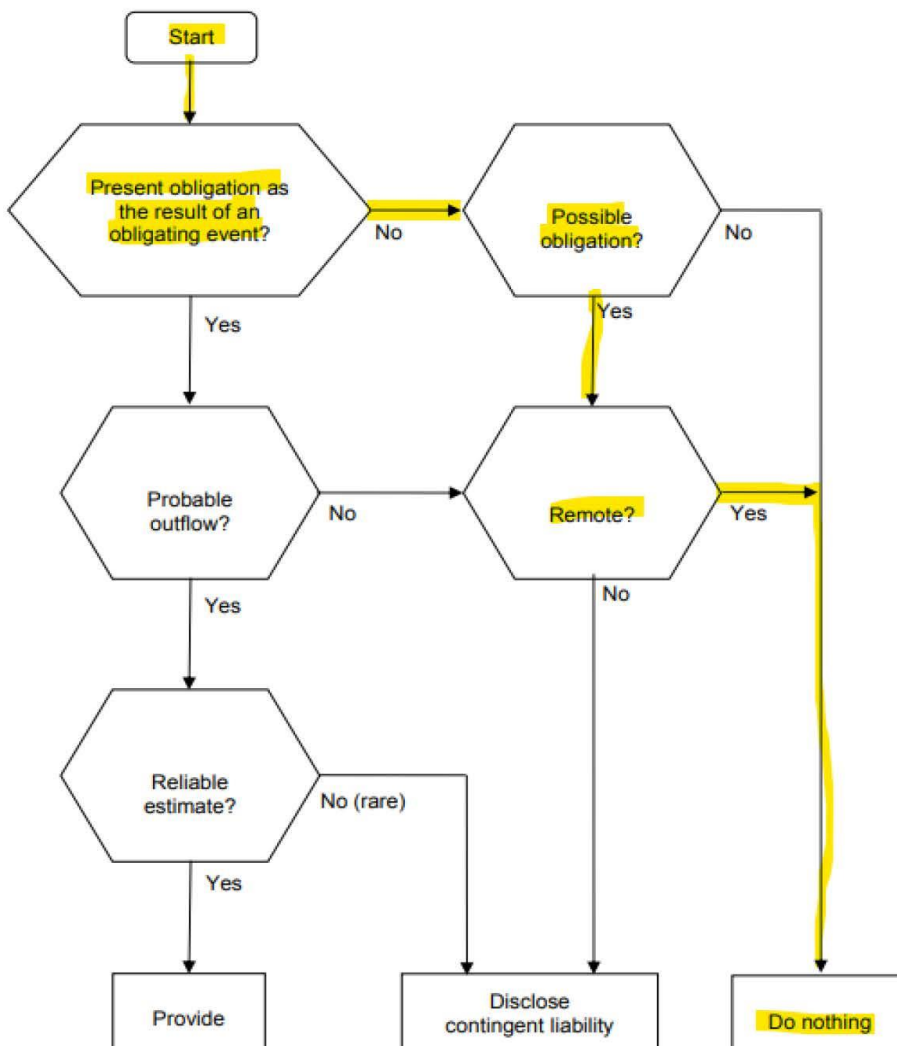
In the case of the two Yacht Club sites, DWER have described the sites as low risk and low priority in the view of the Department of Water and Environmental Regulation (DWER) – due to the low levels of contaminants and flushing effects of the tides in this part of the River; and

DWER also advised that there was no need for further investigation unless the Town believed that there were unsafe work practices occurring or unless the Town seeks to have the memorial removed, to which the Town does not believe is the case and is not concerned with having the memorials removed at this point in time.



B Decision tree

The purpose of this diagram is to summarise the main recognition requirements of the Standard for provisions and contingent liabilities.



Note: In rare cases, it is not clear whether there is a present obligation. In these cases, a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the end of the reporting period (paragraph 15 of the Standard).

CONCLUSION

For the financial year ended 30 June 2023, there are no requirements under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* to make a provision or disclose a contingent liability for any contaminated or potentially contaminated sites in the Town.



The Town's officers will review DWERs Contaminated Sites Database and consider any new information presented, annually, to maintain certainty of this position each reporting period (end of financial year).

Prepared By:

Kelli Small
ToEF Consultant

**Phil
Garoni** Digitally signed
by Phil Garoni
Date: 2023.07.04
09:08:59 +08'00'

Reviewed By:

Phil Garoni
Finance Manager

**Peter
Kocian** Digitally signed
by Peter Kocian
Date: 2023.07.04
13:11:37 +08'00'

Reviewed By:

Peter Kocian
Exec Manager Corporate Services

Attachments:

1. Notification of Registration of Memorial Section 59 of the Contaminated Sites Act 2003 – Memorial L583933 ML, LOT 7771 ON PLAN 169877 as shown on certificate of title LR3004/855 known as 7771 Riverside Rd, East Fremantle WA 6158 (*Swan Yacht Club*) & Memorial L583933 ML, LOT 10105 ON PLAN 214976 as shown on certificate of title LR3004/863 known as 10105 Riverside Rd, East Fremantle WA 6158 (*Swan Yacht Club*)
2. Notification of Registration of Memorial Section 59 of the Contaminated Sites Act 2003 – Memorial M66012 ML, Lot 15722 on Plan 40473 as shown on certificate of title LR3132/985 known as 7800 Wauhop Rd, East Fremantle WA 6158 (*East Fremantle Yacht Club*)
3. Notification of Registration of Memorial Section 59 of the Contaminated Sites Act 2003 – Memorial L360113 ML, Lot 7563 on Deposited Plan 172085 as shown on certificate of title LR3045/540 known as 7563 Riverside Rd, East Fremantle WA 6158 (*Aquarama Marina*)
4. Title Details for each registered memorial site
5. Excerpts of Lease Agreements as to Environmental Obligations

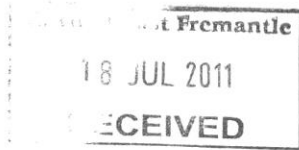


Attachment 1



Government of **Western Australia**
Department of **Environment and Conservation**

Your ref:
Our ref: DEC6123
Enquiries: Registrar
Phone: 1300 762982
Fax:
Email:



Town of East Fremantle
Doc No: ICORR28084
File: R/RSB8
Reg Date: 18 JUL 2011
Officer: SC

Chief Executive Officer
Town of East Fremantle
PO Box 1097
Fremantle WA 6959

Attach:

Dear Sir/Madam

**NOTIFICATION OF REGISTRATION OF MEMORIAL
SECTION 59 OF THE *CONTAMINATED SITES ACT 2003***

In accordance with section 59 of the *Contaminated Sites Act 2003* (the Act), please be advised that, on instruction by Department of Environment and Conservation (DEC), a memorial has been registered against the Certificate(s) of Title listed below, under section 58 of the Act, for the site consisting of 3 parcel(s) of land including the following:

- Memorial L583933 ML, LOT 7771 ON PLAN 169877 as shown on certificate of title LR3004/855 known as 7771 Riverside Rd, East Fremantle WA 6158
- Memorial L583933 ML, LOT 10105 ON PLAN 214976 as shown on certificate of title LR3004/863 known as 10105 Riverside Rd, East Fremantle WA 6158

The memorial records the site classification as 'Possibly contaminated - investigation required'.

Given that a memorial has been registered against the site, under section 58(b) of the Act, the Western Australian Planning Commission may not approve the subdivision of the land under Section 35 of the *Planning and Development Act 2005*, or the amalgamation of that land with any other land without seeking, and taking into account, the advice of DEC as to the suitability of the land for subdivision or amalgamation. Furthermore, a responsible authority (e.g. Local Government Authorities) may not grant approval under a scheme for any proposed development of the land without seeking, and taking into account, advice from DEC as to the suitability of the proposed development.

A memorial registered under the Act has effect until it is formally withdrawn. A copy of the memorial is attached for your information.

For further information, please contact the Registrar on 1300 762 982.

DIRECTOR GENERAL AND ENVIRONMENTAL SERVICES DIVISIONS: The Atrium, 168 St Georges Terrace, Perth, Western Australia 6000
Phone: (08) 6467 5000 Fax: (08) 6467 5562

PARKS AND CONSERVATION SERVICES DIVISIONS: Executive: Corner of Australia II Drive and Hackett Drive, Crawley, Western Australia 6009
Phone: (08) 9442 0300 Fax: (08) 9386 1578 Operations: 17 Dick Perry Avenue, Technology Park, Kensington, Western Australia 6151

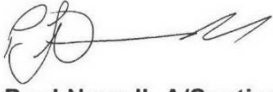
Local Government Authority (LGA) Phone: (08) 9219 8000 Fax: (08) 9334 0498
CSSID = 2768

POSTAL ADDRESS FOR ALL DIVISIONS: Locked Bag 104, Bentley Delivery Centre, Western Australia 6983

www.dec.wa.gov.au
wa.gov.au

XDECU001

Yours sincerely,

A handwritten signature in black ink, appearing to be 'P. Newell', with a long horizontal flourish extending to the right.

Paul Newell, A/Section Manager

CONTAMINATED SITES BRANCH
Delegated Officer under section 91
of the *Contaminated Sites Act 2003*

15/07/2011

Enc: Copy of Memorial(s)


INSTRUCTIONS

1. If insufficient space in any section, Additional Sheet Form B1, should be used with appropriate headings. The boxed sections should only contain the words "see page....."
2. Additional Sheets shall be numbered consecutively and bound to this document by staples along the left margin prior to execution by the parties.
3. No alteration should be made by erasure. The words rejected should be scored through and those substituted typed or written above them, the alteration being initialled by the persons signing this document and their witnesses.

NOTES

1. **DESCRIPTION OF LAND**
 Lot and Diagram/Plan/Strata/Survey-Strata Plan number or Location name and number to be stated.
 Extent - Whole, part or balance of the land comprised in the Certificate of Title to be stated. If this document relates to only part of the land comprised in the Certificate of Title further narrative or graphic description may be necessary. The volume and folio number to be stated.
2. **REGISTERED PROPRIETOR**
 State full name and address of the Registered Proprietors as shown on the Certificate of Title and the address / addresses to which future notices can be sent.
3. **INFORMATION CONCERNING SITE CLASSIFICATION**
 Include information concerning site classification as either: contaminated - restricted use, contamination - remediation required, remediated for restricted use or possibly contaminated - investigation required.
4. **CHIEF EXECUTIVE OFFICER'S ATTESTATION**
 This document must be signed by or on behalf of the Chief Executive Officer, Department of Environment and Conservation under Section 91 of Contaminated Sites Act 2003, An Adult Person should witness this signature. The address and occupation of the witness must be stated.

EXAMINED

L583933 ML
 23 Mar 2011 14:52:39 Perth

 REG \$ 135.00

**MEMORIAL
 CONTAMINATED SITES ACT 2003**

LODGED BY
 Department of Environment and Conservation

ADDRESS
 Level 4, 168 St Georges Terrace
 Perth, WA 6842

PHONE No. 1300 762 982
FAX No. (08) 9333 7575

REFERENCE No. 16735
ISSUING BOX No. 888V

PREPARED BY
 Contaminated Sites Section
 Department of Environment and Conservation

ADDRESS
 Level 4, 168 St Georges Terrace
 Perth, WA 6842


PHONE No. 1300 762 982 **FAX No.** (08) 9333 7575

INSTRUCT IF ANY DOCUMENTS ARE TO ISSUE TO OTHER THAN LODGING PARTY

8/9

TITLES, LEASES, DECLARATIONS ETC LODGED HEREWITH

1.	Received Items Nos. <input type="checkbox"/>
2.	
3.	
4.	
5.	
6.	

Receiving Clerk 

Lodged pursuant to the provisions of the TRANSFER OF LAND ACT 1893 as amended on the day and time shown above and particulars entered in the Register.

SEARCHED
 INDEXED
 SERIALIZED
 FILED



APPROVAL NUMBER

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
Client ID 2768

WESTERN AUSTRALIA
TRANSFER OF LAND ACT 1893 AS AMENDED

MEMORIAL

CONTAMINATED SITES ACT 2003

SECTION 58(1) (a) (i) (I) (II) (III) (IV)

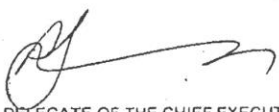

DESCRIPTION OF LAND (Note 1)	EXTENT	VOLUME	FOLIO
LOT 7771 ON DEPOSITED PLAN 169877	Whole	LR3004	855
LOT 10105 ON DEPOSITED PLAN 214976	Whole	LR3004	863

REGISTERED PROPRIETOR (Note 2)
STATE OF WESTERN AUSTRALIA

INFORMATION CONCERNING SITE CLASSIFICATION (Note 3)
Under the Contaminated Sites Act 2003, this site has been classified as "possibly contaminated - investigation required". For further information on the contamination status of this site, please contact the Contaminated Sites section of the Department of Environment & Conservation.

Dated this Fourteenth day of March Year 2011

CHIEF EXECUTIVE OFFICER'S ATTESTATION (Note 4)

 Paul Newell 4/SECTION MANAGER DELEGATE OF THE CHIEF EXECUTIVE OFFICER DEPARTMENT OF ENVIRONMENT AND CONSERVATION UNDER SECTION 91 OF THE CONTAMINATED SITES ACT 2003	FULL NAME: ADDRESS: OCCUPATION:	 SIGNATURE OF WITNESS Triin-Liis Harma 168 St Georges Tce PERTH WA 6000 Data Management Officer
--	---------------------------------------	---

Attachment 2



Government of **Western Australia**
Department of **Environment and Conservation**

Town of East Fremantle
23 NOV 2012
RECEIVED

Chief Executive Officer
Town of East Fremantle
PO Box 1097
Fremantle WA 6959



Town of East Fremantle
Doc No: ICORR35126
File: R/RSC8,R/RSB8
Reg Date: 23 NOV 2012
Officer: SC

Your ref:
Our ref: 11/90/509 + DEC13200
Enquiries: Registrar
Phone: 1300 762982
Fax:
Email:

Dear Sir/Madam

Attach:

**NOTIFICATION OF REGISTRATION OF MEMORIAL
SECTION 59 OF THE *CONTAMINATED SITES ACT 2003***

In accordance with section 59 of the *Contaminated Sites Act 2003* (the Act), please be advised that, on instruction by Department of Environment and Conservation (DEC), a memorial has been registered against the Certificate(s) of Title listed below, under section 58 of the Act, for the site consisting of 1 parcel(s) of land including the following:

- Memorial M66012 ML, Lot 15722 on Plan 40473 as shown on certificate of title LR3132/985 known as 7800 Wauhop Rd, East Fremantle WA 6158

The memorial records the site classification as 'Possibly contaminated - investigation required'.

Given that a memorial has been registered against the site, under section 58(b) of the Act, the Western Australian Planning Commission may not approve the subdivision of the land under Section 35 of the *Planning and Development Act 2005*, or the amalgamation of that land with any other land without seeking, and taking into account, the advice of DEC as to the suitability of the land for subdivision or amalgamation. Furthermore, a responsible authority (e.g. Local Government Authorities) may not grant approval under a scheme for any proposed development of the land without seeking, and taking into account, advice from DEC as to the suitability of the proposed development.

A memorial registered under the Act has effect until it is formally withdrawn. A copy of the memorial is attached for your information.

For further information, please contact the Registrar on 1300 762 982.

DIRECTOR GENERAL AND ENVIRONMENTAL SERVICES DIVISIONS: The Atrium, 168 St Georges Terrace, Perth, Western Australia 6000
Phone: (08) 6467 5000 Fax: (08) 6467 5562

PARKS AND CONSERVATION SERVICES DIVISIONS: Executive: Corner of Australia II Drive and Hackett Drive, Crawley, Western Australia 6009
Phone: (08) 9442 0300 Fax: (08) 9386 1578 Operations: 17 Dick Perry Avenue, Technology Park, Kensington, Western Australia 6151
Phone: (08) 9219 8000 Fax: (08) 9334 0498

Local Government Authority (LGA)
CSSID = 397

POSTAL ADDRESS FOR ALL DIVISIONS: Locked Bag 104, Bentley Delivery Centre, Western Australia 6983
www.dec.wa.gov.au
wa.gov.au

XDECJ001

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Andrew Miller'.

Andrew Miller, Section Manager

CONTAMINATED SITES BRANCH
Delegated Officer under section 91
of the *Contaminated Sites Act 2003*

21/11/2012

Enc: Copy of Memorial(s)

APPROVAL NUMBER

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
Client ID 397

WESTERN AUSTRALIA
TRANSFER OF LAND ACT 1893 AS AMENDED

MEMORIAL

CONTAMINATED SITES ACT 2003

SECTION 58(1) (a) (i) (I) (II) (III) (IV)



DESCRIPTION OF LAND (Note 1)	EXTENT	VOLUME	FOLIO
LOT 15722 ON DEPOSITED PLAN 40473	Whole	LR3132	985

REGISTERED PROPRIETOR (Note 2)
STATE OF WESTERN AUSTRALIA

INFORMATION CONCERNING SITE CLASSIFICATION (Note 3)
Under the Contaminated Sites Act 2003, this site has been classified as "possibly contaminated - investigation required". For further information on the contamination status of this site, please contact the Contaminated Sites Branch of the Department of Environment & Conservation.

Dated this Fourth day of October Year 2012

CHIEF EXECUTIVE OFFICER'S ATTESTATION (Note 4)

 Andrew Miller SECTION MANAGER DELEGATE OF THE CHIEF EXECUTIVE OFFICER DEPARTMENT OF ENVIRONMENT AND CONSERVATION UNDER SECTION 91 OF THE CONTAMINATED SITES ACT 2003	 SIGNATURE OF WITNESS FULL NAME: Triin-Liis Harma ADDRESS: 168 St Georges Tce PERTH WA 6000 OCCUPATION: Data Management Officer
---	--

INSTRUCTIONS

1. If insufficient space in any section, Additional Sheet Form B1, should be used with appropriate headings. The boxed sections should only contain the words "see page....."
2. Additional Sheets shall be numbered consecutively and bound to this document by staples along the left margin prior to execution by the parties.
3. No alteration should be made by erasure. The words rejected should be scored through and those substituted typed or written above them, the alteration being initialled by the persons signing this document and their witnesses.

NOTES

1. **DESCRIPTION OF LAND**
Lot and Diagram/Plan/Strata/Survey-Strata Plan number or Location name and number to be stated.
Extent - Whole, part or balance of the land comprised in the Certificate of Title to be stated. If this document relates to only part of the land comprised in the Certificate of Title further narrative or graphic description may be necessary. The volume and folio number to be stated.
2. **REGISTERED PROPRIETOR**
State full name and address of the Registered Proprietors as shown on the Certificate of Title and the address / addresses to which future notices can be sent.
3. **INFORMATION CONCERNING SITE CLASSIFICATION**
Include information concerning site classification as either: contaminated - restricted use, contamination - remediation required, remediated for restricted use or possibly contaminated - investigation required.
4. **CHIEF EXECUTIVE OFFICER'S ATTESTATION**
This document must be signed by or on behalf of the Chief Executive Officer, Department of Environment and Conservation under Section 91 of Contaminated Sites Act 2003. An Adult Person should witness this signature. The address and occupation of the witness must be stated.

EXAMINED

OFFICE USE ONLY

M 66012 ML
05 Oct 2012 09:29:23 Perth



REG \$ 160.00

MEMORIAL
CONTAMINATED SITES ACT 2003

m 2

LODGED BY
Department of Environment and Conservation

ADDRESS
Level 4, 168 St Georges Terrace
Perth, WA 6000

PHONE No. 1300 762 982
FAX No. (08) 9333 7575

REFERENCE No. 4228

ISSUING BOX No. 888V

PREPARED BY
Contaminated Sites Branch
Department of Environment and Conservation

ADDRESS
Level 4, 168 St Georges Terrace
Perth, WA 6000


PHONE No. 1300 762 982 FAX No. (08) 9333 7575

INSTRUCT IF ANY DOCUMENTS ARE TO ISSUE TO OTHER THAN LODGING PARTY

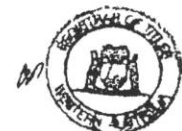
3/3

TITLES, LEASES, DECLARATIONS ETC LODGED HEREWITH

1. _____	Received Items Nos. 0
2. _____	
3. _____	
4. _____	
5. _____	
6. _____	

Receiving Clerk 

Lodged pursuant to the provisions of the TRANSFER OF LAND ACT 1893 as amended on the day and time shown above and particulars entered in the Register.

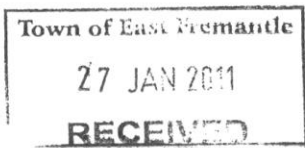


Attachment 3



Government of **Western Australia**
Department of **Environment and Conservation**

Your ref:
Our ref: 11/90/503
Enquiries: Registrar
Phone: 1300 762982
Fax:
Email:



Chief Executive Officer
Town of East Fremantle
PO Box 1097
Fremantle WA 6959



Town of East Fremantle
Doc No: ICORR25615
File: P/RIV10
Reg Date: 27 JAN 2011
Officer: SC

Dear Sir/Madam

Attach:

**NOTIFICATION OF REGISTRATION OF MEMORIAL
SECTION 59 OF THE *CONTAMINATED SITES ACT 2003***

In accordance with section 59 of the *Contaminated Sites Act 2003* (the Act), please be advised that, on instruction by Department of Environment and Conservation (DEC), a memorial has been registered against the Certificate(s) of Title listed below, under section 58 of the Act, for the site consisting of 1 parcel(s) of land including the following:

- Memorial L360113 ML, Lot 7563 on Deposited Plan 172085 as shown on certificate of title LR3045/540 known as 7563 Riverside Rd, East Fremantle WA 6158

The memorial records the site classification as 'Possibly contaminated - investigation required'.

Given that a memorial has been registered against the site, under section 58(b) of the Act, the Western Australian Planning Commission may not approve the subdivision of the land under Section 35 of the *Planning and Development Act 2005*, or the amalgamation of that land with any other land without seeking, and taking into account, the advice of DEC as to the suitability of the land for subdivision or amalgamation. Furthermore, a responsible authority (e.g. Local Government Authorities) may not grant approval under a scheme for any proposed development of the land without seeking, and taking into account, advice from DEC as to the suitability of the proposed development.

A memorial registered under the Act has effect until it is formally withdrawn. A copy of the memorial is attached for your information.

For further information, please contact the Registrar on 1300 762 982.

DIRECTOR GENERAL AND ENVIRONMENTAL SERVICES DIVISIONS: The Atrium, 168 St Georges Terrace, Perth, Western Australia 6000
Phone: (08) 6467 5000 Fax: (08) 6467 5562

PARKS AND CONSERVATION SERVICES DIVISIONS: Executive: Corner of Australia II Drive and Hackett Drive, Crawley, Western Australia 6009
Phone: (08) 9442 0300 Fax: (08) 9386 1578 Operations: 17 Dick Perry Avenue, Technology Park, Kensington, Western Australia 6151

Local Government Authority (LGA) Phone: (08) 9219 8000 Fax: (08) 9334 0498

CSSID = 398 **POSTAL ADDRESS FOR ALL DIVISIONS:** Locked Bag 104, Bentley Delivery Centre, Western Australia 6983

www.dec.wa.gov.au
wa.gov.au

xDECL001

Yours sincerely

A handwritten signature in black ink, appearing to read "K. Laszig". The signature is written in a cursive style with a prominent loop at the end.

Kerry Laszig, Manager

CONTAMINATED SITES BRANCH
Delegated Officer under section 91
of the *Contaminated Sites Act 2003*

17/01/2011

Enc: Copy of Memorial(s)

INSTRUCTIONS

1. If insufficient space in any section, Additional Sheet Form B1, should be used with appropriate headings. The boxed sections should only contain the words "see page...."
2. Additional Sheets shall be numbered consecutively and bound to this document by staples along the left margin prior to execution by the parties.
3. No alteration should be made by erasure. The words rejected should be scored through and those substituted typed or written above them, the alteration being initialed by the persons signing this document and their witnesses.

NOTES

1. **DESCRIPTION OF LAND**
 Lot and Diagram/Plan/Strata/Survey-Strata Plan number or Location name and number to be stated.
 Extent - Whole, part or balance of the land comprised in the Certificate of Title to be stated. If this document relates to only part of the land comprised in the Certificate of Title further narrative or graphic description may be necessary. The volume and folio number to be stated.
2. **REGISTERED PROPRIETOR**
 State full name and address of the Registered Proprietors as shown on the Certificate of Title and the address / addresses to which future notices can be sent.
3. **INFORMATION CONCERNING SITE CLASSIFICATION**
 Include information concerning site classification as either: contaminated - restricted use, contamination - remediation required, remediated for restricted use or possibly contaminated - investigation required.
4. **CHIEF EXECUTIVE OFFICER'S ATTESTATION**
 This document must be signed by or on behalf of the Chief Executive Officer, Department of Environment and Conservation under Section 91 of Contaminated Sites Act 2003. An Adult Person should witness this signature. The address and occupation of the witness must be stated.

EXAMINED

OFFICE USE ONLY

L360113 ML
 30 Jun 2010 09:07:23 Perth
 REG \$ 110.00

**MEMORIAL
 CONTAMINATED SITES ACT 2003**

LODGED BY
 Department of Environment and Conservation

ADDRESS
 Level 4, 168 St Georges Terrace
 Perth, WA 6842

PHONE No. 1300 762 982
FAX No. (08) 9333 7575

REFERENCE No. 4229
ISSUING BOX No. 888V

PREPARED BY
 Contaminated Sites Section
 Department of Environment and Conservation

ADDRESS
 Level 4, 168 St Georges Terrace
 Perth, WA 6842

PHONE No. 1300 762 982 **FAX No.** (08) 9333 7575

INSTRUCT IF ANY DOCUMENTS ARE TO ISSUE TO OTHER THAN LODGING PARTY

S/S

TITLES, LEASES, DECLARATIONS ETC LODGED HEREWITH

1. _____	Received Items Nos. Receiving Clerk <i>SP</i>
2. _____	
3. _____	
4. _____	
5. _____	
6. _____	

Lodged pursuant to the provisions of the TRANSFER OF LAND ACT 1893 as amended on the day and time shown above and particulars entered in the Register.



APPROVAL NUMBER

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
Client ID 398

WESTERN AUSTRALIA
TRANSFER OF LAND ACT 1893 AS AMENDED

MEMORIAL

CONTAMINATED SITES ACT 2003

SECTION 58(1) (a) (i) (I) (II) (III) (IV)


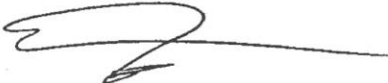
DESCRIPTION OF LAND (Note 1)	EXTENT	VOLUME	FOLIO
LOT 7563 ON DEPOSITED PLAN 172085	Whole	LR3045	540

REGISTERED PROPRIETOR (Note 2)
STATE OF WESTERN AUSTRALIA

INFORMATION CONCERNING SITE CLASSIFICATION (Note 3)
Under the Contaminated Sites Act 2003, this site has been classified as "Possibly contaminated - investigation required". For further information on the contamination status of this site, please contact the Contaminated Sites section of the Department of Environment & Conservation.

Dated this Twenty-eighth day of June Year 2010

CHIEF EXECUTIVE OFFICER'S ATTESTATION (Note 4)

 Andrew Miller, A/MANAGER DELEGATE OF THE CHIEF EXECUTIVE OFFICER DEPARTMENT OF ENVIRONMENT AND CONSERVATION UNDER SECTION 91 OF THE CONTAMINATED SITES ACT 2003	 SIGNATURE OF WITNESS FULL NAME: Triin-Liis Harma ADDRESS: 168 St Georges Tce PERTH WA 6000 OCCUPATION: Data Management Officer
---	--

Attachment 4 - Title Details for each registered memorial site

Memorial L583933


Lot 7771 (plan 169877), Certificate of Title LR3004/855

Known as '7771 Riverside Road, East Fremantle'

LR3004/855

Lot 7771 Riverside Road, EAST FREMANTLE 6158

Title Details		Plan Details	Reserve Details
General Details			
Other Interests	View Other Interests		
Associated Documents	K803120		
Ownership History	STATE OF WESTERN AUSTRALIA		
Certificate of Title	LR3004/855		
Title Type	Certificate of title for a Crown Land		
Parcel Identifier	Lot 7771 On Deposited Plan 169877 SWAN Location 7771		
Address Details	Lot 7771 Riverside Road, EAST FREMANTLE 6158		
Dealing Status	Complete		
Purchasers Caveat	N/A		
Document Type	Application Affecting Land Ownership		
Document Number	K803120		
Date of Execution	16/12/2008		
Consideration	Refer Document		
Proprietor(s)	STATE OF WESTERN AUSTRALIA		



LR3004/855

Lot 7771 Riverside Road, EAST FREMANTLE 6158

Title Details		Plan Details	Reserve Details			
Other Interests						
Certificate of Title	LR3004/855					
Responsible Agency	DEPARTMENT OF PLANNING, LANDS AND HERITAGE (SLSD)					
Add Document to Cart	Document Number	Interest Type	Interest Name	Date	Consideration	Head Interest
<input type="checkbox"/>	N/A	Management Order	TOWN OF EAST FREMANTLE	N/A	N/A	N/A

LR3004/855

Lot 7771 Riverside Road, EAST FREMANTLE 6158

Title Details		Plan Details	Reserve Details			
Associated Documents						
Affecting This Title						
Add Document to Cart	Document Number	Document Type	Lodgement Date	Date of Execution	Status	
<input type="checkbox"/>	K803120	Application Affecting Land Ownership	16/12/2008	16/12/2008	REGISTERED	
<input type="checkbox"/>	L583933	Memorial - Miscellaneous	23/03/2011	Refer Document	REGISTERED	



Memorial L583933

Lot 10105 (plan 214976), Certificate of title LR3004/863

Known as '10105 Riverside Road, East Fremantle'


LR3004/863

Lot 10105 Riverside Road, EAST FREMANTLE 6158

Title Details | Plan Details | Reserve Details

General Details | Other Interests | Associated Documents | Ownership History

Certificate of Title	LR3004/863
Title Type	Certificate of title for a Crown Land
Parcel Identifier	Lot 10105 On Deposited Plan 214976 SWAN Location 10105
Address Details	Lot 10105 Riverside Road, EAST FREMANTLE 6158
Dealing Status	Complete
Purchasers Caveat	N/A
Other Interests	View Other Interests
Document Type	Application Affecting Land Ownership
Document Number	K803123
Date of Execution	16/12/2008
Consideration	Refer Document
Proprietor(s)	STATE OF WESTERN AUSTRALIA



LR3004/863

Lot 10105 Riverside Road, EAST FREMANTLE 6158

Title Details | Plan Details | Reserve Details

Other Interests | General Details | Associated Documents | Ownership History

Certificate of Title	LR3004/863
Responsible Agency	DEPARTMENT OF PLANNING, LANDS AND HERITAGE (SLSD)

Add Document to Cart	Document Number	Interest Type	Interest Name	Date	Consideration	Head Interest
<input type="checkbox"/>	N/A	Management Order	TOWN OF EAST FREMANTLE	N/A	N/A	N/A

LR3004/863

Lot 10105 Riverside Road, EAST FREMANTLE 6158

Title Details | Plan Details | Reserve Details

Associated Documents | General Details | Other Interests | Ownership History

Affecting This Title

Add Document to Cart	Document Number	Document Type	Lodgement Date	Date of Execution	Status
<input type="checkbox"/>	K803123	Application Affecting Land Ownership	16/12/2008	16/12/2008	REGISTERED
<input type="checkbox"/>	L583933	Memorial - Miscellaneous	23/03/2011	Refer Document	REGISTERED




Memorial M66012
 Lot 15722 (plan 40473), Certificate of title LR3132/985
 Known as '7800 Wauhop Road, East Fremantle'

LR3132/985
 Lot 15722 Jerrat Drive, EAST FREMANTLE 6158

Title Details Plan Details Reserve Details

General Details Other Interests Associated Documents Ownership History

Certificate of Title LR3132/985
 Title Type Certificate of title for a Crown Land
 Parcel Identifier Lot 15722 On Deposited Plan 40473
 SWAN Location 15722
 Address Details Lot 15722 Jerrat Drive, EAST FREMANTLE 6158
 Dealing Status Complete
 Purchasers Caveat N/A
 Other Interests [View Other Interests](#)
 Document Type App for New Title Subject of a Svy, Strata or Svy Strata
 Document Number J088217
 Date of Execution 17/11/2004
 Consideration Refer Document
 Proprietor(s) STATE OF WESTERN AUSTRALIA



LR3132/985
 Lot 15722 Jerrat Drive, EAST FREMANTLE 6158

Title Details Plan Details Reserve Details

General Details **Other Interests** Associated Documents Ownership History

Certificate of Title LR3132/985
 Responsible Agency DEPARTMENT OF PLANNING, LANDS AND HERITAGE (SLSD)

Add Document to Cart	Document Number	Interest Type	Interest Name	Date	Consideration	Head Interest
<input type="checkbox"/>	I623532	Management Order	TOWN OF EAST FREMANTLE	11/09/2003	N/A	N/A
<input type="checkbox"/>	K762756	Lease	EAST FREMANTLE YACHT CLUB INC	05/11/2008	N/A	N/A

LR3132/985
 Lot 15722 Jerrat Drive, EAST FREMANTLE 6158

Title Details Plan Details Reserve Details

General Details Other Interests **Associated Documents** Ownership History

Affecting This Title

Add Document to Cart	Document Number	Document Type	Lodgement Date	Date of Execution	Status
<input type="checkbox"/>	K762756	Lease	05/11/2008	05/11/2008	REGISTERED
<input type="checkbox"/>	K762757	Mortgage over a lease	05/11/2008	12/08/2008	REGISTERED
<input type="checkbox"/>	J088217	App for New Title Subject of a Svy, Strata or Svy Strata	17/11/2004	17/11/2004	REGISTERED
<input type="checkbox"/>	J088218	Sundry - Miscellaneous (not affecting nix & does not cancel the title)	17/11/2004	17/11/2004	REGISTERED
<input type="checkbox"/>	I623532	Sundry - Miscellaneous (not affecting nix & does not cancel the title)	11/09/2003	10/09/2003	REGISTERED
<input type="checkbox"/>	M066012	Memorial - Miscellaneous	05/10/2012	Refer Document	REGISTERED
<input type="checkbox"/>	M843101	Notification under Section 70A	28/11/2014	Refer Document	REGISTERED



Memorial L360113
 Lot 7563 (d/plan 172085), Certificate of title LR3045/540
 Known as '7563 Riverside Road, East Fremantle'

LR3045/540
 110 Riverside Road, EAST FREMANTLE 6158

Title Details | Plan Details

General Details | Other Interests | Associated Documents | Ownership History

Certificate of Title: LR3045/540
 Title Type: Certificate of title for a Crown Land
 Parcel Identifier: **Lot 7563 On Deposited Plan 172085**
 SWAN Location 7563
 Address Details: 110 Riverside Road, EAST FREMANTLE 6158
 Dealing Status: Complete
 Purchasers Caveat: N/A
 Other Interests: [View Other Interests](#)
 Document Type: Application Affecting Land Ownership
 Document Number: **G984653**
 Date of Execution: 21/12/1998
 Consideration: Refer Document
 Proprietor(s): **STATE OF WESTERN AUSTRALIA**



LR3045/540
 110 Riverside Road, EAST FREMANTLE 6158

Title Details | Plan Details

General Details | **Other Interests** | Associated Documents | Ownership History

Certificate of Title: LR3045/540
 Responsible Agency: N/A

Add Document to Cart	Document Number	Interest Type	Interest Name	Date	Consideration	Head Interest
<input type="checkbox"/>	D430103	Sub-Lease Of Lease	BOUNTIFUL HOLDINGS PTY LTD	06/03/1987	N/A	H037477
<input type="checkbox"/>	H037477	Lease	QUAYSIDE MARINAS PTY LTD	10/11/1990	N/A	N/A

LR3045/540
 110 Riverside Road, EAST FREMANTLE 6158

Title Details | Plan Details

General Details | Other Interests | **Associated Documents** | Ownership History

Affecting This Title

Add Document to Cart	Document Number	Document Type	Lodgement Date	Date of Execution	Status
<input type="checkbox"/>	N385383	Caveat	18/07/2016	18/07/2016	REGISTERED
<input type="checkbox"/>	L162507	Caveat	04/12/2009	30/11/2009	REGISTERED
<input type="checkbox"/>	K174726	Caveat	01/05/2007	01/05/2007	REGISTERED
<input type="checkbox"/>	H865508	Application to remove caveat - 21 day notice (s138B)	01/01/0001	15/08/2001	REGISTERED
<input type="checkbox"/>	G984853	Application Affecting Land Ownership	01/01/0001	21/12/1998	REGISTERED
<input type="checkbox"/>	H037477	Lease of Crown Land	01/01/0001	18/11/1998	REGISTERED
<input type="checkbox"/>	J621519	Extension of Lease	13/02/2006	Refer Document	REGISTERED
<input type="checkbox"/>	L360113	Memorial - Miscellaneous	30/06/2010	Refer Document	REGISTERED
<input type="checkbox"/>	D430103	Sub Lease	01/01/0001	Refer Document	REGISTERED

[Select Document to add to Cart](#)

Historical

Add Document to Cart	Document Number	Document Type	Lodgement Date	Date of Execution	Status
<input type="checkbox"/>	G967239	Caveat	01/01/0001	01/12/1998	REGISTERED
<input type="checkbox"/>	O837193	Withdrawal of Caveat	13/09/2021	N/A	WITHDRAWN
<input type="checkbox"/>	J600051	Application Affecting an Encumbrance	25/01/2006	N/A	REGISTERED



Attachment 5 - Excerpts of Lease Agreements as to Environmental Obligations

10.1 Environmental Laws *1/21/12*

(1) Definitions

For the purposes of this Item 9.10.1 and 9.10.2 the following words have the following meaning:

(a) **Authority** includes any government or governmental, semi-governmental, administration, fiscal or financial body, department, commission, council, authority, tribunal, agency or entity including but not limited to any

court, tribunal, agency, person or entity having jurisdiction over the parties, the Leased Premises or this Lease;

(b) **Contaminant** means any solid, liquid or gaseous substance, odour, heat, sound, vibration or radiation which makes or may make the Leased Premises, the Land or groundwater beneath or part of the surrounding environment or land:

- (i) unsafe or unfit for habitation or occupation by persons or animals;
- (ii) such that it does not satisfy the contamination criteria or standards of any Environmental Law;
- (iii) unfit for any use permitted under the relevant planning scheme as amended from time to time;
- (iv) degraded in their capacity to support plant life; or
- (v) otherwise environmentally degraded;

(c) **Contamination** means the existence of any Contaminant or Hazardous Materials in, under on or originating from the Leased Premises which may or does not result in any local or public Authority issuing any notice or direction or order requiring clean-up, decontamination, removal, remedial action or making good the Leased Premises or any adjoining land that may have become affected by the Contamination in accordance with the requirements of any Environmental Laws;

(d) **Environmental Consultant** means an environmental consultant appointed by the Landlord;

(e) **Environmental Laws** means all Laws, environmental protection policies, and directions, standards and guidelines of any Authority (and any other like bodies) regulating or otherwise relating to the environment, including without limitation any Law relating to land use, planning, heritage, coastal protection, water catchments, pollution of air or water, noise, soil or ground water contamination, chemicals, waste, use of hazardous or dangerous goods or substances, building regulations, public and occupational health and safety, or noxious trades and all licences approvals, consents,



permission or permits issued by any Authority of an environmental nature;

- (f) **Hazardous Materials** means any material, substance, gas, liquid, chemical, biological, mineral or other physical matter which would if present in, under or on the Leased Premises, result in any Authority issuing any notice or direction or order requiring any clean-up, decontamination, removal, remedial action or making good under any Environmental Law or which would constitute a violation or contravention of any Environmental Law;
- (g) **Law** means any Federal, State, Territorial or local government legislation and/or regulations, ministerial determinations, rulings or guidelines of Australia, and includes any requirement of any statute, regulation, proclamation, ordinance, local law or by-law, common law present or future, and whether state, federal or otherwise;
- (h) **Loss** means any loss, damage, cost, interest, expense, fee, penalty, fine, forfeiture, assessment, demand, action, suit, claim, proceeding, cause of action, liability or damages incurred by a person, and includes:
 - (i) Any costs and expenses of preparing any necessary environmental report or seeking any other necessary advice;
 - (ii) Any remedial action taken; and
 - (iii) Any requirement by any Authority or any other person to take action with respect to the Leased Premises or adjacent land or groundwater, which is enforceable under any Environmental Law; and
- (i) **Leased Premises** has the meaning given to that term in this Lease and for the purposes of this Item 9.10.1 and 9.10.2 includes the soil and water beneath the surface of the Leased Premises.

Tenant's Obligations during the Term

The Tenant must during the Term in relation to the Leased Premises:

- (a) comply with all Environmental Laws;
- (b) do all things reasonably necessary to prevent a breach of any Environmental Law;



-
- (c) as soon as is reasonably practicable on becoming aware or in circumstances where the Tenant ought reasonably to have been aware (having regard to the nature and extent) of a breach of an Environmental Law or Contamination incident occurring at the Leased Premises notify the Landlord of:
- (i) the breach of the Environmental Laws;
 - (ii) the details of any notices received by or proceedings commenced under any Environmental Laws; or
 - (iii) the occurrence of any Contamination which:
 - A. relates to a breach or alleged breach of the Environmental Laws;
 - B. requires any remediation or works to be carried out in relation to the Leased Premises or any land adjoining the Leased Premises; or
 - C. is required to be disclosed or notified to any Authority by the Landlord or occupier of the Leased Premises under the Environmental Laws;
- and must, to the extent reasonably possible, immediately take all necessary and reasonable steps to discontinue or cause to be discontinued any such Contamination or breach of the Environmental Laws;
- (d) take reasonable steps, having regard to the nature and use of the Leased Premises by the Tenant, to ensure that neither the Tenant nor its Permitted Persons cause or permit any Contamination;
- (e) maintain all environmental records, licences and permits as required by the relevant Environmental Laws or any Authority in relation to the Leased Premises; and
- (f) promptly remediate, make good, rectify and make safe the Leased Premises or any adjoining land to which the Tenant is entitled access in any way relating to or arising from the presence or removal or neutralisation of any Contamination caused by or contributed to by the Tenant or a Permitted Person and if the Landlord shall as a matter of Law be required to undertake such



remediation works or to pay the costs thereof then (to the maximum extent permitted by Law) the Tenant shall reimburse and compensate the Landlord for the costs of so doing.

(3) Tenant's obligations or termination

When the Tenant vacates the Leased Premises, the Tenant must ensure that there is no breach by it of the Environmental Laws and must remediate any Contamination caused or contributed to by the Tenant or a Permitted Person in accordance with this Item 9.10.2 or provide to the Landlord a certificate to be approved by an Environmental Consultant (at the cost of the Tenant) stating that as at the later of the date of expiry or termination of the Lease or the date the Tenant is obliged to complete its remediation obligations under this clause there was no Contamination for which the Tenant is liable under this Lease.

(4) Tenant's indemnity

The Tenant indemnifies and shall keep indemnified (notwithstanding the expiration or termination of this Lease) the Landlord against all Loss whatsoever which the Landlord may suffer or incur arising directly or indirectly from:

- (a) any breach by the Tenant of the Environmental Laws in respect of the Leased Premises; or
- (b) the presence of any Contamination (whether during or after the expiration of the Term) out of the Tenant's use and occupation of the Leased Premises during the Term,

except to the extent that any such Loss is or was caused by the Landlord or the Landlord's employees, agents or contractors.

(5) Landlord may carry out the Tenant's obligations

If the Tenant fails within the time period specified to comply with:

- (a) the requirements of any Authority or the guidelines of or any notice issued by any such Authority which are required to be complied with by the Tenant pursuant to the terms of this Lease; or
- (b) any other obligation of the Tenant under this Item 9.10.1 and 9.10.2,

the Landlord may, after giving the Tenant reasonable prior notice of its intention to do so, at the Tenant's expense, carry out the required work and any other necessary remedial or make good works.



(6) Landlord's release

The Tenant releases the Landlord from any claim whatsoever which it may have against the Landlord arising from any Contamination of the Leased Premises caused or contributed to by the Tenant or a Permitted Person (but if contributed to only to the extent of that contribution) while the Tenant has occupied the Leased Premises under this Lease.

(7) Survival

This Item 9.10.1 shall survive termination or expiration of this Lease.

.2 Site Remediation

(1) Tenant to remediate

The Tenant must at its cost remediate any Contamination which the Tenant is obliged to remediate within 6 months from the expiration or termination of the Lease to the standard required by Law prevailing at the date thereof.

(2) Tenant's access to Leased Premises

(a) The Landlord grants to the Tenant and its contractors a licence to enter and occupy the Leased Premises for all purposes connected with the remediation of the Leased Premises by the Tenant for a period of up to 6 months commencing on the date of expiration or termination of the Lease.

(b) The Tenant at its sole cost must promptly make good any damage done to the Leased Premises by the Tenant or its contractor during the remediation of any Contamination.

(3) Licence fee and no trading by Tenant

(a) The Landlord agrees that during the period that the Tenant or its contractors occupy the Leased Premises pursuant to Item 9.10.2.2, the Tenant will pay a monthly licence fee equal to one-twelfth of the Rent payable immediately prior to the date of expiration or termination of the Lease and pay or reimburse the Landlord all reasonable and proper rates, taxes, levies and outgoings as referred to in this Lease.

(b) The Tenant agrees that it will not trade or operate any business at the Leased Premises during the period of remediation of the Leased Premises.



(c) Upon written notification by the Landlord or a relevant Authority to the Tenant that remediation of the Leased Premises referred to in Item 9.10.2.1 has been completed to the extent required by Item 9.10.2.5, the licence referred to in Item 9.10.2.2 will terminate. If the Tenant does not complete remediation of the Leased Premises within 6 months of the date of termination of the Lease, the Tenant must pay to the Landlord the costs of completing the remediation as determined by an Environmental Consultant or required by Law.

4) Delays in remediation of the Leased Premises

Where the Tenant's remediation of the Leased Premises to the condition referred to in Item 9.10.2.5 is not completed within 6 months of the date of expiration or termination of this Lease and the Landlord allows the Tenant to remain on the Leased Premises to complete the remediation, the parties shall negotiate in good faith a reasonable licence fee to be paid by the Tenant to the Landlord for the period commencing 6 months after the date of expiry or termination and ending at the completion of the remediation of the Leased Premises.

5) Landlord's decision on remediation to be final

The Tenant agrees that the manner and degree of remediation of the Leased Premises under this Item 9.10.2 shall be determinable by the Landlord based on the advice of an Environmental Consultant and that the Landlord's determination shall be final.

6) Obligations after remediation

After satisfactory completion of the remediation of the Leased Premises in accordance with this Item 9.10.2, the Landlord will provide to the Tenant a certificate (**Clearance Certificate**) prepared by an Environmental Consultant (at the cost of the Tenant) stating that any Contamination as at the date of termination of this Lease has been satisfactorily remediated in accordance with the requirements of this Item 9.10.2.

7) Landlord's costs

The Tenant must pay the Landlord's reasonable costs and expenses associated with monitoring the Tenant's compliance with its Contamination remediation obligations under this clause including all costs of the Environmental Consultant and such other consultants as the Landlord may reasonably engage.

8) Survival



This Item 9.10.2 shall survive termination or expiration of this Lease.

11. The Tenant acknowledges and accepts that the Tenant at its cost must obtain any necessary permit or consent and comply with all relevant legislation, rules and regulations as regards any function to be held at the Leased Premises. The Tenant must provide the Landlord with a copy of any permit or consent issued to the Tenant prior to function taking place.
12. The Tenant must give to the Landlord promptly and in any event within 1 month of issue the Tenant's Annual Report (incorporating the Tenant's financial statements) during the Term.
13. The Tenant acknowledges that no compensation is payable by the Landlord at any time during the Term or any further term for any damage caused to the Leased Premises or any part by erosion or flooding or any other environmental or climate related event.
14. The Tenant acknowledges and accepts that the radio mast forming part of the Leased Premises is to be used for the Tenant's communications to its members and for the purposes of accommodating wind speed and direction instrumentation and must not be used for any other purposes whatsoever.
15. For the purpose of:
 - (a) provision of access to the Leased Premises;
 - (b) the support of structures erected on the Land or adjoining land;
 - (c) public access; and
 - (d) any utility or service,the Landlord may dedicate, grant, transfer or otherwise enter into any arrangement in relation to the Land provided it does not prejudice the Tenant's rights under this lease. This lease will be deemed subject to any right granted by the Landlord under this Item 9.15.
16. The Tenant at its cost must at all times maintain and water all gardens, trees and landscaped areas on the Leased Premises existing at the Commencement Date or created at any later time during the Term.
17. Notwithstanding any provision contained in this Lease to the contrary, the Tenant acknowledges and accepts that it may not make any application for development or building approval relating to the Leased Premises without first obtaining the written consent of the Landlord which consent may be withheld in the absolute discretion of the Landlord.
18. Nothing in this Lease is to affect, restrict or fetter the Town of East Fremantle's powers, rights, discretions, obligations or functions as the local



11 MATTERS BEHIND CLOSED DOORS

12 CLOSURE OF MEETING