



# MINUTES

## **Audit Committee Minutes** Wednesday, 11 December 2024 6:00 PM

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# MINUTES

## 1 DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS

The Presiding Member declared the meeting open at 6.01pm

## 2 ACKNOWLEDGEMENT OF COUNTRY

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

## 3 RECORD OF ATTENDANCE

### 3.1 ATTENDANCE

The following members were in attendance:

Cr M Wilson	Presiding Chair
Mayor J O'Neill	
Cr A Natale	
Cr A White	
Mr J Chauvel	

The following staff were in attendance:

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

By Invitation:

Mr Aram Madnack	OAG Representative (To 6.42pm)
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### 3.2 APOLOGIES

Cr A McPhail.

## 4 MEMORANDUM OF OUTSTANDING BUSINESS

Nil

## 5 DISCLOSURES OF INTEREST

Nil

## 6 PUBLIC QUESTION TIME

Nil

## 7 PRESENTATIONS/DEPUTATIONS

Nil

## 8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

### 8.1 AUDIT COMMITTEE WEDNESDAY, 28 AUGUST 2024

#### **OFFICER RECOMMENDATION**

**Moved Cr White, seconded Mr Chauvel**

**That the minutes of the Audit Committee meeting held on Wednesday, 28 August 2024 be confirmed as a true and correct record of proceedings.**

#### **(CARRIED UNANIMOUSLY 5:0)**

**For: Mayor O'Neill, Mr Chauvel, Crs Wilson, Natale & White**

**Against: Nil**

## 9 ANNOUNCEMENTS BY THE PRESIDING MEMBER

The Presiding Chair on behalf of Council, thanked Mr Phil Garoni for his services to the Town and wished him and his family well for the future.

## 10 REPORTS

Reports start on the next page



## 10.1 2412 AUDITED FINANCIAL REPORT AND MEETING WITH THE AUDITORS

<b>Report Reference Number</b>	ACR-646
<b>Prepared by</b>	Phil Garoni, Finance Manager
<b>Supervised by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Meeting date</b>	Wednesday, 11 December 2024
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil

**Attachments**

1. Annual Financial Report (Audited) for the Year Ended 30 June 2024
2. Independent Auditor's Report 2024
3. Audit Exit Briefing for the Year Ended 30 June 2024 (Confidential Attachment)
4. Final Audit Findings for the Year Ended 30 June 2024 – Financial Audit (Confidential Attachment)
5. Final Audit Findings for the Year Ended 30 June 2024 – Information Systems Audit (Confidential Attachment)

**PURPOSE**

The purpose of this report is for the Audit Committee to receive the Audited Annual Financial Report for the year ended 30 June 2024 inclusive of the independent Auditor's Report and to consider the findings in the Management Letters.

The Audit Committee is requested to note that representatives from the Office of the Auditor General will be attending the December Meeting.

**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.

The Town has requested attendance by the Office of Auditor General to this meeting. This presents an opportunity for the Committee to meet with the Audit Team to discuss the Audit Plan and any matters relating to the external audit.

**BACKGROUND**

The 2023/24 audit timeline included field work from the 25 September to 18 October 2024. An exit meeting was held on the 22 November 2024. The Auditor's Opinion was subsequently issued on December 6, 2024.

Part 7 of the *Local Government Act 1995* deals with matters specific to the conduct of local government audit. Section 7.12A requires that a local government do the following amongst other things:

- Examine the audit report;
- Determine if any matters raised by the audit report, require action to be taken;
- Ensure that appropriate action is taken in respect of those matters;
- Prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters;

- Provide a copy of that report to the Minister within 3 months after the audit report is received by the local government; and
- Within 14 days after a local government gives a report to the Minister, the CEO must publish a copy of the report on the local government's official website.

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## CONSULTATION

Office of the Auditor General

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## STATUTORY ENVIRONMENT

Part 7 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* applies to audit in local government.

After the annual financial report has been audited, the CEO is to sign and append to the report a declaration. A copy of the annual financial report is then to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report.

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## 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.

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## FINANCIAL IMPLICATIONS

The Town accrued expenditure of \$65,000 (Ex GST) in audit fees for 2023/24, being the indicative audit fee previously advised. The 2018/19 Audit Fee, being the first year of audit under OAG, was \$40,184 ex GST.

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## STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

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## RISK IMPLICATIONS

### RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That the Town receives a qualified audit report	Possible (3)	Moderate (3)	Moderate (5-9)	Reputation/Compliance	Control through robust internal controls and staff development

## RISK MATRIX

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

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

## RISK RATING

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

## SITE INSPECTION

Not Applicable

## COMMENT

The Annual Financial Report of the Town of East Fremantle for the financial year ended 30 June 2024 is based on proper accounts and records to fairly present the financial position of the Town of East Fremantle at 30 June 2024 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.

Management Letters

Two management letters are presented under confidential cover. The findings of these are as follows:

Information Systems Audit

The following table identifies the index of findings from the Information Systems Audit and their respective risk ratings. The findings will be incorporated into the Audit Committee Status Report and reported to each meeting for monitoring.

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Application security management			✓		✓
2. Human resources security				✓	✓
3. Information security awareness training				✓	✓
4. Vendor management				✓	
5. Continuity management				✓	
6. Data loss prevention				✓	✓
7. Endpoint security				✓	✓
8. Classification of information				✓	
9. Independent review of network security				✓	

It needs to be noted that some of the above items will require significant resource effort. The Town has a limited ICT budget, and any expenditures related to the implementation of the above controls will require a budget allocation (ie. External penetration test).

#### Audited Annual Financial Report

The finding is of a minor nature, identified delay in the capitalisation of property, plant and equipment.

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#### CONCLUSION

The Audit Committee is requested to receive the Audited Annual Financial Report for the year ended 30 June 2024 and Management Letters.

Representatives from the Office of the Auditor General will be invited to meet with the Audit Committee and there will be an opportunity to discuss relevant matters.

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## 10.1 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

**Committee Resolution 011112**

**OFFICER RECOMMENDATION**

**Moved Cr Natale, seconded Cr White**

**That the Audit Committee:**

- 1. receives the Annual Financial Report for the Year Ended 30 June 2024, inclusive of the Independent Auditor's Report.**
- 2. notes that the audit findings detailed in the Management Letters will be incorporated into the consolidated status report for ongoing review.**

**(CARRIED UNANIMOUSLY 5:0)**

**For: Mayor O'Neill, Mr Chauvel, Crs Wilson, Natale & White**

**Against: Nil**

*Mr Madnack provided an overview of the exit brief including the following:*

- Capitalisation of significant assets*
- ToEF withdraw from Resource Recovery Group*
- IS Audit Findings and Maturity Model*

*Mr Madnack left the meeting at 6.42pm.*

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## REPORT ATTACHMENTS

Attachments start on the next page

**TOWN OF EAST FREMANTLE**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2024**

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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 2024**

*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 2024 and the financial position as at 30 June 2024.

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

Signed on the                      6th                      day of                      December                      2024



Chief Executive Officer

Jonathan Throssell

Name of Chief Executive Officer

**TOWN OF EAST FREMANTLE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual	2024 Budget	2023 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	2(a),25	9,125,016	9,093,382	8,677,877
Grants, subsidies and contributions	2(a)	1,130,919	1,020,058	1,283,167
Fees and charges	2(a)	1,491,520	1,544,565	1,523,133
Interest revenue	2(a)	633,888	189,440	608,758
Other revenue	2(a)	148,295	42,000	53,697
		12,529,638	11,889,445	12,146,632
<b>Expenses</b>				
Employee costs	2(b)	(4,971,652)	(4,969,094)	(4,804,595)
Materials and contracts		(4,589,312)	(4,020,296)	(4,096,164)
Utility charges		(283,870)	(257,950)	(236,291)
Depreciation		(1,945,236)	(2,166,530)	(1,817,749)
Finance costs	2(b)	(170,461)	(134,490)	(9,425)
Insurance		(229,133)	(273,223)	(220,712)
Other expenditure	2(b)	(824,410)	(789,700)	(798,659)
		(13,014,074)	(12,611,283)	(11,983,595)
		(484,436)	(721,838)	163,037
Capital grants, subsidies and contributions	2(a)	16,533,247	15,979,948	10,019,839
Gain on disposal of assets held for sale		0	0	407,382
Profit on asset disposals		61,265	85,200	41,577
Loss on asset disposals		0	0	(4,797,942)
Loss on disposal of investment in associate		(522,047)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	4	1,681	0	3,686
Share of net profit of associates accounted for using the equity method	22(c)	11,562	0	(779,549)
		16,085,708	16,065,148	4,894,993
<b>Net result for the period</b>		<b>15,601,272</b>	<b>15,343,310</b>	<b>5,058,030</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	0	9,483,113
<b>Total other comprehensive income for the period</b>	16	<b>0</b>	<b>0</b>	<b>9,483,113</b>
<b>Total comprehensive income for the period</b>		<b>15,601,272</b>	<b>15,343,310</b>	<b>14,541,143</b>

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





**TOWN OF EAST FREMANTLE  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2024**

	NOTE	2024 Actual \$	2023 Actual \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,568,217	14,631,561
Trade and other receivables	5	948,112	741,694
Other financial assets	4(a)	2,710,049	0
Other assets	6	231,260	167,731
<b>TOTAL CURRENT ASSETS</b>		<b>6,457,638</b>	<b>15,540,986</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	98,356	96,650
Other financial assets	4	83,171	81,490
Investment in associate	22(a)	0	871,324
Property, plant and equipment	7	56,664,409	41,422,143
Infrastructure	8	51,243,518	45,730,099
Right-of-use assets	10(a)	142,490	208,607
<b>TOTAL NON-CURRENT ASSETS</b>		<b>108,231,944</b>	<b>88,410,313</b>
<b>TOTAL ASSETS</b>		<b>114,689,582</b>	<b>103,951,299</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,677,237	4,750,979
Other liabilities	12	340,342	6,642,115
Lease liabilities	10(b)	45,114	44,114
Borrowings	13	150,564	5,068
Employee related provisions	14	806,705	757,227
Other provisions	15	80,000	268,434
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,099,962</b>	<b>12,467,937</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	10(b)	152,623	198,300
Borrowings	13	4,576,802	94,112
Employee related provisions	14	193,595	125,624
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,923,020</b>	<b>418,036</b>
<b>TOTAL LIABILITIES</b>		<b>8,022,982</b>	<b>12,885,973</b>
<b>NET ASSETS</b>		<b>106,666,600</b>	<b>91,065,326</b>
<b>EQUITY</b>			
Retained surplus		54,124,260	38,114,935
Reserve accounts	28	2,710,049	2,638,933
Revaluation surplus	16	49,832,291	50,311,458
<b>TOTAL EQUITY</b>		<b>106,666,600</b>	<b>91,065,326</b>

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 2024**

	NOTE	RETAINED SURPLUS Actual \$	RESERVE ACCOUNTS Actual \$	REVALUATION SURPLUS Actual \$	TOTAL EQUITY Actual \$
<b>Balance as at 1 July 2022</b>		<b>33,211,629</b>	<b>2,484,209</b>	<b>40,828,345</b>	<b>76,524,183</b>
Comprehensive income for the period					
Net result for the period		5,058,030	0	0	5,058,030
Other comprehensive income for the period	16	0	0	9,483,113	9,483,113
Total comprehensive income for the period		5,058,030	0	9,483,113	14,541,143
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
<b>Balance as at 30 June 2023</b>		<b>38,114,935</b>	<b>2,638,933</b>	<b>50,311,458</b>	<b>91,065,326</b>
Comprehensive income for the period					
Net result for the period		15,601,272	0	0	15,601,272
Total comprehensive income for the period		15,601,272	0	0	15,601,272
Divestment of Investment in Associate		479,167	0	(479,167)	0
Transfers from reserve accounts	28	1,468,825	(1,468,825)	0	0
Transfers to reserve accounts	28	(1,539,941)	1,539,941	0	0
<b>Balance as at 30 June 2024</b>		<b>54,124,260</b>	<b>2,710,049</b>	<b>49,832,291</b>	<b>106,666,600</b>

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 2024**

	NOTE	2024 Actual \$	2023 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates		9,123,976	8,645,505
Grants, subsidies and contributions		1,048,366	1,085,873
Fees and charges		2,621,496	3,289,098
Interest revenue		633,888	608,758
Goods and services tax received		3,144,482	1,428,050
Other revenue		148,295	53,697
		16,720,503	15,110,981
<b>Payments</b>			
Employee costs		(4,847,547)	(4,702,224)
Materials and contracts		(10,579,965)	(3,187,505)
Utility charges		(283,870)	(236,291)
Finance costs		(132,678)	(9,425)
Insurance paid		(229,133)	(220,712)
Goods and services tax paid		(1,124,537)	(1,671,020)
Other expenditure		(746,203)	(784,962)
		(17,943,933)	(10,812,139)
<b>Net cash provided by (used in) operating activities</b>		(1,223,430)	4,298,842
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	7(a)	(16,372,623)	(12,353,340)
Payments for construction of infrastructure	8(a)	(6,286,571)	(1,070,224)
Capital grants, subsidies and contributions		9,765,956	14,927,453
Proceeds for financial assets at amortised cost		(2,710,049)	0
Proceeds from assets held for sale		0	1,850,000
Proceeds from sale of property, plant & equipment		82,050	49,040
<b>Net cash provided by (used in) investing activities</b>		(15,521,237)	3,402,929
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	27(a)	(77,610)	(97,259)
Payments for principal portion of lease liabilities	27(c)	(41,067)	(40,616)
Proceeds from new borrowings	27(a)	4,800,000	0
<b>Net cash provided by (used in) financing activities</b>		4,681,323	(137,875)
<b>Net increase (decrease) in cash held</b>		(12,063,344)	7,563,896
Cash at beginning of year		14,631,561	7,067,665
<b>Cash and cash equivalents at the end of the year</b>	3	2,568,217	14,631,561

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 2024**

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
General rates	25	9,125,016	9,093,382	8,677,877
Grants, subsidies and contributions		1,130,919	1,020,058	1,283,167
Fees and charges		1,491,520	1,544,565	1,523,133
Interest revenue		633,888	189,440	608,758
Other revenue		148,295	42,000	53,697
Profit on asset disposals		61,265	85,200	41,577
Fair value adjustments to financial assets at fair value through profit or loss	4	1,681	0	3,686
Share of net profit of associates accounted for using the equity method	22(c)	11,562	0	(779,549)
		12,604,146	11,974,645	11,412,346
<b>Expenditure from operating activities</b>				
Employee costs		(4,971,652)	(4,969,094)	(4,804,595)
Materials and contracts		(4,589,312)	(4,020,296)	(4,096,164)
Utility charges		(283,870)	(257,950)	(236,291)
Depreciation		(1,945,236)	(2,166,530)	(1,817,749)
Finance costs		(170,461)	(134,490)	(9,425)
Insurance		(229,133)	(273,223)	(220,712)
Other expenditure		(824,410)	(789,700)	(798,659)
Loss on asset disposals		0	0	(4,797,942)
Loss on disposal of investment in associate		(522,047)	0	0
		(13,536,121)	(12,611,283)	(16,781,537)
Non-cash amounts excluded from operating activities	26(a)	2,457,238	2,081,330	7,405,386
<b>Amount attributable to operating activities</b>		1,525,263	1,444,692	2,036,195
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		16,533,247	15,979,948	10,019,839
Proceeds from disposal of assets		82,050	171,814	49,040
Proceeds from assets held for sale		0	0	1,850,000
		16,615,297	16,151,762	11,918,879
<b>Outflows from investing activities</b>				
Payments for investments in associates	22(b)	268,434	0	(268,434)
Purchase of property, plant and equipment	7(a)	(16,372,623)	(21,752,516)	(12,353,340)
Purchase and construction of infrastructure	8(a)	(6,286,571)	(672,000)	(1,070,224)
		(22,390,760)	(22,424,516)	(13,691,998)
Non-cash amounts excluded from investing activities	26(b)	(268,434)	0	268,434
<b>Amount attributable to investing activities</b>		(6,043,897)	(6,272,754)	(1,504,685)
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from borrowings	27(a)	4,800,000	4,800,000	0
Transfers from reserve accounts	28	1,468,825	884,005	3,059,287
		6,268,825	5,684,005	3,059,287
<b>Outflows from financing activities</b>				
Repayment of borrowings	27(a)	(77,610)	(72,634)	(97,259)
Payments for principal portion of lease liabilities	27(c)	(41,067)	(49,807)	(40,616)
Transfers to reserve accounts	28	(1,539,941)	(1,112,010)	(3,214,011)
		(1,658,618)	(1,234,451)	(3,351,886)
<b>Amount attributable to financing activities</b>		4,610,207	4,449,554	(292,599)
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	26(c)	751,732	378,508	512,821
Amount attributable to operating activities		1,525,263	1,444,692	2,036,195
Amount attributable to investing activities		(6,043,897)	(6,272,754)	(1,504,685)
Amount attributable to financing activities		4,610,207	4,449,554	(292,599)
<b>Surplus or deficit after imposition of general rates</b>	26(c)	<b>843,305</b>	<b>0</b>	<b>751,732</b>

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

**TOWN OF EAST FREMANTLE  
FOR THE YEAR ENDED 30 JUNE 2024  
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## TOWN OF EAST FREMANTLE NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

### 1. BASIS OF PREPARATION

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

#### **Local Government Act 1995 requirements**

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

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

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

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

- \* land and buildings classified as property, plant and equipment; or
- \* infrastructure; or
- \* vested improvements that the local government controls;

and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Town to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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

#### **Critical accounting estimates and judgements**

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

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

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

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

- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - note 7
  - Infrastructure - note 8
  - Expected credit losses on financial assets - note 5
  - Impairment losses of non-financial assets - note 7 and 8
  - Measurement of employee benefits - note 14
  - Measurement of provisions - note 15

Fair value hierarchy information can be found in note 24.

#### **The local government reporting entity**

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

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

#### **Initial application of accounting standards**

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

- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

#### **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 2021-7c *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*

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

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

These amendments may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

- AASB 2023-1 *Amendments to Australian Accounting Standards - Supplier Finance Arrangements*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**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 2024**

**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 2024**

**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 2024**

Nature	Contracts with customers Actual	Capital grant/contributions Actual	Statutory Requirements Actual	Other Actual	Total Actual
	\$	\$	\$	\$	\$
Rates	0	0	9,125,016	0	9,125,016
Grants, subsidies and contributions	1,130,919	0	0	0	1,130,919
Fees and charges	894,245	0	597,275	0	1,491,520
Interest revenue	0	0	66,775	567,113	633,888
Other revenue	148,295	0	0	0	148,295
Capital grants, subsidies and contributions	0	16,533,247	0	0	16,533,247
<b>Total</b>	<b>2,173,459</b>	<b>16,533,247</b>	<b>9,789,066</b>	<b>567,113</b>	<b>29,062,885</b>

**For the year ended 30 June 2023**

Nature	Contracts with customers Actual	Capital grant/contributions Actual	Statutory Requirements Actual	Other Actual	Total Actual
	\$	\$	\$	\$	\$
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	821,427	0	701,706	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	10,019,839	0	0	10,019,839
<b>Total</b>	<b>2,158,291</b>	<b>10,019,839</b>	<b>9,432,881</b>	<b>555,460</b>	<b>22,166,471</b>

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**2. REVENUE AND EXPENSES**

<b>(a) Revenue (Continued)</b>		<b>2024</b>	<b>2023</b>
	<b>Note</b>	<b>Actual</b>	<b>Actual</b>
		<b>\$</b>	<b>\$</b>
<b>Interest revenue</b>			
Interest on reserve account funds		530,932	491,101
Trade and other receivables overdue interest		71,458	63,299
Other interest revenue		31,499	64,358
		<b>633,888</b>	<b>608,758</b>
The 2024 original budget estimate in relation to: Trade and other receivables overdue interest was \$22,000.			
<b>Fees and charges relating to rates receivable</b>			
Charges on instalment plans		38,906	36,020
The 2024 original budget estimate in relation to: Charges on instalment plans was \$40,091.			
<b>(b) Expenses</b>			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report		65,000	53,750
- Other services – grant acquittals		5,950	5,900
		<b>70,950</b>	<b>59,650</b>
<b>Employee Costs</b>			
Employee benefit costs		4,971,652	4,804,595
		<b>4,971,652</b>	<b>4,804,595</b>
<b>Finance costs</b>			
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss		163,722	2,621
Lease liabilities		6,739	6,804
		<b>170,461</b>	<b>9,425</b>
<b>Other expenditure</b>			
Sundry expenses		824,410	798,659
		<b>824,410</b>	<b>798,659</b>

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**3. CASH AND CASH EQUIVALENTS**

Note	2024 Actual \$	2023 Actual \$
Cash at bank and on hand	2,568,217	10,185,860
Term deposits	0	4,445,701
<b>Total cash and cash equivalents</b>	<b>2,568,217</b>	<b>14,631,561</b>
Held as		
- Unrestricted cash and cash equivalents	2,230,017	5,354,584
- Restricted cash and cash equivalents	338,200	9,276,977
17	<b>2,568,217</b>	<b>14,631,561</b>

**MATERIAL ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

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

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

**Restricted financial assets**

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

**4. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

**Other financial assets at amortised cost**

Term deposits

Held as

- Restricted other financial assets at amortised cost

**Non-current assets**

Financial assets at fair value through profit or loss

**Financial assets at fair value through profit or loss**

Units in Local Government House Trust - opening balance

Movement attributable to fair value increment

Units in Local Government House Trust - closing balance

2024 Actual \$	2023 Actual \$
2,710,049	0
2,710,049	0
2,710,049	0
2,710,049	0
2,710,049	0
83,171	81,490
<b>83,171</b>	<b>81,490</b>
81,490	77,804
1,681	3,686
<b>83,171</b>	<b>81,490</b>

**MATERIAL ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

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

**Financial assets at fair value through profit or loss**

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

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

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**5. TRADE AND OTHER RECEIVABLES**

	<b>Note</b>	<b>2024 Actual \$</b>	<b>2023 Actual \$</b>
<b>Current</b>			
Rates and statutory receivables		70,387	68,034
Trade receivables		702,180	67,456
Other receivables		33,672	129,147
GST receivable		180,767	512,041
Allowance for credit losses of rates and statutory receivables		(46,439)	(43,638)
Loan receivables - East Fremantle Lawn Tennis Club (EFLTC)		3,000	3,000
Other receivables - East Fremantle Junior Cricket Club & East Fremantle Junior Football Club (EFJCC & EFJFC)		4,545	5,654
		<b>948,112</b>	<b>741,694</b>
<b>Non-current</b>			
Rates and statutory receivables		85,633	76,382
Loan receivables - East Fremantle Lawn Tennis Club (EFLTC)		9,000	12,000
Other receivables - East Fremantle Junior Cricket Club & East Fremantle Junior Football Club (EFJCC & EFJFC)		3,723	8,268
		<b>98,356</b>	<b>96,650</b>

**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:

	<b>Note</b>	<b>30 June 2024 Actual \$</b>	<b>30 June 2023 Actual \$</b>	<b>1 July 2022 Actual \$</b>
Contract assets	6	0	6,829	0
<b>Total trade and other receivables from contracts with customers</b>		<b>0</b>	<b>6,829</b>	<b>0</b>

**MATERIAL ACCOUNTING POLICIES**

**Rates and statutory receivables**

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

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

**Trade receivables**

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

**Other receivables**

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

**Measurement**

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

**Classification and subsequent measurement**

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

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

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

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**6. OTHER ASSETS**

	<b>2024 Actual</b>	<b>2023 Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Other assets - current</b>		
Prepayments	118,879	55,155
Accrued income	112,381	105,747
Contract assets	0	6,829
	<b>231,260</b>	<b>167,731</b>

**MATERIAL ACCOUNTING POLICIES**

**Other current assets**

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

**Contract assets**

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

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

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**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 3	Buildings - specialised level 3	Total land and buildings	Furniture and equipment	Plant and equipment	Buildings - work in progress	Total property, plant and equipment
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
<b>Balance at 1 July 2022</b>	\$ 4,199,000	\$ 509,195	\$ 25,174,621	\$ 29,882,816	\$ 226,710	\$ 740,344	\$ 1,005,176	\$ 31,855,046
Additions	0	9,291	58,733	68,024	24,413	70,980	12,189,923	12,353,340
Disposals	0	0	(4,793,736)	(4,793,736)	(4,206)	(7,463)	0	(4,805,405)
Revaluation increments / (decrements) transferred to revaluation surplus	125,000	220,426	2,816,351	3,161,777	0	0	0	3,161,777
Depreciation	0	(47,472)	(884,869)	(932,341)	(80,607)	(129,667)	0	(1,142,615)
Transfers	0	0	0	0	0	58,410	(58,410)	0
<b>Balance at 30 June 2023</b>	<b>4,324,000</b>	<b>691,440</b>	<b>22,371,100</b>	<b>27,386,540</b>	<b>166,310</b>	<b>732,604</b>	<b>13,136,689</b>	<b>41,422,143</b>
<b>Comprises:</b>								
Gross balance amount at 30 June 2023	4,324,000	2,243,000	40,797,900	47,364,900	359,020	1,460,139	13,136,689	62,320,748
Accumulated depreciation at 30 June 2023	0	(1,551,560)	(18,426,800)	(19,978,360)	(192,710)	(727,535)	0	(20,898,605)
<b>Balance at 30 June 2023</b>	<b>4,324,000</b>	<b>691,440</b>	<b>22,371,100</b>	<b>27,386,540</b>	<b>166,310</b>	<b>732,604</b>	<b>13,136,689</b>	<b>41,422,143</b>
Additions	0	0	15,567,493	15,567,493	304,877	181,275	318,978	16,372,623
Disposals	0	0	0	0	0	(20,783)	0	(20,783)
Depreciation	0	(47,377)	(862,586)	(909,963)	(59,219)	(140,392)	0	(1,109,574)
Transfers	0	0	13,014,287	13,014,287	0	0	(13,014,287)	0
<b>Balance at 30 June 2024</b>	<b>4,324,000</b>	<b>644,063</b>	<b>50,090,294</b>	<b>55,058,357</b>	<b>411,968</b>	<b>752,704</b>	<b>441,380</b>	<b>56,664,409</b>
<b>Comprises:</b>								
Gross balance amount at 30 June 2024	4,324,000	2,243,000	69,379,679	75,946,679	657,469	1,532,539	441,380	78,578,067
Accumulated depreciation at 30 June 2024	0	(1,598,937)	(19,289,385)	(20,888,322)	(245,501)	(779,835)	0	(21,913,658)
<b>Balance at 30 June 2024</b>	<b>4,324,000</b>	<b>644,063</b>	<b>50,090,294</b>	<b>55,058,357</b>	<b>411,968</b>	<b>752,704</b>	<b>441,380</b>	<b>56,664,409</b>

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

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

TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024

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.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost

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

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



**TOWN OF EAST FREMANTLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**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 Actual	Infrastructure - Drainage Actual	Infrastructure - Parks and Ovals Actual	Infrastructure - Footpaths and Cycleways Actual	Infrastructure - Car Parks Actual	Infrastructure - Bus Shelters Actual	Other Infrastructure - Work In Progress Actual	Total Infrastructure Actual
<b>Balance at 1 July 2022</b>	\$ 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	3,664,481	693,398	653,383	901,144	373,595	35,335	0	6,321,336
Depreciation	(315,747)	(55,735)	(119,118)	(89,475)	(28,830)	(8,299)	0	(617,204)
<b>Balance at 30 June 2023</b>	<b>26,029,409</b>	<b>5,095,050</b>	<b>4,930,362</b>	<b>6,731,307</b>	<b>2,646,646</b>	<b>238,284</b>	<b>59,041</b>	<b>45,730,099</b>
<b>Comprises:</b>								
Gross balance at 30 June 2023	26,671,948	5,206,394	5,284,632	6,910,696	2,704,597	255,197	59,041	47,092,495
Accumulated depreciation at 30 June 2023	(642,539)	(111,334)	(354,270)	(179,389)	(57,951)	(16,913)	0	(1,362,396)
<b>Balance at 30 June 2023</b>	<b>26,029,409</b>	<b>5,095,050</b>	<b>4,930,362</b>	<b>6,731,307</b>	<b>2,646,646</b>	<b>238,284</b>	<b>59,041</b>	<b>45,730,099</b>
Additions	87,380	17,562	5,762,002	397,013	22,160	0	454	6,286,571
(Disposals)	0	0	0	0	0	0	0	0
Depreciation	(377,397)	(65,444)	(174,994)	(112,080)	(33,591)	(9,646)	0	(773,152)
Transfers	0	0	59,041	0	0	0	(59,041)	0
<b>Balance at 30 June 2024</b>	<b>25,739,392</b>	<b>5,047,168</b>	<b>10,576,411</b>	<b>7,016,240</b>	<b>2,635,215</b>	<b>228,638</b>	<b>454</b>	<b>51,243,518</b>
<b>Comprises:</b>								
Gross balance at 30 June 2024	26,759,328	5,223,946	11,105,676	7,307,711	2,726,758	255,197	454	53,379,070
Accumulated depreciation at 30 June 2024	(1,019,936)	(176,778)	(529,265)	(291,471)	(91,543)	(26,559)	0	(2,135,552)
<b>Balance at 30 June 2024</b>	<b>25,739,392</b>	<b>5,047,168</b>	<b>10,576,411</b>	<b>7,016,240</b>	<b>2,635,215</b>	<b>228,638</b>	<b>454</b>	<b>51,243,518</b>

TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

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

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

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

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**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:

<b>Asset Class</b>	<b>Useful life</b>
Land	Not depreciated
Buildings	20 to 75 years
Furniture and equipment	3 to 19 years
Plant and equipment	2 to 20 years
Plant and equipment - Motor Vehicles - Light Fleet	2 to 10 years
Plant and equipment - Motor Vehicles - Heavy Fleet	5 to 10 years
Sealed roads, streets and carpark formation (subgrade)	Not depreciated
Sealed pavement (roads/carparks)	85 to 100 years
Surface (roads/carparks)	30 to 40 years
Surface water channels (roads/carparks)	55 to 60 years
Footpaths	40 to 80 years
Bus Shelter	25 to 30 years
Drainage - Pit	80 years
Drainage - Pipe	80 years
Right-of-use (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	18 to 25 years
Parks and Ovals - bin	15 to 20 years
Parks and Ovals - lighting	20 years
Parks and Ovals - playground point	15 to 25 years
Parks and Ovals - playground lines	40 to 70 years
Parks and Ovals - sign	15 to 40 years
Parks and Ovals - fence	25 to 70 years
Parks and Ovals - gate	15 to 40 years
Parks and Ovals - irrigation	30 to 35 years
Parks and Ovals - minor structure	20 to 25 years
Parks and Ovals - other improvements	20 to 25 years
Parks and Ovals - turf	Not depreciated

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**9. FIXED ASSETS (Continued)**

**MATERIAL ACCOUNTING POLICIES**

**Initial recognition**

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

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

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

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

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

**Measurement after recognition**

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

**Reportable Value**

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

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

**Revaluation**

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

**Revaluation (cont.)**

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

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

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

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

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

**Depreciation**

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

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

**Depreciation on revaluation**

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

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

**Impairment**

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

In other circumstances where it has been assessed that one or more these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Gains or losses on disposal**

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

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**10. LEASES**

**(a) Right-of-Use Assets**

		<b>Right-of-use assets - Land - Property, Plant and Equipment</b>	<b>Right-of-use assets Total</b>
Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	<b>Note</b>	<b>Actual</b>	<b>Actual</b>
		<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2022</b>		238,311	<b>238,311</b>
Adjustment		28,226	<b>28,226</b>
Depreciation		(57,930)	<b>(57,930)</b>
<b>Balance at 30 June 2023</b>		<b>208,607</b>	<b>208,607</b>
Adjustment		(3,610)	<b>(3,610)</b>
Depreciation		(62,507)	<b>(62,507)</b>
<b>Balance at 30 June 2024</b>		<b>142,490</b>	<b>142,490</b>

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

		<b>2024 Actual</b>	<b>2023 Actual</b>
		<b>\$</b>	<b>\$</b>
Depreciation on right-of-use assets		(62,507)	(57,930)
Finance charge on lease liabilities	27(c)	(6,739)	(6,804)
<b>Total amount recognised in the statement of comprehensive income</b>		<b>(69,246)</b>	<b>(64,734)</b>
Total cash outflow from leases		(47,806)	(47,420)
<b>(b) Lease Liabilities</b>			
Current		45,114	44,114
Non-current		152,623	198,300
	27(c)	<b>197,737</b>	<b>242,414</b>

**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 2024**

**10. LEASES (Continued)**

**MATERIAL ACCOUNTING POLICIES**

**Leases**

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

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

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

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

**Right-of-use assets - measurement**

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

Refer to Note 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  
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**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

<b>2024 Actual</b>	<b>2023 Actual</b>
<b>\$</b>	<b>\$</b>
307,139	264,028
192,242	159,037
177,362	159,037
159,016	157,600
138,486	152,818
830,147	894,944
<b>1,804,392</b>	<b>1,787,464</b>

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

Rental income

<b>436,971</b>	<b>411,430</b>
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The Town leases buildings and other community facilities to commercial organisations, members of the public and to community groups under lease agreement.

These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease payments for some agreements include CPI increases, but there are no other variable lease payments that depend on an index or rate.

**MATERIAL ACCOUNTING POLICIES**

**The Town as Lessor**

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

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

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

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

**TOWN OF EAST FREMANTLE  
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FOR THE YEAR ENDED 30 JUNE 2024**

**11. TRADE AND OTHER PAYABLES**

**Current**

	<b>2024 Actual \$</b>	<b>2023 Actual \$</b>
Sundry creditors	725,208	3,996,414
Prepaid rates	77,748	67,184
Accrued payroll liabilities	58,973	52,317
ATO liabilities	155,814	149,869
Bonds and deposits held	621,711	485,195
Accrued interest on borrowings	37,783	0
	<b>1,677,237</b>	<b>4,750,979</b>

**MATERIAL ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**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  
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**12. OTHER LIABILITIES**

	<b>2024</b>	<b>2023</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Contract liabilities	0	82,553
Capital grant/contributions liabilities	338,200	6,555,491
Income in advance	2,142	4,071
	<b>340,342</b>	<b>6,642,115</b>
<b>Reconciliation of changes in contract liabilities</b>		
Opening balance	82,553	146,910
Additions	0	82,553
Revenue from contracts with customers included as a contract liability at the start of the period	(82,553)	(146,910)
	<b>0</b>	<b>82,553</b>
<b>Reconciliation of changes in capital grant/contribution liabilities</b>		
Opening balance	6,555,491	1,654,706
Additions	338,200	6,555,491
Revenue from capital grant/contributions held as a liability at the start of the period	(6,555,491)	(1,654,706)
	<b>338,200</b>	<b>6,555,491</b>
<b>Expected satisfaction of capital grant/contribution liabilities</b>		
Less than 1 year	338,200	6,555,491
	<b>338,200</b>	<b>6,555,491</b>

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

**MATERIAL ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

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  
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FOR THE YEAR ENDED 30 JUNE 2024**

**13. BORROWINGS**

	Note	2024			2023		
		Current Actual	Non-current Actual	Total Actual	Current Actual	Non-current Actual	Total Actual
<b>Secured</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Debentures		150,564	4,576,802	4,727,366	5,068	94,112	99,180
<b>Total secured borrowings</b>	27(a)	<b>150,564</b>	<b>4,576,802</b>	<b>4,727,366</b>	<b>5,068</b>	<b>94,112</b>	<b>99,180</b>

**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 2024 and 2023 years.

**MATERIAL ACCOUNTING POLICIES**

**Borrowing costs**

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

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

**Risk**

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

**TOWN OF EAST FREMANTLE  
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FOR THE YEAR ENDED 30 JUNE 2024**

**14. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	<b>2024 Actual</b>	<b>2023 Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual leave	482,336	430,041
Long service leave	284,572	281,751
Provision for rostered days off	34,279	37,522
Provision for time in lieu	5,518	7,913
<b>Total current employee related provisions</b>	<b>806,705</b>	<b>757,227</b>
<b>Non-current provisions</b>		
<b>Employee benefit provisions</b>		
Long service leave	193,595	125,624
<b>Total non-current employee related provisions</b>	<b>193,595</b>	<b>125,624</b>
<b>Total employee related provisions</b>	<b>1,000,300</b>	<b>882,851</b>

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

**MATERIAL ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**15. OTHER PROVISIONS**

	Equity Contribution - Investment in Associate	Settlement Agreement - Investment in Associate	Total
	\$	\$	\$
Opening balance at 1 July 2022	0	0	0
Additional provision	268,434	0	268,434
Balance at 30 June 2023	268,434	0	268,434
Opening balance at 1 July 2023	268,434	0	268,434
Additional provision	0	80,000	80,000
Unused amounts reversed	(268,434)	0	(268,434)
Balance at 30 June 2024	0	80,000	80,000
<b>Comprises</b>			
Current	0	80,000	80,000
	0	80,000	80,000

**MATERIAL ACCOUNTING POLICIES**

**Provisions**

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

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

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**16. REVALUATION SURPLUS**

	2024 Opening Balance Actual	2024 Reclassification Adjustment	Total Movement on Revaluation Actual	2024 Closing Balance Actual	2023 Opening Balance Actual	Total Movement on Revaluation Actual	2023 Closing Balance Actual
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	5,234,000		0	5,234,000	5,109,000	125,000	5,234,000
Revaluation surplus - Buildings - non-specialised level 2	17,223		0	17,223	17,223	0	17,223
Revaluation surplus - Buildings - non-specialised level 3	805,806		0	805,806	585,380	220,426	805,806
Revaluation surplus - Buildings - specialised level 3	13,974,761		0	13,974,761	11,158,410	2,816,351	13,974,761
Revaluation surplus - Plant and equipment	469,638		0	469,638	469,638	0	469,638
Revaluation surplus - Infrastructure - Roads	18,869,905		0	18,869,905	15,205,424	3,664,481	18,869,905
Revaluation surplus - Infrastructure - Drainage	4,034,587	(418,340)	0	3,616,247	3,341,189	275,058	3,616,247 *
Revaluation surplus - Infrastructure - Parks and Ovals	2,452,427		0	2,452,427	1,799,044	653,383	2,452,427
Revaluation surplus - Infrastructure - Footpaths and Cycleways	3,232,157		0	3,232,157	2,331,013	901,144	3,232,157
Revaluation surplus - Infrastructure - Car Parks	590,002	418,340	0	1,008,342	216,407	791,935	1,008,342 *
Revaluation surplus - Infrastructure - Bus Shelters	151,785		0	151,785	116,450	35,335	151,785
	49,832,291	0	0	49,832,291	40,349,178	9,483,113	49,832,291
Revaluation surplus - Share from investments in associates	479,167		(479,167)	0	479,167	0	479,167
	50,311,458	0	(479,167)	49,832,291	40,828,345	9,483,113	50,311,458

\* 2023 balance adjusted due to reclassification

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**17. RESTRICTIONS OVER FINANCIAL ASSETS**

	<b>Note</b>	<b>2024 Actual</b>	<b>2023 Actual</b>
		<b>\$</b>	<b>\$</b>
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	338,200	9,276,977
- Financial assets at amortised cost	4	2,710,049	0
		<b>3,048,249</b>	<b>9,276,977</b>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	2,710,049	2,638,933
Contract liabilities	12	0	82,553
Capital grant liabilities	12	338,200	6,555,491
<b>Total restricted financial assets</b>		<b>3,048,249</b>	<b>9,276,977</b>

**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	(50)	(4,178)
<b>Total amount of credit unused</b>	<b>1,019,950</b>	<b>1,015,822</b>
<b>Loan facilities</b>		
Loan facilities - current	150,564	5,068
Loan facilities - non-current	4,576,802	94,112
<b>Total facilities in use at balance date</b>	<b>4,727,366</b>	<b>99,180</b>
<b>Unused loan facilities at balance date</b>	<b>0</b>	<b>0</b>

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**19. CONTINGENT LIABILITIES**

Bank Guarantee

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

**20. CAPITAL COMMITMENTS**

	<b>2024 Actual</b>	<b>2023 Actual</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- contract liabilities for capital works	743,829	24,638,083
- plant & equipment purchases	107,676	0
	<b>851,505</b>	<b>24,638,083</b>
Payable:		
- not later than one year	851,505	24,638,083

The capital expenditure projects outstanding at the end of the current reporting period represent:

- Fremantle Women's Soccer Club	727,006
- Other Capital Projects	16,823
- plant & equipment purchases	107,676
	<b>851,505</b>

The prior year related to:

- East Fremantle Oval Redevelopment Project	24,564,879
- Fremantle Women's Soccer Club	73,204
	<b>24,638,083</b>

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**21. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

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

Note	2024 Actual	2024 Budget	2023 Actual
	\$	\$	\$
Mayor's annual allowance	38,450	38,450	28,560
Mayor's meeting attendance fees	26,370	26,370	25,500
Mayor's ICT expenses	3,500	3,500	3,500
	<b>68,320</b>	<b>68,320</b>	<b>57,560</b>
Deputy Mayor's annual allowance	9,612	9,612	7,140
Deputy Mayor's meeting attendance fees	17,030	17,030	15,810
Deputy Mayor's ICT expenses	3,500	3,500	3,500
	<b>30,142</b>	<b>30,142</b>	<b>26,450</b>
All other council member's meeting attendance fees	113,945	119,210	108,035
All other council member's ICT expenses	23,418	24,500	23,917
	<b>137,363</b>	<b>143,710</b>	<b>131,952</b>
21(b)	<b>235,825</b>	<b>242,172</b>	<b>215,962</b>

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

Note	2024 Actual	2024 Budget	2023 Actual
	\$	\$	\$
Mayor's annual allowance	38,450	38,450	28,560
Deputy Mayor's annual allowance	9,612	9,612	7,140
Meeting attendance fees	157,345	162,610	149,345
Annual allowance for ICT expenses	30,418	31,500	30,917
21(b)	<b>235,825</b>	<b>242,172</b>	<b>215,962</b>

**(b) Key Management Personnel (KMP) Compensation**

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

Note	2024 Actual	2023 Actual
	\$	\$
Short-term employee benefits	674,144	671,005
Post-employment benefits	82,707	86,491
Employee - other long-term benefits	75,490	72,275
Employee - termination benefits	0	43,228
Council member costs	235,825	215,962
21(a)	<b>1,068,166</b>	<b>1,088,961</b>

*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 2024**

**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:

	<b>2024 Actual</b>	<b>2023 Actual</b>
	<b>\$</b>	<b>\$</b>
Purchase of goods and services	539,686	581,339
Loan Repayments (including interest & guarantee fee)	9,582	99,675
Annual contribution towards operating expenditure	27,690	29,704
<b>Amounts payable to related parties:</b>		
Trade and other payables	45,597	51,117

**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.

During the financial year 2023/24, the Town of East Fremantle was a participant in the 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 Resource Recovery Group (RRG - formerly SMRC), consists of four local governments which are participants in the 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 2024**

**22. INVESTMENT IN ASSOCIATES**

**(a) Investment in associates**

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

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

**Note 2: The Town, in this year ended 30 June 2024, accounted for its withdrawal from the RRG at 30 June 2024. The following note 22, provides details of the investment in associate prior to the withdrawal.**

Name of entity	% of ownership interest		2024 Actual \$	2023 Actual \$
	2024	2023		
Resource Recovery Group (RRG) - Existing Undertakings Proportional Equity Share	5.38%	5.38%		
Resource Recovery Group (RRG) - Office Accommodation Project Proportional Equity Share	5.43%	5.44%		
Resource Recovery Group (RRG) - RRRC Project Proportional Equity Share	5.37%	5.37%		
Resource Recovery Group (RRG) - Consolidated			614,451	871,324
<b>Total equity-accounted investments prior to accounting for the Town's withdrawal</b>			<b>614,451</b>	<b>871,324</b>
Withdrawal from Resource Recovery Group as at 30 June 2024	0.00%		(614,451)	0
<b>Total equity-accounted investments at 30 June 2024</b>		Note 23	<b>0</b>	<b>0</b>

Reference note 23 as the Town has no entitlement to a share of equity due to post negotiations with the RRG.

**(b) Share of investment in RRG**

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

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

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

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

Member local governments may participate in regional projects that are governed by a Participants Project Agreement. There are two core projects, being:

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

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

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

**(i) 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 2024 prior to accounting for its withdrawal was:

**RRG Existing Undertakings Proportional Equity Share** **5.38%**

**(ii) 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 2024 prior to accounting for its withdrawal was:

**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 was fully repaid on 30 June 2023.

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**22. INVESTMENT IN ASSOCIATES (Continued)**

**(b) Share of investment in RRG (Continued)**

**(iii) Office Accommodation Project**

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

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

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

**Office Accommodation Project Proportional Equity Share**

**5.43%**

**Office Accommodation - Lending facility**

As a RRG participant, the Town guaranteed by way of security to the Western Australian Treasury Corporation, a charge over its' general funds for its' share of any outstanding debenture borrowings provided for the RRG administration building at 9 Aldous Place Booragoon. This facility has a limit of \$2 million.

As at 30 June 2024, prior to the Town's withdrawal, the balance outstanding against the lending facility stood at: **\$1,708,024**

with the Town's share of this liability being: **\$92,404**

using the current cost/profit sharing percentage of: **5.41%**

Reference note 23 as loan has been de-recognised as at 30 June 2024 because the Town has no obligation regarding the liability.

**Summarised statement of comprehensive income**

Note	2024 Actual	2023 Audited*	2023 Unaudited**
	\$	\$	\$
Revenue	19,965,277	15,752,088	16,513,136
Interest revenue	341,382	238,952	238,952
Finance charge	(293,991)	(414,999)	(414,999)
Depreciation	(3,693,580)	(4,740,547)	(4,740,647)
Profit/(loss) from continuing operations	(2,485,583)	(9,105,243)	(9,519,311)
Profit/(loss) for the period	(2,485,583)	(9,105,243)	(9,519,311)
Other comprehensive income - Impairment of RRRC WCF assets	0	(6,963,290)	(6,963,290)
Total comprehensive income for the period	<b>(2,485,583)</b>	<b>(16,068,533)</b>	<b>(16,482,601)</b>

**Summarised statement of financial position**

Cash and cash equivalents	3,705,332	4,756,898	4,756,898
Other current assets	9,731,408	9,326,355	9,326,355
Total current assets	<b>13,436,740</b>	<b>14,083,253</b>	<b>14,083,253</b>
Non-current assets	16,532,226	19,505,812	19,091,744
Total assets	<b>29,968,966</b>	<b>33,589,065</b>	<b>33,174,997</b>
Current financial liabilities	95,824	91,976	91,976
Other current liabilities	6,823,005	7,236,483	4,284,468
Total current liabilities	<b>6,918,829</b>	<b>7,328,459</b>	<b>4,376,444</b>
Non-current financial liabilities	1,612,200	1,708,024	1,708,024
Other non-current liabilities	10,020,977	10,650,038	10,650,038
Total non-current liabilities	<b>11,633,177</b>	<b>12,358,062</b>	<b>12,358,062</b>
Total liabilities	<b>18,552,006</b>	<b>19,686,521</b>	<b>16,734,506</b>
<b>Net assets</b>	<b>11,416,960</b>	<b>13,902,544</b>	<b>16,440,491</b>
<b>Reconciliation to carrying amounts</b>			
Opening net assets 1 July	13,902,544	32,923,092	32,923,092
Profit/(Loss) for the period	(2,485,583)	(9,105,243)	(9,519,311)
Other comprehensive income - Impairment of RRRC WCF assets	0	(6,963,290)	(6,963,290)
Recognition of Canning/Cockburn former Equity in RRG	0	(2,952,015)	0
<b>Closing net assets 1 July</b>	<b>11,416,961</b>	<b>13,902,544</b>	<b>16,440,491</b>
<b>Carrying amount at 1 July</b>			
- Share of associates net profit/(loss) for the period	871,328	1,382,443	1,382,443
- Share of associates other comprehensive income arising during the period	(133,413)	(623,156)	(766,130)
- Change to Accounting Estimate from Prior Year	0	0	0
- Provision for Contribution to equity in associate	144,974	(11,419)	(11,419)
- Disposal / Divestment of Investment in Associate	(268,434)	268,434	268,434
- Disposal / Divestment of Investment in Associate	(614,455)	0	0
<b>Carrying amount at 30 June (Refer to Note 22(a))</b>	<b>0</b>	<b>1,016,302</b>	<b>871,328</b>

\* 2023 Actuals have been restated for the purposes of this note only showing the audited results of the RRG.

\*\*Due to the timing of information received by RRG and finalising of the Town's financial statements, the Town accounts for unaudited financial information provided by the RRG (Accounting Estimate). Any changes in the accounting estimate between the audited and unaudited accounts of the RRG are accounted for in the following financial year.

In 2022/23 the Town provided for a share of associates net profit/(loss) of (\$768,130) - unaudited, whereas the audited accounts provided for a share of associates net profit/(loss) of (\$623,156). A difference of (\$144,974) has been accounted for in the 2023/24 financial year.

The share of associates net profit/(loss) and comprehensive income of \$11,561 is presented in the 2023/24 financial year.

The asset value of Investments in Associates (RRG) presented in the 2023 Annual Financial Statements was \$871,328 (unaudited) versus the \$1,016,302 audited value presented in this Note. In accordance with AASB 108 - changes in accounting estimates, prior year actuals have not been amended throughout the remainder of the 2023/24 Financial Statements.

TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024

22. INVESTMENT IN ASSOCIATES (Continued)

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

2024	2023	2023
Actual	Audited*	Unaudited**
\$	\$	\$
11,561	(634,575)	(779,549)
11,561	(634,575)	(779,549)

MATERIAL ACCOUNTING POLICIES

Investments in associates

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

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

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The Town, at its Ordinary Council Meeting held on 20 June 2023 resolved to commence its withdrawal from the RRG, effective 1 July 2024. On 18 June 2024, at its Ordinary Council Meeting, noted a letter from the RRG (dated 24 May 2024), and resolved as follows:

*That Council, with respect to the Town of East Fremantle's withdrawal from the Resource Recovery Group (effective from 1 July 2024):*

- 1. notes the letter from the Resource Recovery Group dated 24 May 2024 advising of the requirement for the Town to fund amended Business Plans at an estimated cost of \$200,000.*
- 2. notes the last paragraph in the letter from the Resource Recovery Group which leaves it open for the Town of East Fremantle to propose an alternative pathway.*
- 3. notes the information contained within the agenda report which concludes that the Town is unlikely to receive an equity payment upon withdrawal which will exceed the cost of the Amended Business Plans.*
- 4. authorises the Chief Executive Officer to contact the Resource Recovery Group and propose an alternative pathway in accordance with the options detailed in this report, with a view of avoiding the cost of the amended Business Plans.*

Following this resolution the Town's Chief Executive Officer entered negotiations for an exit pathway for the Town of East Fremantle's withdrawal from the Resource Recovery Group, with a view of mitigating risks and avoiding any trailing liabilities. Following negotiations, a Deed of Settlement and release was prepared which provides a full release from any further obligations including the loan liability for the Office Accommodation Project in exchange for a Settlement Sum of \$80,000.

Council at its Ordinary Council Meeting held on 20 August 2024 resolved in support of the Deed of Settlement and release as follows:

*That Council, with respect to the Town of East Fremantle's withdrawal from the Resource Recovery Group:*

- 1. authorises the Chief Executive Officer to sign a Deed of Settlement as per the terms outlined in this report, subject to a formal offer being received from the Resource Recovery Group.*
- 2. pursuant to section 6.8 (1)(2) of the Local Government Act 1995, authorises by absolute majority, a variation to the 2024/25 Budget as follows, resulting in a nil change in net current assets at 30 June 2025:*

Account Number	Description	Adopted Budget	Amended Budget	Variance
352	Transfer from Strategic Waste Reserve	\$0	\$80,000	\$80,000
	Settlement Payment – Resource Recovery Group	\$0	(\$80,000)	(\$80,000)
				\$0

Following, the RRG at its meeting held on 22 August 2024 resolved as follows:

Items 15.1 to 15.6 were moved en bloc

**15.1 MEMBER COUNCIL WITHDRAWAL – TOWN OF EAST FREMANTLE**

**COUNCIL RESOLUTION**

24.08-09      **MOVED:** Cr H Fitzhardinge      **SECONDED:** Cr K Wheatland

**CEO RECOMMENDATION:**

That the Regional Council endorse the draft deed of settlement for the withdrawal of the Town of East Fremantle and give the CEO delegated authority to negotiate final terms and execute the Deed of Settlement on behalf of RRG.

For Cr K Wheatland, Cr H Fitzhardinge  
**CARRIED 2/0**

The Settlement Agreement was entered into following the end of this reporting period, with the settlement being executed on 22 August 2024. Given the nature and timing of the events, the Town has deemed this to be an adjustment event in accordance with AASB 110 and has accounted for the event in the reporting period ended 30 June 2024 by:

1. Recognising a provision for the amount of the Settlement Sum of \$80,000 to be paid in 2024/25; and
2. Disposal of the Investment in Associate (RRG) including any obligations to the remaining loan borrowings.

**TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

**24. OTHER MATERIAL ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Interest revenue**

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

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**j) Impairment of assets**

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

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

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

**TOWN OF EAST FREMANTLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**25. RATING INFORMATION**

**General Rates**

<b>RATE TYPE</b>											
<b>Rate Description</b>	<b>Basis of valuation</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2023/24 Actual Rateable Value</b>	<b>2023/24 Actual Rate Revenue</b>	<b>2023/24 Actual Interim Rates</b>	<b>2023/24 Actual Total Revenue</b>	<b>2023/24 Budget Rate Revenue</b>	<b>2023/24 Budget Interim Rate</b>	<b>2023/24 Budget Total Revenue</b>	<b>2022/23 Actual Total Revenue</b>
				\$	\$	\$	\$	\$	\$	\$	\$
Residential	Gross rental valuation	0.06893	2,967	104,555,160	7,205,159	17,577	7,222,736	7,203,532	19,399	7,222,931	6,888,776
Commercial	Gross rental valuation	0.11684	120	12,639,425	1,439,790	31,829	1,471,619	1,439,790	0	1,439,790	1,380,095
<b>Total general rates</b>			<b>3,087</b>	<b>117,194,585</b>	<b>8,644,949</b>	<b>49,406</b>	<b>8,694,355</b>	<b>8,643,322</b>	<b>19,399</b>	<b>8,662,721</b>	<b>8,268,871</b>
<b>Minimum Payment</b>											
		\$									
Residential	Gross rental valuation	1,243	336	5,267,300	417,648	0	417,648	417,648	0	417,648	389,536
Commercial	Gross rental valuation	1,859	7	62,500	13,013	0	13,013	13,013	0	13,013	19,470
<b>Total minimum payments</b>			<b>343</b>	<b>5,329,800</b>	<b>430,661</b>	<b>0</b>	<b>430,661</b>	<b>430,661</b>	<b>0</b>	<b>430,661</b>	<b>409,006</b>
<b>Total general rates and minimum payments</b>			<b>3,430</b>	<b>122,524,385</b>	<b>9,075,610</b>	<b>49,406</b>	<b>9,125,016</b>	<b>9,073,983</b>	<b>19,399</b>	<b>9,093,382</b>	<b>8,677,877</b>
Concession on general rates							0			0	0
<b>Total Rates</b>							<b>9,125,016</b>			<b>9,093,382</b>	<b>8,677,877</b>
Rate instalment interest							38,058			37,440	38,020
Rate overdue interest							28,717			22,000	17,278

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

**TOWN OF EAST FREMANTLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**26. DETERMINATION OF SURPLUS OR DEFICIT**

		2023/24 Actual (30 June 2024 Carried Forward)	2023/24 Budget (30 June 2024 Carried Forward)	2022/23 Actual (30 June 2023 Carried Forward)
Note		\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
	Less: Profit on asset disposals	(61,265)	(85,200)	(41,577)
	Less: Population adjustment to SMRC Loan Balance	(1,800)	0	(1,302)
	Less: Fair value adjustments to financial assets at fair value through profit or loss	(1,681)	0	(3,686)
	Less: Share of net profit of associates and joint ventures accounted for using the equity method	(11,562)	0	779,549
	Add: Loss on disposal of assets/investment in associate	522,047	0	4,797,942
	Add: Depreciation	1,945,236	2,166,530	1,817,749
Non-cash movements in non-current assets and liabilities:				
	Pensioner deferred rates	(9,251)	0	(9,457)
	Employee benefit provisions	67,971	0	42,507
	Non-current receivables	7,543	0	8,661
	Movement from WIP to the Operating Statement	0	0	15,000
	<b>Non-cash amounts excluded from operating activities</b>	<b>2,457,238</b>	<b>2,081,330</b>	<b>7,405,386</b>
<b>(b) Non-cash amounts excluded from investing activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to investing activities</b>				
	Non cash payments for investments in associates	(268,434)	0	268,434
	<b>Non-cash amounts excluded from investing activities</b>	<b>(268,434)</b>	<b>0</b>	<b>268,434</b>
<b>(c) Surplus or deficit after imposition of general rates</b>				
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.				
<b>Adjustments to net current assets</b>				
	Less: Reserve accounts	28 (2,710,049)	(3,018,128)	(2,638,933)
	Add: Current liabilities not expected to be cleared at end of year			
	- Current portion of borrowings	13 150,564	4,825,570	5,068
	- Current provision for equity contribution - Investment in Associate	0	0	268,434
	- Current portion of lease liabilities	10(b) 45,114	0	44,114
	<b>Total adjustments to net current assets</b>	<b>(2,514,371)</b>	<b>1,807,442</b>	<b>(2,321,317)</b>
<b>Net current assets used in the Statement of Financial Activity</b>				
	Total current assets	6,457,638	5,663,556	15,540,986
	Less: Total current liabilities	(3,099,962)	(7,470,998)	(12,467,937)
	Less: Total adjustments to net current assets	(2,514,371)	1,807,442	(2,321,317)
	<b>Surplus or deficit after imposition of general rates</b>	<b>843,305</b>	<b>0</b>	<b>751,732</b>



TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024

27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

		Actual									Budget				
Purpose	Note	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	New Loans During 2023- 24	Principal Repayments During 2023-24	Population Adjustment to Loan Principal	Divestment of Investment in Associate	Principal at 30 June 2024	Principal at 1 July 2023	New Loans During 2023- 24	Principal Repayments During 2023-24	Principal at 30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RRG - Regional Resource Recovery Centre		98,204	0	(97,259)	(845)	0	0	(4,976)	0	0	0	0	0	0	0
RRG - Administration Building *		99,537	0	0	(357)	99,180	0	(1,800)	(1,800)	(92,404)	0	75,780	0	0	75,780
East Fremantle Community Park Redevelopment		0	0	0	0	0	4,800,000	(72,634)	0	0	4,727,366	0	4,800,000	(72,634)	4,727,366
Total		197,741	0	(97,259)	(1,392)	99,180	4,800,000	(77,610)	(1,800)	(92,404)	4,727,366	76,780	4,800,000	(72,634)	4,803,146

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Actual for year ended 30 June 2024	Budget for year ended 30 June 2024	Actual for year ended 30 June 2023
RRG - Regional Resource Recovery Centre		Various	WATC+	Various	\$ 0	\$ 0	(2,021)
RRG - Administration Building *		2-7	WATC+	0.35%	(4,006)	(5,157)	0
East Fremantle Community Park Redevelopment		165	WATC+	4.82%	(159,116)	(121,333)	0
<b>Total</b>					<b>(163,722)</b>	<b>(126,490)</b>	<b>(2,621)</b>
<b>Total Finance Cost Payments</b>					<b>(163,722)</b>	<b>(126,490)</b>	<b>(2,621)</b>

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

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

TOWN OF EAST FREMANTLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2024

27. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2023/24

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Actual Balance Unspent
					2024 Actual	2024 Budget	2024 Actual	2024 Budget	
East Fremantle Community Park Redevelopment	WATC+	Debenture	20	4.82%	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 0
+ WA Treasury Corporation					4,800,000	4,800,000	4,800,000	4,800,000	0

(c) Lease Liabilities

		Actual									Budget				
		Principal at 1 July 2022	New Leases During 2022-23	ROU Adjustment 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Leases During 2023-24	ROU Adjustment 2022-23	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	
Purpose	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
River seabed (Mooring Pens)		254,804	0	28,226	(40,616)	242,414	0	(3,610)	(41,067)	197,737	211,376	0	(49,807)	161,569	
Total Lease Liabilities	10(b)	254,804	0	28,226	(40,616)	242,414	0	(3,610)	(41,067)	197,737	211,376	0	(49,807)	161,569	

Lease Finance Cost Payments

Purpose	Note	Institution	Interest Rate	Date final payment is due	Actual for year ended 30 June 2024	Budget for year ended 30 June 2024	Actual for year ended 30 June 2023	Lease Term (months)
River seabed (Mooring Pens)	2(b)	Department of Transport	2.60%	1/06/2028	(6,739)	(8,000)	(6,804)	252
<b>Total Finance Cost Payments</b>					<b>(6,739)</b>	<b>(8,000)</b>	<b>(6,804)</b>	

**TOWN OF EAST FREMANTLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**28. RESERVE ACCOUNTS**

	2024 Actual Opening Balance	2024 Actual Transfer to	2024 Actual Transfer (from)	2024 Actual Closing Balance	2024 Budget Opening Balance	2024 Budget Transfer to	2024 Budget Transfer (from)	2024 Budget Closing Balance	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by legislation/agreement</b>												
(a) Payment in Lieu of Parking Reserve	137,010	0	0	137,010	137,010	0	0	137,010	137,010	0	0	137,010
	<b>137,010</b>	<b>0</b>	<b>0</b>	<b>137,010</b>	<b>137,010</b>	<b>0</b>	<b>0</b>	<b>137,010</b>	<b>137,010</b>	<b>0</b>	<b>0</b>	<b>137,010</b>
<b>Restricted by council</b>												
(b) Vehicle, Plant and Equipment Reserve	50,407	0	(50,407)	0	50,407	0	0	50,407	50,407	0	0	50,407
(c) Aged Services Reserve	0	0	0	0	0	0	0	0	11,803	0	(11,803)	0
(d) Strategic Asset Management Reserve	64,920	0	(64,920)	0	64,920	0	0	64,920	64,920	0	0	64,920
(e) Arts and Sculpture Reserve	165,664	30,000	0	195,664	165,664	30,000	(45,000)	150,664	156,772	45,000	(36,108)	165,664
(f) Waste Reserve	35,000	0	0	35,000	35,000	0	0	35,000	0	35,000	0	35,000
(g) Streetscape Reserve	75,000	0	0	75,000	75,000	0	0	75,000	75,000	0	0	75,000
(h) Drainage Reserve	193,293	0	(60,000)	133,293	216,000	0	0	216,000	250,000	0	(56,707)	193,293
(i) East Fremantle Oval Redevelopment Reserve	341,431	1,046,111	(1,137,013)	250,529	532,641	588,043	(156,077)	964,607	1,076,170	2,111,372	(2,846,111)	341,431
(j) Preston Point Facilities Reserve	145,290	0	(145,290)	0	65,290	0	(30,000)	35,290	95,290	50,000	0	145,290
(k) Sustainability and Environmental Reserve	304,723	133,830	0	438,553	304,723	133,830	(310,000)	128,553	210,337	129,288	(34,902)	304,723
(l) Town Planning Reserve	100,000	50,000	0	150,000	100,000	50,000	0	150,000	70,000	30,000	0	100,000
(m) Business Improvement Reserve	50,000	100,000	0	150,000	50,000	100,000	0	150,000	0	50,000	0	50,000
(n) Old Police Station Reserve	16,500	0	(11,195)	5,305	16,500	30,137	(16,244)	30,393	16,500	0	0	16,500
(o) Strategic Waste Reserve	146,684	180,000	0	326,684	146,684	180,000	(326,684)	0	0	146,684	0	146,684
(p) Plympton Parking Reserve	616,667	0	0	616,667	616,666	0	0	616,666	0	616,667	0	616,667
(q) Foreshore Management Plan	196,344	0	0	196,344	213,618	0	0	213,618	270,000	0	(73,656)	196,344
	<b>2,501,923</b>	<b>1,539,941</b>	<b>(1,468,825)</b>	<b>2,573,039</b>	<b>2,653,113</b>	<b>1,112,010</b>	<b>(884,005)</b>	<b>2,881,118</b>	<b>2,347,199</b>	<b>3,214,011</b>	<b>(3,059,287)</b>	<b>2,501,923</b>
	<b>2,638,933</b>	<b>1,539,941</b>	<b>(1,468,825)</b>	<b>2,710,049</b>	<b>2,790,123</b>	<b>1,112,010</b>	<b>(884,005)</b>	<b>3,018,128</b>	<b>2,484,209</b>	<b>3,214,011</b>	<b>(3,059,287)</b>	<b>2,638,933</b>

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 2024**

**28. RESERVE ACCOUNTS (Continued)**

<b>Name of reserve account</b>	<b>Purpose of the reserve account</b>
<b>Restricted by legislation/agreement</b>	
(a) Payment in Lieu of Parking Reserve	To receive and apply funds for payments received in lieu of parking.
<b>Restricted by council</b>	
(b) Vehicle, Plant and Equipment Reserve	To support the funding of vehicle, plant and equipment purchases.
(c) 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.
(d) Strategic Asset Management Reserve	To fund the acquisition of new and renewal of existing Town infrastructure, buildings and other assets.
(e) Arts and Sculpture Reserve	To provide for the commissioning and purchase of public art works in accordance with the Town's Public Arts Strategy.
(f) 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.
(g) Streetscape Reserve	To implement Streetscape initiatives including the redevelopment of George Street.
(h) Drainage Reserve	To fund drainage asset management requirements.
(i) East Fremantle Oval Redevelopment Reserve	To fund all costs associated with the redevelopment of the East Fremantle Oval precinct.
(j) Preston Point Facilities Reserve	To fund all costs associated with the implementation of the Preston Point Facilities Master Plan.
(k) Sustainability and Environmental Reserve	To fund sustainability and environmental initiatives as well as support actions/recommendations from the Community Climate Action Plan.
(l) Town Planning Reserve	To fund planning and building works associated with the protection and amenity of the built environment.
(m) Business Improvement Reserve	To fund the implementation of business improvement initiatives including the Town's enterprise resource planning system.
(n) Old Police Station Reserve	To receive the net income from the Old Police Station for building maintenance and renewal purposes.
(o) Strategic Waste Reserve	To fund strategic waste initiatives including any costs associated with participation in the regional local government.
(p) Plympton Parking Reserve	To fund parking management initiatives within the Plympton precinct.
(q) 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 2024**

**29 TRUST FUNDS**

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



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

2024

Town of East Fremantle

To the Council of the Town of East Fremantle

#### Opinion

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

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

In my opinion, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Town for the year ended 30 June 2024 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### Basis for opinion

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

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

#### Emphasis of matter

##### Events occurring after the end of the reporting period - adjusting event

I draw attention to Note 23 to the financial report, which states that, following the end of the financial year ended 30 June 2024, a Deed of Settlement and release was executed between the Council and the Resource Recovery Group (RRG) with respect to the Town's withdrawal from the RRG and provided the Town a full release from any further obligations in exchange for a Settlement Sum. My opinion is not modified in respect of this matter.

#### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial report and my auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

This auditor's report relates to the financial report of the Town of East Fremantle for the year ended 30 June 2024 included in the annual report on the Town's website. The Town's management is responsible for the integrity of the Town's website. This audit does not provide assurance on the integrity of the Town's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Town to confirm the information contained in the website version.



Grant Robinson  
Assistant Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
6 December 2024



Attachment -3

Confidential Attachment

Attachment -4

Confidential Attachment

Attachment -5

Confidential Attachment

## 10.2 2412 2025 MEETING SCHEDULE AND WORK PLAN

<b>Report Reference Number</b>	ACR-652
<b>Prepared by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Jonathan Throssell, Chief Executive Officer
<b>Meeting date</b>	Wednesday, 11 December 2024
<b>Voting requirements</b>	Simple
<b>Documents tabled</b>	
<b>Attachments</b>	

1. Risk Based Audit Work Plan
2. Updated Terms of Reference

**PURPOSE**

The Audit Committee is requested to endorse the proposed work plan and meeting schedule for the 2025 calendar year.

The Audit Committee is also requested to approve a change in name/terms of reference to reflect the revised 'Audit, Risk and Improvement Committee' as proposed in tranche 2 of the Local Government Act reforms, noting that other foreshadowed requirements such as an Independent Chair will be determined once the new legislation commences.

**EXECUTIVE SUMMARY**

The Audit Committee previously endorsed the Risk Based Audit Work Plan at its November 2021 Meeting. This Work Plan has been updated with 2025 being the first year of the rolling four-year plan.

It is recommended that the Audit Committee meet 3 times in the 2025 calendar year (4<sup>th</sup> Wednesday of the month), with the suggested work plan as follows:

Month	Activity
February	<ul style="list-style-type: none"> <li>• Compliance Audit Return</li> <li>• Mid-Year Budget Review</li> <li>• Risk Register Update</li> <li>• Consolidated Status Report</li> <li>• Predictive Asset Renewal Model</li> </ul>
July	<ul style="list-style-type: none"> <li>• Significant Accounting Policies/Position Papers</li> <li>• Audit of Purchase Requisitions over \$5k</li> <li>• Consolidated Status Report</li> <li>• Insurance Renewal Report and Insurance Claims Performance</li> <li>• Specification and RFQ for Fair Value Assessment</li> </ul>
November	<ul style="list-style-type: none"> <li>• Annual Financial Statements</li> <li>• External Audit Management Letters</li> <li>• Consolidated Status Report</li> <li>• FMR/Audit Reg 17 Review</li> </ul>

- Meeting Schedule and Work Plan for 2026

## BACKGROUND

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

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

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

### Legislative Audit Framework:

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

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

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

### **External Audit Framework:**

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

The critical matters for audit are:

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

### **Internal Audit Framework:**

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

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

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

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

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## CONSULTATION

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

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## STATUTORY ENVIRONMENT

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

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

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

### ***Audit, risk and improvement committees***

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

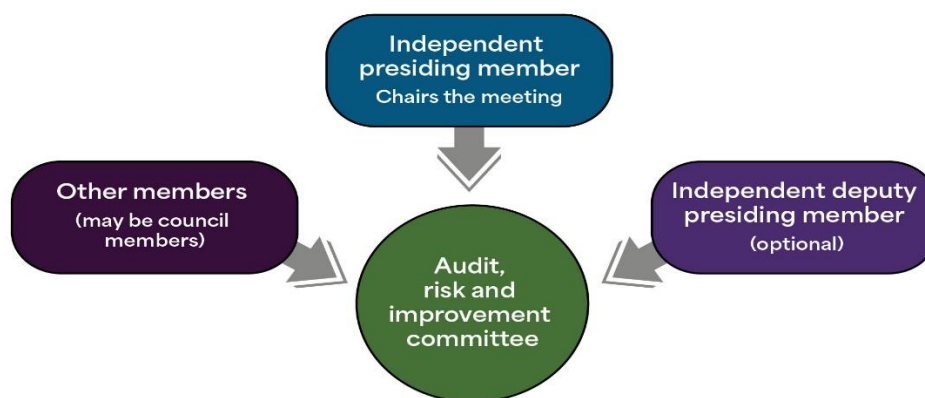
*The introduction of an independent presiding member provides an opportunity for increased community confidence in a local government's financial and risk management. Local government operations may also benefit through appointing an independent chair with risk and financial management expertise that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

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

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

### ***Audit, risk and improvement committee model***

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



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

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

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

#### POLICY IMPLICATIONS

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

#### FINANCIAL IMPLICATIONS

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

#### STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency.

5.3 Strive for excellence in leadership and governance.

#### RISK IMPLICATIONS

##### RISKS

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



## RISK MATRIX

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

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

## RISK RATING

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

## SITE INSPECTION

Not applicable.

## COMMENT

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

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

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

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

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

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

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

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

The following are key activities proposed for the 2025 calendar year:

#### **Compliance Audit Return**

In 2023 and 2024 the Town engaged an independent party to review the Compliance Audit Return and provide an assurance as to the accuracy of the return. Quotes are being sought for this independent review, and subject to price and availability, this work may be scheduled in January, with the Compliance Audit Return to be presented to the February 2025 Audit Committee Meeting.

- Mid-Year Budget Review
- Predictive Asset Renewal Model
- Significant Accounting Policies/Position Papers
- Audit of Purchase Requisitions over \$5k
- Insurance Renewal Report and Insurance Claims Performance
- Specification and RFQ for Fair Value Assessment
- Annual Financial Statements
- External Audit Management Letters
- FMR/Audit Reg 17 Review

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#### **CONCLUSION**

Given the above constraints, a moderate work plan has been recommended for the 2025 calendar year, which is reflective of resourcing capacity.

## 10.2 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

**Committee Resolution 021112****OFFICER RECOMMENDATION****Moved Cr Natale, seconded Cr White****That the Audit Committee recommend Council approves:**

- 1. The amended Terms of Reference as attached, revising the Audit Committee to the Audit, Risk and Improvement Committee.**
- 2. The following meeting schedule and work plan for the 2025 Calendar Year:**

<b>Month – 4<sup>th</sup> Wednesday @ 6.00pm</b>	<b>Activity</b>
<b>February</b>	<ul style="list-style-type: none"> <li>• Compliance Audit Return</li> <li>• Mid-Year Budget Review</li> <li>• Risk Register Update</li> <li>• Consolidated Status Report</li> <li>• Predictive Asset Renewal Model</li> </ul>
<b>August</b>	<ul style="list-style-type: none"> <li>• Significant Accounting Policies/Position Papers</li> <li>• Audit of Purchase Requisitions over \$5k</li> <li>• Consolidated Status Report</li> <li>• Insurance Renewal Report and Insurance Claims Performance</li> <li>• Specification and RFQ for Fair Value Assessment</li> <li>• East Fremantle Community Park Financial Review</li> </ul>
<b>November</b>	<ul style="list-style-type: none"> <li>• Annual Financial Statements</li> <li>• External Audit Management Letters</li> <li>• Consolidated Status Report</li> <li>• FMR/Audit Reg 17 Review</li> <li>• Meeting Schedule and Work Plan for 2026</li> </ul>

**(CARRIED UNANIMOUSLY 5:0)****For: Mayor O'Neill, Mr Chauvel, Crs Wilson, Natale & White****Against: Nil****REPORT ATTACHMENTS**

Attachments start on the next page

Town of East Fremantle - 4 year Internal Audit Work Plan

							2024			2025			2026			2027			2028		
Activity	Frequency	Risk Identified	Person Performing the Task	Consequence Rating	Likelihood rating	Risk Category	February	July	November	February	July	November	February	July	November	February	July	November	February	July	November
Compliance Audit Return	Annually (Due 31 March)	Breach of Legislation	EA/Governance Coordinator. Legal firms do provide a niche service to review the CAR and verify the responses, and this might be a service that the Audit Committee may wish to consider?	2	2	Low															
Procurement Process Review (Contract Management Processes - East Fremantle Oval Redevelopment Project)	As required	Inadequate Probity of Tender Processes	The WALGA Procurement Team completed an independent review of the Town's Tender processes in 2018. \$10k	4	2	Moderate															
Review of Credit Card Policy	Every 2 - 3 years	Misappropriation of funds/breakdown in controls	Manager Finance	4	1	Low															
Receive 5 Year Statutory Review of Record Keeping Plan and assessment against DAG Better Practice Guide.	Every 5 years	Inadequate record keeping practices	Manager Corporate Services	3	3	Moderate															
Review of Investment Policy (Divestments)	Every 2 - 3 years	Not optimising return on investment	Executive Manager Corporate Services	2	2	Low															
Receival of Annual Financial Report	Annually	The Auditors Report is not received by the Statutory deadline of 31 December (\$7.9 LGA) due to inadequate audit preparation	Manager Finance	4	3	High															
Information Systems Audit (Performance Audit DAG), Receival of Management Letter.	Annually	The Towns General Computer Controls are inadequate impacting business continuity and security of information	The GCC Audit has been performed in 2018, 2022 and 2023. It is expected that the Audit will be undertaken concurrently with the financial audit.	5	3	High															
Review of Financial Management and Risk and Internal Control Systems	Every 3 years	That key findings from the FMR/Reg 17 Review are not actioned resulting in control weaknesses	Moore Stephens last performed this independent review in December 2022. Next review due November 2025. Estimated cost \$25k	3	3	Moderate															
Mid Year Budget Review	Annually	Inadequate oversight of financial management resulting in material variances	Manager Finance/Executive Manager Corporate Services	3	3	Moderate															
Review of Significant Accounting Policies/Preparation of Position Papers	Annually	Annual Budget and Annual Financial Report is not consistent with Significant Accounting Policies	Manager Finance	3	3	Moderate															
Audit of all purchase requisitions over \$5k for compliance with Purchasing Policy	Annually	Non-compliance with Purchasing Policy	Senior Finance Officer/Manager Finance	3	3	Moderate															
Rates Collection Report	Biannually	Non-recovery of rates	Revenue Officer	4	2	Moderate															
Review Insurance Renewal Report and Insurance Claims Performance	Every 3 years	Inadequate insurance cover	Executive Manager Corporate Services	4	2	Moderate															
Receive Risk Register Update including assessment of implementation of risk treatments and controls	Annually	Failure to implement risk treatments resulting in greater likelihood	Manager Corporate services	4	3	High															
Receive Consolidated Status Report of all Audit Findings	Standing Item	Key findings are not actioned resulting in control weaknesses	Manager Finance	3	3	Moderate															
Update the Predictive Asset Renewal Model and revise the 10 year Capital Works Program	Annually	Inadequate asset management framework	Executive Manager Technical Services	4	3	High															
Undertake a condition assessment of assets and obtain a fair value assessment	Every 5 years (L+B due 27/28; Infra due 25/26)	Non-compliance with Reg 17A of the FMR 1996	Executive Manager Technical Services/Manager Finance	5	3	High															
Review of Controls pertaining to Payroll and the new Payroll Module	One-off	Payroll fraud	Senior Finance Officer/Manager Finance	3	1	Moderate															
Review of HR On-Boarding/Off-Boarding Process	Every 2 - 3 years	Inadequate controls regarding access to IT systems and custody of portable items	Coordinator Corporate Services/HR	4	2	Moderate															
Self Audit against Auditor General's Report 'Timely Payment of Suppliers'	Every 2 years	Late payment to suppliers	Senior Finance Officer	2	2	Low															
Establishment of Supplier Payments Policy and General Conditions of Contract for the Supply of Goods and Services under a Purchase Order	One-off	Late payment to suppliers	Executive Manager Corporate Services	2	2	Low															
Independent Review of Structure of Risk Register and evaluation of implementation of Risk Treatments	Every 4 years	Failure to implement risk treatments resulting in greater likelihood	Recommended that this be outsourced to an external risk consultant. Estimated cost \$8k	4	3	High															

**Town of East Fremantle**  
**Audit Risk and Improvement Committee**  
**Terms of Reference**

## Audit, Risk and Improvement Committee Terms of Reference

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### **1. Purpose of the Terms of Reference**

The purpose of the terms of reference is to facilitate the operation of the Audit, Risk and Improvement Committee.

### **2. Introduction**

The Audit, Risk and Improvement Committee is an advisory committee formally appointed by the Council and is responsible to the Council. The Audit, Risk and Improvement Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any financial responsibility. The Audit, Risk and Improvement Committee does not have any management functions and is therefore independent of management.

The Audit, Risk and Improvement Committee objective is to assist the Town of East Fremantle Council in liaising with the auditor and overseeing the external audit function and promoting the transparency and accountability of the Town's financial management systems and reporting. The role of the Committee is to report to the Council and provide appropriate advice and recommendations on matters relevant to its terms of reference in order to facilitate decision making by the Council in relation to the discharge of its responsibilities.

### **3. Objectives**

The objectives of the Audit, Risk and Improvement Committee are to oversee council's obligations under the *Local Government Act 1995*, and *Local Government (Audit) Regulations 1996*, more specifically;

- 3.1 The integrity of external financial reporting, including accounting policies.
- 3.2 The scope of work, objectivity, performance and independence of the external and internal audit charter.
- 3.3 Ensure the Town has established effective controls and systems to safeguard the Town's financial and physical resources.
- 3.4 The systems or procedures that are designed to ensure that the Town and its subsidiaries comply with relevant statutory and regulatory requirements.
- 3.5 The process for recognising risks arising from the Town's operations and strategies, and consider the adequacy of measures taken to manage those risks.
- 3.6 The process and systems which protect the Council against fraud and irregularities.

The Audit, Risk and Improvement Committee must also add to the credibility of Council by promoting ethical standards through its work.

### **4. Authority**

The Audit, Risk and Improvement Committee has the authority to:

- 4.1 Review the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken.
- 4.2 Formally meet with the Town's appointed external auditors as necessary.
- 4.3 Seek resolution on any disagreements between management and the external auditors on financial reporting.

## Audit, Risk and Improvement Committee Terms of Reference

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4.4 Advise Council on any or all of the above as deemed necessary.

### 5. Composition

5.1 The Audit, Risk and Improvement Committee will comprise six (6) elected members and a maximum of 8 members in total inclusive of the external independent members..

5.2 The Audit, Risk and Improvement Committee will comprise of up to two (2) external independent members. An external member will be a person independent to the local government and will not have provided paid services to the Town either directly or indirectly.

5.3 External independent members will be selected based on the following criteria:

- a) A demonstrated high level of expertise and knowledge in financial management, reporting, governance and audit; and
- b) Relevant skills and experience in providing independent expert advice.

5.4 Appointments of external independent members will be made following a public advertisement. The Chief Executive Officer will evaluate potential members and make a recommendation to Council.

5.5 External members shall be appointed for a period of up to two (2) years terminating on the day of the Local Government Ordinary Elections, unless Council resolves otherwise

5.6 In accordance with 7.1A (3) of the Local Government Act, *"A CEO is not to be a member of an Audit, Risk and Improvement Committee and may not nominate a person to be a member of an Audit, Risk and Improvement Committee or have a person to represent the CEO as a member of an Audit, Risk and Improvement Committee."*

5.7 The Council will appoint Audit, Risk and Improvement Committee members. Voting requirement of Council is an *Absolute Majority*.

5.8 The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Improvement Committee, biennially by election by all committee members after the Ordinary Local Government Election.

5.9 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Town. At least one member of the committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

5.10 A quorum will be a minimum of 50% of the membership.

5.11 Audit, Risk and Improvement Committee members are required by the *Local Government Act 1995* and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.

5.12 New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

### 6. Meetings

6.1 The Audit, Risk and Improvement Committee will meet at least three (3) times per year, with the dates to be set each year by Council, with authority to convene additional meetings, as circumstances require.



#### Audit, Risk and Improvement Committee Terms of Reference

- 6.2 Meetings may be called by the Presiding Member of the Audit, Risk and Improvement Committee, or at the request of the Mayor or Chief Executive Officer.
- 6.3 The Audit, Risk and Improvement Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the Local Government Act 1995.
- 6.4 All Elected Members are invited to attend each Audit, Risk and Improvement Committee meeting.
- 6.5 All Audit, Risk and Improvement Committee members are expected to attend each meeting in person.
- 6.6 The Chief Executive Officer will facilitate the meetings of the Audit, Risk and Improvement Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.
- 6.7 The Audit, Risk and Improvement Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, that cover all the responsibilities outlined in this terms of reference.
- 6.8 Meeting agendas will be prepared and provided at least one week in advance to members, along with appropriate briefing materials.
- 6.9 A decision of the Audit, Risk and Improvement Committee is to be made by a simple majority.
- 6.10 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.

#### **7. Responsibilities**

The Audit, Risk and Improvement Committee will carry out the following responsibilities:

##### **7.1 Risk management**

- 7.1.1 Review whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of the Town's business and financial risks, including fraud.
- 7.1.2 Determine whether a sound and effective approach has been followed in managing the Town's major risks including those associated with individual projects, program implementation, and activities.
- 7.1.3 Review the process of developing and implementing the Town's fraud control arrangements and satisfy itself the Town has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information.

##### **7.2 Business continuity**

- 7.2.1 Determine whether a sound and effective approach has been followed in establishing the Town's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

##### **7.3 Internal Control**



#### Audit, Risk and Improvement Committee Terms of Reference

- 7.3.1 Review whether management has in place relevant policies and procedures and that they are periodically reviewed and updated.
  - 7.3.2 Review whether appropriate policies and supporting procedures are in place for the management and exercise of delegations.
- 7.4 Financial Report
  - 7.4.1 Review with management and the external auditors the results of the audit, including any difficulties encountered.
  - 7.4.2 Review the annual financial report and performance report of the Town of East Fremantle and its subsidiaries, and consider whether it is complete, consistent with information known to Audit, Risk and Improvement Committee members, and reflects appropriate accounting principles.
  - 7.4.3 Review the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.
  - 7.4.4 Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Improvement Committee under the Australian Auditing Standards.
  - 7.4.5 Review the draft Annual Financial Statements and recommend the adoption of the Annual Financial Statements to Council.
- 7.5 Compliance
  - 7.5.1 Keep informed of the findings of any examinations by regulatory agencies and any auditor (external) observations and monitor management's response to these findings.
  - 7.5.2 Obtain regular updates from management about compliance matters.
- 7.6 Internal Audit Charter
  - 7.6.1 Review and recommend the annual internal audit plan for approval by the Council and all major changes to the plan.
  - 7.6.2 Monitor that the internal annual plan is linked with and covers the material business risks.
  - 7.6.3 Review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
  - 7.6.4 Monitor management's implementation of audit recommendations.
- 7.7 External Audit
  - 7.7.1 Note the external auditor's proposed audit scope and approach for financial performance audits, including any reliance on internal auditor activity.
  - 7.7.2 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.

#### Audit, Risk and Improvement Committee Terms of Reference

- 7.7.3 Provide an opportunity for the Audit, Risk and Improvement Committee to meet with the external auditors to discuss any matters that the Audit, Risk and Improvement Committee or the external auditors believe should be discussed privately.
- 7.7.4 Annually review the performance of external audit including the level of satisfaction with external audit function.
- 7.7.5 Monitor management's implementation of external audit recommendations.
- 7.8 Reporting Responsibilities
  - 7.8.1 Report regularly to the Council about Audit, Risk and Improvement Committee activities, issues, and related recommendations through circulation of minutes.
  - 7.8.2 Monitor that open communication between the external auditors, and the Town's management occurs.
  - 7.8.3 To review a report given to it by the CEO under regulation 17(3) of the Local Government (Audit) Regulations and is to —
    - (i) report to the council the results of that review;  
and
    - (ii) give a copy of the CEO's report to the council.
- 7.9 Other Responsibilities
  - 7.9.1 Perform other activities related to this terms of reference as requested by the Council or as required by *Local Government Act 1995 or Local Government (Audit) Regulations 1996*.
  - 7.9.2 Annually review and assess the adequacy of the Audit, Risk and Improvement Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

### 10.3 2412 REVIEW OF PURCHASING POLICY

<b>Report Reference Number</b>	ACR-650
<b>Prepared by</b>	Natalie McGill Senior Finance Officer
<b>Supervised by</b>	Phil Garoni Finance Manager
<b>Meeting date</b>	Wednesday, 11 December 2024
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	
<b>Attachments</b>	

1. Amended Purchasing Policy

#### PURPOSE

To review and assess the current Purchasing Policy to ensure its alignment with our financial objectives, industry best practices, regulatory compliance, and cost-efficiency. The review has identified some updates to improve procurement processes and operational efficiency.

#### EXECUTIVE SUMMARY

The Purchasing Policy governs all procurement activities within the Town, ensuring that purchases are made with the principles of transparency, probity and good governance and complies with the Local Government Act 1995. This review evaluated the policy's effectiveness, examined compliance with regulations, and identified opportunities for improvement.

#### BACKGROUND

The current Purchasing Policy was adopted in August 2016 and was last amended in July 2021. Significant changes have since been made to purchasing procedures and workflow developed by Finance staff resulting in the need to review the Policy.

#### CONSULTATION

Senior Finance Officer  
Finance Manager  
Executive Manager Corporate Services

#### STATUTORY ENVIRONMENT

*Local Government Act 1995*  
*Local Government (Functions and General) Regulations 1996*  
*State Records Act 2000*

#### POLICY IMPLICATIONS

Policy 2.1.3 Purchasing

#### 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

### 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)
Non-compliance with the Purchasing Policy and Procedure, leading to fraud	Unlikely (2)	Major (4)	Moderate (5-9)	FINANCIAL IMPACT \$250,001 - \$1,000,000	Manage by monthly transactions included in the list of payments presented to Council. along with yearly purchase order compliance assessment

### RISK MATRIX

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

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

### RISK RATING

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

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## SITE INSPECTION

Not applicable

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## COMMENT

The purchasing policy has been reviewed to ensure current and best practices are aligned.

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## CONCLUSION

The review of the Purchasing Policy is a necessary step to ensure that the organization's procurement practices remain efficient, transparent, and aligned with current regulations and strategic objectives. The recommended revisions will aim to streamline purchasing processes and reduce costs.

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## 10.3 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

**Committee Resolution 031112**

**OFFICER RECOMMENDATION**

**Moved Mr Chauvel, seconded Cr White**

**That the Audit Committee request the policy be deferred to the February 2025 meeting so that further changes as suggested by the Audit Committee can be made.**

**(CARRIED UNANIMOUSLY 5:0)**

**For: Mayor O'Neill, Mr Chauvel, Crs Wilson, Natale, White**

**Against: Nil**

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## REPORT ATTACHMENTS

Attachments start on the next page



### 2.1.3 Purchasing

<b>Type:</b>	Corporate Services – Financial Management
<b>Legislation:</b>	Local Government Act 1995 Local Government (Functions and General) Regulations 1996
<b>Delegation:</b>	DA35 Ordering Thresholds
<b>Other Related Document:</b>	Purchasing Procedures PRO2.1.3

#### Objective

The objectives of this Policy are to ensure that all purchasing activities:

- demonstrate that best value for money is attained for the Town;
- are compliant with relevant legislations, including the Act and Regulations;
- are recorded in compliance with the State Records Act 2000 and associated records management practices and procedures of the Town;
- mitigate probity risk, by establishing consistent and demonstrated processes that promotes openness, transparency, fairness and equity to all potential suppliers;
- ensure that the sustainable benefits, such as environmental, social and local economic factors are considered in the overall value for money assessment; and
- are conducted in a consistent and efficient manner across the Town and that ethical decision making is demonstrated.

#### Policy Scope

This policy will affect all staff members.

#### Policy

The Town of East Fremantle (the "Town") is committed to delivering best practice in the purchasing of goods, services and works that align with the principles of transparency, probity and good governance and complies with the Local Government Act 1995 (the "Act") and Part 4 of the Local Government (Functions and General) Regulations 1996, (the "Regulations"). Procurement processes and practices to be complied with are defined within this Policy and the Town's prescribed procurement procedures.

#### Ethics and Integrity

##### *Code of Conduct*

All officers and employees of the Town undertaking purchasing activities must have regard for the Code of Conduct requirements and shall observe the highest standards of ethics and integrity. All officers and employees of the Town **must always act in an honest and professional manner** which supports the standing of the Town.

##### *Purchasing Principles*

The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

- full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money;
- all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Town's policies and Code of Conduct;
- purchasing is to be undertaken on a competitive basis where all potential suppliers are treated

- impartially, honestly and consistently;
- all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation;
- any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; and
- any information provided to the Town's by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.

#### **Value for Money**

##### *Policy*

Value for money is determined when the consideration of price, risk and qualitative factors that are assessed to determine the most advantageous outcome to be achieved for the Town.

As such, purchasing decisions must be made with greater consideration than obtaining lowest price, but also to incorporate qualitative and risk factors into the decision.

##### *Application*

An assessment of the best value for money outcome for any purchasing process should consider:

- all relevant Total Costs of Ownership (TCO) and benefits including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance and disposal;
- the technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality, including but not limited to an assessment of levels and currency of compliances, value adds offered, warranties, guarantees, repair and replacement policies, ease of inspection, ease of after sales service, ease of communications etc.
- financial viability and capacity to supply without risk of default (competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
- a strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable;
- the safety requirements associated with both the product design and specification offered by suppliers and the evaluation of risk when considering purchasing goods and services from suppliers;
- purchasing of goods and services from suppliers that demonstrate sustainable benefits and good corporate social responsibility; and
- providing opportunities for businesses within the Town's boundaries to be given the opportunity to quote for providing goods and services wherever possible.

#### **Purchasing Requirements**

##### *Legislative / Regulatory Requirements*

The requirements that must be complied with by the Town, including purchasing thresholds and processes, are prescribed within the Regulations, this Policy and associated purchasing procedures in effect at the Town.

Purchasing that is \$250,000 or below in total value (excluding GST) must be in accordance with the purchasing requirements under the relevant threshold as defined under section 7 of this Purchasing Policy.

Purchasing that exceeds \$250,000 in total value (excluding GST) must be put to public Tender when it is determined that a regulatory Tender exemption, as stated under section 8 of this Policy is not deemed to be suitable.

**Purchasing Value Definition**

Determining purchasing value is to be based on the following considerations:

1. Exclusive of Goods and Services Tax (GST);
2. The actual or expected value of a contract over the full contract period, including all options to extend; or the extent to which it could be reasonably expected that the Town will continue to purchase a particular category of goods, services or works and what total value is or could be reasonably expected to be purchased. A best practice suggestion is that if a purchasing threshold is reached within three years for a particular category of goods, services or works, then the purchasing requirement under the relevant threshold (including the tender threshold) must apply.
3. Must incorporate any variation to the scope of the purchase and be limited to a 10% tolerance of the original purchasing value.

**Purchasing from Existing Contracts**

Where the Town has an existing contract in place, it must ensure that goods and services required are purchased under these contracts to the extent that the scope of the contract allows. When planning the purchase, the Town must consult its Contracts Register in the first instance before seeking to obtain quotes and tenders on its own accord.

**Purchasing Thresholds**

The table below prescribes the purchasing process that the Town must follow, based on the purchase value:

Purchase Value Threshold	Purchasing Requirement
Up to \$5,000 (exc GST)	<p>Purchase directly from a supplier using a Purchasing or Corporate Credit Card issued by the Town, or obtain at least one (1) oral or written quotation from a suitable supplier, either from:</p> <ul style="list-style-type: none"> <li>• an existing panel of pre-qualified suppliers administered by the Town; or</li> <li>• a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government Common Use Arrangement (CUA);</li> <li>or</li> <li>• from the open market.</li> </ul> <p><del>The purchasing decision is to be based upon assessment of the supplier's response to:</del></p> <ul style="list-style-type: none"> <li><del>• a brief outline of the specified requirement for the goods, services or works required; and</del></li> <li><del>• value for money criteria, not necessarily the lowest price.</del></li> </ul> <p><del>The procurement decision is to be represented using the Brief Evaluation Report Template.</del></p>



Over \$5,001 and up to \$20,000 (exc GST)	<p>Request at least two (2) written quotations from suppliers following a brief outlining the specified requirement, either from:</p> <ul style="list-style-type: none"> <li>• an existing panel of pre-qualified suppliers administered by the Town; or</li> <li>• a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government CUA; or</li> <li>• from the open market.</li> </ul> <p>The purchasing decision is to be based upon assessment of the <del>suppliers</del>supplier's response to:</p> <ul style="list-style-type: none"> <li>• a written brief outline of the specified requirement for the goods; services or works required; and</li> <li>• value for money criteria, not necessarily the lowest price.</li> </ul> <p><del>The procurement decision is to be represented using the Brief Evaluation Report Template.</del></p>
Over \$20,001 and up to \$50,000	<p>Request at least three (3) written quotations from suppliers following a brief outlining the specified requirement, either from:</p> <ul style="list-style-type: none"> <li>• an existing panel of pre-qualified suppliers administered by the Town; or</li> <li>• a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or</li> <li>• from the open market.</li> </ul> <p>The purchasing decision is to be based upon assessment of the <del>suppliers</del>supplier's response to:</p> <ul style="list-style-type: none"> <li>• a written brief outline of the specified requirement for the goods; services or works required; and</li> <li>• value for money criteria, not necessarily the lowest price.</li> </ul> <p>The procurement decision is to be represented using the Brief Evaluation Report Template.</p>

Over \$50,001 and up to \$250,000 (exc GST)	<p>Request at least three (3) written quotations from suppliers by formal invitation under a Request for Quotation, containing price and detailed specification of goods and services required. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> <p>Quotations within this threshold may be obtained from:</p> <ul style="list-style-type: none"> <li>• an existing panel of pre-qualified suppliers administered by the Town; or</li> <li>• a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government CUA; or</li> <li>• from the open market.</li> </ul> <p>Requests for quotation from a pre-qualified panel of suppliers (whether administered by the Town through the WALGA preferred supply program or State Government CUA) are not required to be invited using a Request for Quotation form, however at least three written quotes are still required to be obtained.</p> <p>The purchasing decision is to be based upon assessment of the <del>suppliers</del>supplier's response to:</p> <ul style="list-style-type: none"> <li>• a detailed written specification for the goods, services or works required and</li> <li>• pre-determined evaluation criteria that assesses all best and sustainable value considerations.</li> </ul> <p>The procurement decision is to be represented using the Evaluation Report template.</p>
Over \$250,000 (exc GST)	<p>Where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender-exempt arrangement as listed under section 8 of this Policy, conduct a public Request for Tender process in accordance with the Regulations, this policy and the Town's tender procedures. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> <p>The purchasing decision is to be based upon the <del>suppliers</del>supplier's response to:</p> <ul style="list-style-type: none"> <li>• a specification of the goods, services or works (for a tender exempt process including the WALGA Preferred Supplier Arrangement); or</li> <li>• a detailed specification for the open tender process; and</li> <li>• pre-determined evaluation criteria that assesses all best and sustainable value considerations.</li> </ul> <p>The procurement decision is to be represented using the Evaluation Report template.</p>

**Requirement for Contracts**

Purchases over \$50,000 ex GST will require a written contract for the following supply categories:

- Consultants (General Conditions of Contract AS4122-2010)
- Minor Works
- General Goods and Services

- Building and Construction Services
- ICT Services
- Waste Services

A copy of the executed contract must be provided to the ~~Coordinator~~Manager Corporate Services prior to the Purchase Order being released. The contract details will be entered into the Contract Register which has been prepared in accordance with Treasurers Instruction 820 'Register of Contracts'.

Contract Reviews – all contracts established by the Town shall contain a requirement to review the performance of the Contractor/Supplier/Consultant at least annually and prior to the extension, if any, of the Contract term.

#### Strategic Purchasing Value Assessments

The Town will periodically review recent past purchasing activity across its operations to identify categories of supply for which the Town will have continuing need and which can be aggregated into single contract arrangements in order to achieve best value for money and efficiency in future purchasing activity.

The assessment of aggregated expenditure for the same category of supply capable of being supplied by a single supplier will determine the Purchasing Value threshold applicable to future purchasing activity.

#### Quotation Exemptions

An exemption to Request for Quotations may apply in accordance with Regulation 11 of the Local Government (Functions & General) Regulations 1996.

#### Insufficient Suppliers / Waiver of Quotation

Where this policy requires a certain number of quotations to be obtained, but it is not possible to obtain that number of quotations, then best endeavors must be used to obtain as many quotes as possible.

If it is not possible to obtain the required number of quotations then:

1. the requirement to obtain that number of quotations may be waived by the Chief Executive Officer or Executive Manager Corporate Services if the purchase is below ~~\$5020,000~~ and justification has been provided by an officer with appropriate authority to incur the liability. The following are examples of where an exemption may be approved:
  - Supplier is a sole provider registered in the Town of East Fremantle
  - Supplier is an ~~Aboriginal Business~~ First Nations Business
  - Supplier is Disability Enterprise
  - Delivery of goods or services is time critical
  - The local government has good reason to believe that, because of the unique nature of the goods or services required or for any other reason, it is unlikely that there is more than one potential supplier
2. all other requirements of this policy applicable to that type or value of purchase apply.
3. ~~an authorised 'exception form' must be attached to the Requisition/Purchase order in Synergysoft for the exemption to be valid.~~

#### Purchasing from Legal Service Providers

The Town of East Fremantle will utilise the WALGA preferred supplier contract for legal services. The selection of the service provider will be undertaken by the Chief Executive Officer or relevant Executive Manager (under delegated authority) based on factors including the panel provider undertaking similar work on behalf of the Town, specialist expertise as well as being based on standard contract performance. This supply category is exempt from the minimum quotation requirements.

#### Procurement of labour hire

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The Town of East Fremantle will ensure due diligence is carried out when procuring labour hire from recognised personnel providers in the market, with suppliers to be registered with WALGA. The Town will undertake to ensure the most qualified and suitable person is hired under an arrangement withwith

the labour hire provider. Whilst cost will be considered as part of the evaluation of suppliers, the most important criteria will be that the hired person is best fit for the Town and someone who will carry out their duties and responsibilities in-line with the Town's ethos. This does not preclude the value for money section of the Town's purchasing policy. This supply category is exempt from the minimum quotation requirements.

#### **Purchasing from Uniform Providers**

The Town of East Fremantle will utilise the WALGA Preferred Panel for the procurement of uniforms. Purchasing for Corporate Uniforms and Protective Clothing is exempt from the general requirements of this Policy, and only requires one quote ~~be to be~~ obtained. All purchases are still subject to a value for money judgement prior to issuing a Purchase Order.

#### **Purchasing from Stationery Suppliers**

The Town of East Fremantle will utilise either the WALGA preferred supplier contract or Social Enterprises (Disability and Aboriginal Corporations) for stationery purchases. The Town will endeavour to ensure value for money is realised as well as purchasing sustainable office supplies where possible. This supply category is exempt from the minimum quotation requirements.

#### **Purchasing of Accounting and Strategic Financial Services**

The Town of East Fremantle will utilise the WALGA preferred supplier contract for Accounting and Strategic Financial Services. The selection of the service provider will be undertaken by the Chief Executive Officer or relevant Executive Manager (under delegated authority) based on factors including the panel provider undertaking similar work on behalf of the Town, specialist expertise as well as being based on standard contract performance. This supply category is exempt from the minimum quotation requirements.

#### **Specific Organisational Expertise**

The Town of East Fremantle acknowledges that on occasion, contractors may have a unique understanding of Council procedures and/or software obtained through previous experience with the Town.

In cases where this specific expertise or knowledge of the Council is demonstrated to be beneficial to the Town or provides significant cost savings, purchases may be made from these contractors without obtaining the minimum number of quotations required. This exception recognises that such specialised knowledge and experience may lead to enhanced efficiency, reduced risk, and cost and time savings. This supply category is exempt from the minimum quotation requirements.

#### **Buying Local**

Where possible, suppliers operating with the Town of East Fremantle and neighbouring local government areas are to be given the opportunity to quote for goods and services required by the Town. Officers are required to review the local Business Directory when determining possible suppliers. However, it is recognised that not every category of goods or services required by the Town will lend itself to supply by local businesses.

#### **Standing Offer Agreement**

This is an agreement where a supplier(s) agrees to provide specified goods (which are considered commodities off the shelf which are readily available from multiple suppliers and frequently purchased), at an agreed price fixed for a set ~~period of time~~ period (usually for one year). Standing Offers are a commitment by suppliers to provide agreed products at the fixed price on receipt of a Town Purchase Order. Standing offers do not commit the Town to any minimum volume. A standing offer once accepted by the Town is deemed to have met the quotation process.

#### **Tendering Exemptions**

An exemption to publicly invite tenders may apply in the following instances:

- the supply of the goods or services is associated with a State of Emergency which has been declared in accordance with section 3 of the Emergency Management Act 2005;

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- the purchase is obtained from a pre-qualified supplier under the WALGA Preferred Supply Program or State Government Common Use Arrangement;
- the purchase is from a Regional Local Government or another Local Government;
- the purchase is acquired from a person registered on the WA **Aboriginal Business** Directory, as published by the Small Business Development Corporation, where the consideration under contract is worth \$250,000 or less and represents value for money;
- the purchase is acquired from an Australian Disability Enterprise and represents value for money;
- within 6 months of no tender being accepted;
- where the contract is for petrol, oil, or other liquid or gas used for internal combustion engines;
- the purchase is from a pre-qualified supplier under a Panel established by the Town; or
- any of the other exclusions under Regulation 11 of the Regulations apply.

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#### Inviting Tenders under the Tender Threshold

Where considered appropriate and beneficial, the Town may consider publicly advertising Tenders in lieu of undertaking a Request for Quotation for purchases under the tender threshold. This decision should be made after considering the benefits of this approach in comparison with the costs, risks, timeliness and compliance requirements ~~and also~~ whether the purchasing requirement can be met through the WALGA Preferred Supply Program or State Government CUA.

If a decision is made to undertake a public Tender for contracts expected to be \$250,000 or less in value, the Town's tendering procedures must be followed in full.

#### Sole Source of Supply

Where the purchasing requirement is over the value of \$5,000 and of a unique nature that can only be supplied from one supplier, the purchase is permitted without undertaking a tender or quotation process. This is only permitted in circumstances where the Town is satisfied and can evidence that there is only one source of supply for those goods, services or works. The Town must use its best endeavours to determine if the sole source of supply is genuine by exploring if there are any alternative sources of supply. Once determined, the justification must be endorsed by the **Chief Executive Officer or relevant Executive Manager (under delegated authority)**, prior to a contract being entered into.

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From time to time, the Town may publicly invite an expression of interest to effectively determine that one sole source of supply still genuinely exists.

#### Anti-Avoidance

The Town shall not ~~enter into~~ enter two or more contracts or create multiple purchase order transactions of a similar nature for the purpose of "splitting" the value of the purchase or contract to take the value of the consideration of the purchase below a particular purchasing threshold, particularly in relation to Tenders and to avoid the need to call a public Tender.

#### Emergency Purchases

An emergency purchase is defined as an unanticipated and unbudgeted purchase which is required in response to ~~an emergency situation~~ an emergency as provided for in the *Local Government Act 1995*. In such instances, quotes and tenders are not required to be obtained prior to the purchase being undertaken.

An emergency purchase does not relate to purchases not planned for due to time constraints. Every effort must be made to anticipate purchases required by the Town in advance and to allow sufficient time to obtain quotes and tenders, whichever may apply.

#### Record Management

Records of all purchasing activity must be retained in compliance with the State Records Act 2000 (WA); the Town's Records Keeping Plan and associated procurement procedures.

For each procurement activity, such documents may include:

- the Procurement initiation document such as a procurement business case which justifies the need for a contract to be created (where applicable);
- procurement Planning and approval documentation which describes how the procurement is

- to be undertaken to create and manage the contract;
- request for Quotation/Tender documentation;
- copy of public advertisement inviting tenders, or the notice of private invitation (whichever is applicable);
- copies of quotes/tenders received;
- evaluation documentation, including individual evaluators note and clarifications sought;
- negotiation documents such as negotiation plans and negotiation logs;
- approval of award documentation;
- all correspondence to respondents notifying of the outcome to award a contract;
- contract Management Plans which describes how the contract will be managed; and
- copies of contract(s) with supplier(s) formed from the procurement process.

#### **Sustainable Procurement and Corporate Social Responsibility**

The Town is committed to providing a preference to suppliers that demonstrate sustainable business practices and high levels of corporate social responsibility (CSR). Where appropriate, the Town shall endeavour to provide an advantage to suppliers demonstrating that they minimise environmental and negative social impacts and embrace CSR. Sustainable and CSR considerations must be balanced against value for money outcomes in accordance with the Town's sustainability objectives.

For formal procurement decisions, the Town may weight sustainability up to a total of 20%, with a maximum of 10% able to be assigned for any one of the following elements:

##### **1. Environmental**

Procurement that minimises unnecessary resource consumption, considers whole of life costs and delivers beneficial environmental economic outcomes is encouraged.

The Town will support the purchasing of recycled and environmentally sustainable products whenever a value for money assessment demonstrates benefit toward achieving the Town's strategic and operational objectives.

Qualitative weighted selection criteria will be used in the evaluation of Requests for Quote and Tenders to provide advantages to suppliers which:

- (a) demonstrate policies and practices that have been implemented by the business as part of its operations;
- (b) generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used and disposed; and
- (c) encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

##### **2. Social**

Procurement from organisations such as **Aboriginal controlled** businesses and social enterprises including Australian Disability Enterprises is encouraged.

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##### **3. Local Economy (with boundaries of the South West Group)**

The Town will provide supply opportunities for local organisations that can demonstrate economic benefits, either through being a local business, the use of local sub-contractors or local employees. This will be dependent on the extent to which the local business can demonstrate a contribution to the local economy but does not include any preferential treatment of pricing in the evaluation process.

Requests for Quotation and Tenders will include a request for Suppliers to provide information regarding their sustainable practices and/or demonstrate that their product or service offers enhanced sustainable benefits.

Examples of criteria include the following:

1. The Tenderer must provide details of the benefits to the local community from their

involvement in this contract. Examples may include, but should not be limited to things such as:

1—



- Local employment
  - Use of local service providers
  - Use of local food and beverage providers
  - Sourcing of materials and consumables locally
2. Community Participation and Benefits – provide commentary on initiatives to support Aboriginal business and indigenous community, local trade support, Australian manufacturing, and community benefit (i.e. corporate philanthropy or employment development programs for Corporate Social Responsibility such as disability enterprise or special needs)

#### Local Economic Benefit

The Town encourages the development of competitive local businesses within its boundary and as much as practicable, the Town will:

- where appropriate, consider buying practices, procedures and specifications that do not unfairly disadvantage local businesses;
- consider buying practices, procedures and specifications that encourage the inclusion of local businesses and employment of local residents;
- consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- ensure that procurement plans, and analysis is undertaken prior to developing Requests to understand local business capability and local content availability where components of goods or services may be sourced from within the district for inclusion in selection criteria;
- explore the capability of local businesses to meet requirements and ensure that Requests for Quotation and Tenders are designed to accommodate the capabilities of local businesses;
- avoid bias in the design and specifications for Requests for Quotation and Tenders;
- provide adequate and consistent information to potential suppliers.

#### Purchasing from Disability Enterprises

Pursuant to Part 4 of the Local Government (Functions and General) Regulations 1996, the Town is not required to publicly invite tenders if the goods or services are to be supplied from an Australian Disability Enterprise, as registered on [www.ade.org.au](http://www.ade.org.au). This is contingent on the demonstration of value for money.

Where possible, Australian Disability Enterprises are to be invited to quote for supplying goods and services under the tender threshold. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to Australian Disability Enterprises.

#### Purchasing from Aboriginal Businesses ~~First Nations Businesses~~

Pursuant to Part 4 of the Local Government (Functions and General) Regulations 1996, the Town is not required to publicly invite tenders if the goods or services are to be supplied from a person registered on the [Aboriginal Business Directory](http://www.abdwa.com.au) published by the Small Business Development Corporation on [www.abdwa.com.au](http://www.abdwa.com.au), where the expected consideration under contract is worth \$250,000 or less. This is contingent on the demonstration of value for money.

Where possible, [Aboriginal businesses](#) are to be invited to quote for supplying goods and services under the tender threshold. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to [Aboriginal owned](#) businesses, or businesses that demonstrate a high level of [aboriginal employment](#).

#### Panels of Pre-Qualified Suppliers

In accordance with Regulation 24AC of the Local Government (Functions and General) Regulations 1996, a Panel of Pre-qualified Suppliers ("Panel") may be created where most of the following factors apply:

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- the Town determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- there are numerous potential suppliers in the local and regional procurement-related market sector(s) that satisfy the test of 'value for money';
- the purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- the Panel will streamline and will improve procurement processes; and
- the Town has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

The Town will endeavour to ensure that Panels will not be created unless most of the above factors are firmly and quantifiably established.

#### *Establishing a Panel*

Should the Town determine that a Panel is beneficial to be created, it must do so in accordance with Part 4, Division 3 the Local Government (Functions and General) Regulations 1996.

Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the Panel.

Panels may be established for a minimum of two (2) years and for a maximum length of time deemed appropriate by the Town.

Evaluation criteria must be determined and communicated in the application process by which applications will be assessed and accepted.

Where a Panel is to be established, the Town will endeavour to appoint at least three (3) suppliers to each category, on the basis that best value for money is demonstrated. Where less than three (3) suppliers are appointed to each category within the Panel, the category is not to be established.

In each invitation to apply to become a pre-qualified supplier (through a procurement process advertised through a state-wide notice), the Town must state the expected number of suppliers it intends to put on the panel.

Should a Panel member leave the Panel, they may be replaced by the next ranked Panel member determined in the value for money assessment should the supplier agree to do so, with this intention to be disclosed in the detailed information set out under Regulation 24AD(5)(d) and (e) when establishing the Panel.

#### *Distributing Work Amongst Panel Members*

To satisfy Regulation 24AD(5) of the Regulations, when establishing a Panel of pre-qualified suppliers, the detailed information associated with each invitation to apply to join the Panel must either prescribe whether the Town intends to:

- i. obtain quotations from each pre-qualified supplier on the Panel with respect to all purchases, in accordance with Clause 20; or
- ii. purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances; or
- iii. develop a ranking system for selection to the Panel, with work awarded in accordance with Clause 19 (b).

In considering the distribution of work among Panel members, the detailed information must also prescribe whether:

- a) each Panel member will have the opportunity to bid for each item of work under the Panel, with pre-determined evaluation criteria forming part of the invitation to quote to assess the suitability of the supplier for particular items of work. Contracts under the pre-qualified panel will be

- awarded ~~on the basis of~~ based on value for money in every instance; or
- b) work will be awarded on a ranked basis, which is to be stipulated in the detailed information set out under Regulation 24AD(5)(f) when establishing the Panel. The Town is to invite the highest ranked Panel member, who is to give written notice as to whether to accept the offer for the work to be undertaken. Should the offer be declined, an invitation to the next ranked Panel member is to be made and so forth until a Panel member accepts a Contract. Should the list of Panel members invited be exhausted with no Panel member accepting the offer to provide goods/services under the Panel, the Town may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Purchasing Thresholds stated in section 5.5 of this Policy. When a ranking system is established, the Panel must not operate for a period exceeding 12 months.

In every instance, a contract must not be formed with a pre-qualified supplier for an item of work beyond 12 months, which includes options to extend the contract.

#### *Purchasing from the Panel*

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state whether quotations are either to be invited to every member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

Each quotation process, including the invitation to quote, communications with panel members, quotations received, evaluation of quotes and notification of award communications may be made through eQuotes, or any other electronic quotation facility or otherwise must all be captured on the Town's electronic records system. A separate file is to be maintained for quotation processes made under each Panel that captures all communications between the Town and Panel members.

#### *Recordkeeping*

Records of all communications with Panel members, with respect to the quotation process and all subsequent purchases made through the Panel, must be kept.

For the creation of a Panel, this includes:

- the Procurement initiation document such as a procurement business case which justifies the need for a Panel to be created;
- procurement Planning and approval documentation which describes how the procurement is to be undertaken to create and manage the Panel;
- request for Applications documentation;
- copy of public advertisement inviting applications;
- copies of applications received;
- evaluation documentation, including clarifications sought;
- negotiation documents such as negotiation plans and negotiation logs;
- approval of award documentation;
- all correspondence to applicants notifying of the establishment and composition of the Panel such as award letters;
- contract Management Plans which describes how the contract will be managed; and
- copies of framework agreements entered into with pre-qualified suppliers.

The Town is also to retain itemised records of all requests for quotation, including quotations received from pre-qualified suppliers and contracts awarded to Panel members. A unique reference number shall be applied to all records relating to each quotation process, which is to also be quoted on each purchase order issued under the Contract.

Information with regards to the Panel offerings, including details of suppliers appointed to the Panel, must be kept up to date, consistent and made available for access by all officers and employees of the Town.

#### Authorisation of Expenditure

Acceptance of tenders and quotations and the authorisation of expenditure is to comply with the Town's purchasing requirements, associated policies and procedures and within the relevant delegation or limit of authority.

All purchases of goods or services other than those goods or services deemed an emergency or those outside of normal business hours are only to be purchases after the approval of an appropriate purchase requisition and the receipt of a relevant purchase order.

The confirmation of any purchase after the completion of a quotation / tender process must be authorised by an officer to whom authority to incur a liability has been delegated ensuring that sufficient funds have been provided for in the Town's annual budget.

~~Issuing Purchase Orders where a quotation or tender process has been undertaken will be required to be released by the Manager Finance Manager and Administration, who is required to ensure that all details in the Register of Contracts have been complied with, and that the required number of quotes and the contract have been attached to the purchase requisition.~~

<b>Responsible Directorate:</b>	Corporate Services
<b>Reviewing Officer:</b>	Chief Executive Officer
<b>Decision making Authority:</b>	Council
<b>Policy Adopted:</b>	16/8/16
<b>Policy Amended/Reviewed:</b>	19/6/18, 17/9/19, 19/11/19, 10/12/19, 19/5/20, 15/9/20, 8/12/20, 20/7/21
<b>Former Policy No:</b>	4.2.4

Attachment  
Purchasing Procedures



### PURCHASING PROCEDURES (PRO2.1.3)

1. Council purchase orders are to be signed only by Officers authorised by Council, namely the:
  - Chief Executive Officer; (unlimited)
  - Executive Manager Corporate Services; Limit \$50,000
  - Executive Manager Regulatory Services; Limit \$50,000
  - Executive Manager Technical Services; Limit \$50,000
  - Operations Supervisor; Limit \$15,000
  - Supervisor Infrastructure and Assets; Limit \$15,000
  - Finance Manager; Limit \$15,000
  - Manager People and Culture; Limit \$5,000
  - Coordinator Corporate Services; Limit \$5,000
  - Executive Assistant/Governance Coordinator; Limit \$5,000
  - Coordinator Regulatory Services; Limit \$5,000
  - Coordinator – Operations; Limit \$5,000
  - Manager CHSP (CHSP related purchases only); Limit \$5,000
  - Communications Officer; \$5,000 – remove? Yes
  - Manager Community Engagement and Communication; \$5,000
  - Senior Ranger; Limit \$2,000- remove? Andrew has never authorised any invoices. Might be tied to credit card
  - Principal Environmental Health Officer; Limit \$1,500

or those Officers acting in the positions from time to time.

All of the above thresholds are GST exclusive.
2. Authority limitations apply to any purchase including ~~signing~~ signing contracts in accordance with Delegation DA8 and DA9;
3. An official purchase order must be placed for all goods or services (including consultants' opinions, e.g. legal, engineering, town planning, ~~etc etc~~) ordered, prior to an invoice being received by the Town. ~~Should an invoice be received without a purchase order having been created, A~~ Creditor Request Form must be completed and authorised prior to payment of the invoice;
4. Standing Purchase Order – these are commitments made against a particular supplier for goods or services that are regularly procured over a specified period, usually one financial year. The full value of the commitment is restricted to the amount in the approved budget, allowing for a spread over more than one supplier. Standing order numbers will need to be quoted to the supplier for inclusion in their invoice. ~~Do not provide a printed copy of "Standing Purchase Orders" to suppliers.~~ Standing orders will be expedited by Finance at the end of each financial year and will need to be re-established in the new financial year.
5. Emergency Order – emergency orders can only be processed outside the procurement process when any of the following events are likely to occur:
  - Possible cause of injury or loss of life
  - Potential to result in destruction of property
  - Possible loss or disruption to the Town's stakeholders or core functions
  - Will seriously impair the reputation of the Town in the local or wider community



In such cases, the purchaser will initially make a purchase commitment with a third party without following all the processes in this procedure. The purchase order is to be raised as soon as possible following the initial commitment **and prior to the invoice being received.**

6. When ordering by telephone a purchase order number must be quoted and the original of the order to be forwarded to the supplier endorsed "Confirmation of Telephone Order on (date)".
7. ~~Should an exception~~exception to the purchasing policy be applied to an order, an authorised 'exception form' **must** be attached to the Requisition/Purchase order in Synergysoft for the exemption to be valid.
8. All Officers are to ensure that when issuing a Council order for goods or services that a current account number (which will reflect the Budget estimate for those goods or services) be quoted on the Council order. This will ensure that:-
  - 8.1 expenditure is allocated to the correct Budget item (with the job number account being noted on the Council order); and
  - 8.2 that sufficient funds are identified against the job number account before expenditure is authorised.
9. In order that costs are adequately controlled before issuing a Council purchase order Officers must check against their current Budget estimates for the current financial year and monthly expenditure reports to ensure that there are sufficient funds to cover the cost of the goods or services being ordered;
10. Roles of Finance:
  - Finance Officers will provide initial training and support to Authorised Purchasing Officer;
  - ~~Finance staff will review purchase orders on a periodic basis to prior to paying invoices to ensure compliance with the Purchasing Policy including ensuring that all relevant quotes are attached. Should there be any non-compliance, payment of the invoice will be placed on hold. An email will be sent to the Purchaser seeking a valid reason why the Purchasing Policy was not complied with and they will be asked to provide the requested number of quotes to be attached to the purchase order, which will need to be confirmed by the CEO. Once this has been received, payment will be processed. A report will be prepared yearly for presentation to the Audit and Risk Finance Committee.~~
  - Goods receipt amounts will be matched to supplier's invoice and processed for payment in line with their terms. Any variance greater than 10% will be ~~referred~~ backreferred to the Purchaser.
  - Purchase orders will be reviewed every three months to ensure obsolete orders are expedited.
11. Where possible, Council use environmentally friendly paper products including recycled paper;
12. All purchases must also comply with Policy 2.1.3 – Purchasing Policy.

## 10.4 2412 REVIEW OF INVESTMENT PERFORMANCE

<b>Report Reference Number</b>	ACR-648
<b>Prepared by</b>	Phil Garoni, Finance Manager
<b>Supervised by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Meeting date</b>	Wednesday, 11 December 2024
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	

## PURPOSE

This report provides an overview of investment performance for the 2023/24 financial year.

## EXECUTIVE SUMMARY

The WA Local Government Association (WALGA) has published a paper 'Divestment in Fossil Fuels' Opportunities for Local Government in WA. The Town of East Fremantle is listed as one of eight local government case studies to have supported divestments from fossil fuels since 2014:

*"In June 2016, the Town carried a unanimous motion to revoke their previous Investment Policy and introduce a new Policy Investment of Surplus Funds. The policy gives preference to financial institutions that are deemed not to invest in or finance the fossil fuel industry, subject to conditions."*

## BACKGROUND

Council has formally resolved on a divestment strategy as follows:

*That Council amend its Investment Policy to provide a price preference to financial institutions that are deemed not to invest in or finance the fossil fuel industry, of 10 basis points (0.1%) below the most favourable investment quotation.*

Councils Investment of Surplus Funds Policy includes the following provisions with respect to fossil fuel free investments:

**Fossil Fuel Free Investments**

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

- a) The investment is compliant with Councils investment policy with regards to risk management guidelines, and*
- b) The investment rate of return is favourable to Council relative to other investment quotations that may be on offer within a competitive environment.*

*A monthly report will be provided to Council, in support of the monthly financial activity statement, which will detail the investment portfolio in terms of divestment of fossil fuel industry supported investments, performance, percentage exposure of total portfolio by rating category and maturity date framework.*

## CONSULTATION

Audit Committee  
Executive Manager Corporate Services

## STATUTORY ENVIRONMENT

Regulation 19 of the *Local Government (Financial Management) Regulations 1996* requires local governments to establish and document internal control procedures to ensure control over investments.

## POLICY IMPLICATIONS

Council Policy 4.2.3 Investment of Surplus Funds applies.

## FINANCIAL IMPLICATIONS

The following financial summary is provided for 2023/24:

- The average monthly investment portfolio was circa \$9.04m.
- The average weighted interest rate on investments was 4.64%.
- Total annual interest earnings on investments were circa \$420k.
- An average of 27.59% of the portfolio was divested.

## 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

### 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)
Under-performance of the Town's Investment Strategy	Possible (3)	Moderate (3)	Moderate (5-9)	FINANCIAL IMPACT \$50,000 - \$250,000	Manage by reviewing monthly investment reports submitted to Council

### RISK MATRIX

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



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

#### RISK RATING

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

#### SITE INSPECTION

Not applicable.

#### COMMENT

Divestment is the opposite of an investment – it means getting rid of stocks, bonds, accounts or investment funds that are morally ambiguous. In the context of an Investment Policy, divestment refers to removing investment from companies who are involved in fossil fuel projects. Fossil fuels are defined as 'a natural fuel such as coal or gas, formed in the geological past from the remains of living organisms'. Fossil fuel divestment is therefore aimed at companies who invest in coal, oil and natural gas projects.

WALGA has previously published a list of deposit taking institutions that are deemed not to fund the fossil fuel industry:

<b>Bank</b>	<b>Long Term Credit Rating (Standard and Poor)</b>	<b>Long Term Credit Rating (Fitch)</b>
Suncorp	AA-	AA-
Adelaide Bank	BBB+	A-
Bendigo Bank	BBB+	A-
Rural Bank	BBB+	-
Rabobank	-	-
ME Bank	BBB	-
Bank of Queensland	BBB+	A-
Auswide	BBB-	BBB+

Market Forces have also published a list of banks that do and don't have a record of funding fossil fuels ([www.marketforces.org.au](http://www.marketforces.org.au)). They have identified that Rabobank has financed companies directly involved in fossil fuel mining.

Councils Investment of Surplus Funds Policy requires a minimum 'A' long term rating for investment of funds.

There is therefore only one Bank (Suncorp) that has a rating of 'A' or higher from Standard and Poor and four Banks that having a rating of 'A' or higher from Fitch.

Standard and Poor have offices in 24 countries and a history that dates back more than 150 years and is considered a global leader in objective risk analyses and evaluations of the credit worthiness of issuers worldwide.

Fitch Ratings, founded in 1913, is an international rating agency that provides global capital market investors with ratings and research.

The Town maintains a rolling investment portfolio, with term deposits maturing on a regular basis to meet cash-flow requirements, whilst optimising investment returns. Generally, 3 quotes are sought on term deposit rates including 1 from a financial institution that is deemed not to invest in or finance the fossil fuel industry (i.e. Suncorp). The decision to 'divest' is made pursuant to Council Policy, with the interest rate required to be favourable compared with other quotations.

It is also prudent to note that Suncorp will not accept a capital value less than \$500k and stipulates terms equal to or greater than 90 days, which makes divestment restrictive from time to time.

The Commonwealth Bank Australia (CBA) previously provided a divestment option of a green investment portfolio. The CBA reviewed their ESG/Green term deposit product in 2023. As such has resulted in this product no longer being available with no alternative options being provided to date.

The following snapshot of investment performance for 2023/24 is provided:

- The average monthly investment portfolio was circa \$9.04m (attributable to significant capital grant funding)
- The average weighted interest rate on investments was 4.64%. This compares to an average RBA cash rate of 4.25%, illustrating that the Town's investment return outperformed the cash rate by 40 basis points.
- Total annual interest earnings on investments were circa \$420k. Favourable interest earnings were used to fund additional capex for the East Fremantle Oval Redevelopment.
- An average of 27.59% of the portfolio was divested.
- Interest rates from Suncorp have generally outperformed the four major banks.

Under Councils Investment of Surplus Funds Policy, for Banks with a credit rating of 'A', no more than 40% of the total portfolio can be invested with any one institution and no more than 80% of the total portfolio can be exposed to all banks with this credit rating. This limits the Towns ability to divest funds as the Town only holds an investment account with Suncorp.

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## CONCLUSION

The Audit Committee should satisfy itself that the Town's investment performance is acceptable and within the parameters of the policy.

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#### 10.4 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

**Committee Resolution 041112**

**OFFICER RECOMMENDATION**

**Moved Cr Natale, seconded Cr White**

**That the Audit Committee receives the update on the performance of the Town's investments for 23-24 and notes the following key information:**

- **The average weighted interest rate on investments was 4.64%, compared to the average RBA cash rate of 4.25% for the report period.**
- **Divestment opportunities were limited as the CBA discontinued its green product line leaving only Suncorp as a suitable deposit taking institution with a Standard and Poor Credit Rating of 'A'.**
- **An average of 27.59% of the portfolio was divested for the report year. No more than 40% of the portfolio could be divested with Suncorp and there were occasions they were unable to accept deposits.**

**(CARRIED UNANIMOUSLY 5:0)**

**For: Mayor O'Neill, Mr Chauvel, Crs Wilson, Natale & White**

**Against: Nil**

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#### REPORT ATTACHMENTS

Attachments start on the next page

## 10.5 2412 RATES OUTSTANDING - DEBT RECOVERY REPORT TO 30 JUNE 2024

<b>Report Reference Number</b>	ACR-682
<b>Prepared by</b>	Richard Olson, Revenue Officer
<b>Supervised by</b>	Phil Garoni, Manager Finance
<b>Meeting date</b>	Wednesday, 11 December 2024
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	

1. Debt Recovery Policy 2.1.7
2. Rates Collection Summary
3. Debt Recovery Summary Report – Confidential

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#### PURPOSE

Council is requested to receive this summary on debt recovery activities against rateable assessments in arrears for the year ended 30 June 2024.

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#### EXECUTIVE SUMMARY

A Debt Recovery Status Report has been prepared to provide Council with an overview of the outstanding rates and service charges within debt recovery stage and an easy-to-understand report, covering debt recovery activities undertaken, in accordance with the *Local Government Act 1995* and Council Policy, during the 2023/2024 financial year.

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#### BACKGROUND

The Debt Recovery Status Report provides an overview of how the Town carries out debt recovery in a fair and equitable manner, ensuring the processes of the recovery of outstanding rates and service charges, are subject to Part 6 of the *Local Government Act 1995* and within the guidelines outlined in Policy 2.1.7 Debt Recovery.

Council has adopted a benchmark target of 5% for its outstanding rates ratio.

The Finance team is required to maintain a monthly status report of recovery action against all rates in arrears of more than one year. The Town of East Fremantle will exercise its debt recovery powers, as outlined in Part 6 of the *Local Government Act 1995*, in order to reduce the overall debt burden on ratepayers. The Town exercises its debt recovery processes by the following guidelines:

- ensuring that debt collection procedures are carried out in a fair and equitable manner;
- making the processes used to recover outstanding debt clear, simple to administer and cost effective;
- transparency by making clear the obligations of its ratepayers to the processes used by Council in ensuring that they meet their financial obligations;
- flexibility by responding where necessary to changes in the local economy;
- ensuring the Town of East Fremantle is compliant with all regulatory obligations;
- upholding recognition from the public and industry for the Town of East Fremantle practices that withstand probity.

### Process of the Recovery of Rate and Service Charges

Where the Town has contacted the rates debtor by telephone, email and other means and a payment arrangement has not been entered into, the Town will adopt the following process to recover outstanding rates and service charges due to the Town:

- i. Where Rate and Service charges accounts remain outstanding after the prescribed due date, a Reminder Notice is issued requesting full payment within fourteen (14) days.
- ii. Where amounts remain outstanding after the expiry date shown on the Reminder Notice, a Final Notice will be issued, requesting payment within 9 days.
- iii. Where amounts remain outstanding after the expiry date shown on the Final Notice, a Final Demand letter will be issued requesting payment within 7 days and advising the Town may commence debt recovery processes.
- iv. Where the amount of rates outstanding is more than \$1000 and no special payment arrangement is in place the Town's Rates Officer will refer the rates account to a debt collection service provider.
- v. A second letter of demand is issued by the debt recovery agent advising the rates debtor to make payment within fourteen (14) days.
- vi. Where rates remain outstanding and no special payment arrangement is in place, under the guidance of the Town's debt collection service provider, legal action may commence.

The Town may lodge a Minor Case Claim (where the debt is less than \$10,000) or a General Procedure Claim (where the debt is \$10,000 or more) with the Magistrates Court. Should the debtor not respond within the timeframes established by the Court, default judgment may be requested. Where a General Procedure Claim has been lodged and default judgement requested and granted, a Property Seizure and Sale Order (PSSO) may be lodged. The PSSO authorises the Bailiff to seize and sell as much of the debtor's real or personal property as necessary to satisfy the debt.

The Town engages a debt collection agency and/or legal representative to act on its behalf in taking debt recovery action. Legal costs and expenses incurred by the Town in recovering rates debts will be charged against the rates account and in accordance with the section 6.43 of the *Local Government Act 1995*. Costs incurred are anywhere between \$300 to \$2000 dependant on situation and type of recovery used.

Where the rates debtor fails to make payment or respond to the recovery activities undertaken, the Town will continue to promote the option of a formal payment arrangement to pay the outstanding monies owed to the Town.

Payment arrangements are facilitated in accordance with section 6.49 of the *Local Government Act 1995*. When considering payment arrangements, the Town will consider all circumstances, applying the principles of fairness and integrity whilst complying with all statutory responsibilities.

A special payment arrangement must be negotiated to reflect a ratepayer's capacity to repay outstanding rates and contain the details of the agreed repayment schedule. In accordance with the 2023/24 Budget resolution, any ratepayer experiencing financial hardship will not be charged an administration fee or penalty interest under a special payment arrangement entered into accepting the financial hardship.

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### CONSULTATION

Executive Manager of Corporate Services  
Manager Finance

## STATUTORY ENVIRONMENT

Regulation 5 of the Local Government (Financial Management) Regulations 1996 outlines the CEO's duties as to financial management of the local government which includes:

- That efficient systems and procedures are to be established for the proper collection of all money owing to the local government.

Section 6.49 of the *Local Government Act 1995* states that a local government may accept payment of a rate or service charge due and payable by a person in accordance with an agreement made with the person.

## POLICY IMPLICATIONS

Council's Debt Collection Policy includes options to recover rates debt where rates are in arrears between one (1) and three (3) years. Part 6 of this Policy requires management and Council reporting. The Town has adopted a benchmark target of 5% for its outstanding rates ratio. A status report on rates outstanding is required to be presented to Council.

## FINANCIAL IMPLICATIONS

None, though The Town has allocated a budget of \$6,430 in 2024/25 for rates write offs against general ledger account E03259.

## STRATEGIC IMPLICATIONS

Town of East Fremantle Strategic Community Plan 2020-2030 - Objective 5.1 Strengthen Organisational Accountability and Transparency.

## RISK IMPLICATIONS

### RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Inadequate debt recovery processes will result in excessive bad debts	Unlikely (2)	Minor (2)	Low (1-4)	FINANCIAL IMPACT \$10,000 - \$50,000	Accept Officer Recommendation
Inefficient use of staff time and financial resources to pursue bad debts	Unlikely (2)	Minor (2)	Low (1-4)	FINANCIAL IMPACT \$10,000 - \$50,000	Accept Officer Recommendation

### RISK MATRIX

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

Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

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

#### RISK RATING

<b>Risk Rating</b>	4
<b>Does this item need to be added to the Town's Risk Register</b>	No
<b>Is a Risk Treatment Plan Required</b>	No

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#### SITE INSPECTION

Not Applicable.

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#### COMMENT

A summary of rates debt recovery is presented as Attachment 2. The outstanding rates ratio of **1.41%** is favourable compared to the benchmark of 5%. This ratio excludes excess rates which are pre-payments to 2024/2025. (2020/21 was 1.64%, 2021/22 was 1.42% & 2022/23 was 1.37%)

When removing the deferred rates from the equation, which are not due and payable, the outstanding ratio is 0.64%, down ever so slightly from 0.65% in 2022/2023.

Of 3,430 rateable properties within the Town, 19 properties carried forward an outstanding balance (not including deferred rates) into 2024/25. This represents 0.55% of rateable properties.

The Debt recovery Summary report (Attachment 3 – confidential) lists all properties with a 'current' (2023/24) charge including those becoming deferred as at 30 June 2024.

At writing of the report, of the 19 non-pensioner properties with an arrears, 10 have paid in full, 1 has part paid, 1 is being settled whilst the remaining 7 are progressing with recovery.

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#### CONCLUSION

Rates collections (including ESL) have been excellent; however, the current financial climate may see a decrease in collections this coming financial year.

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## 10.5 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

**Committee Resolution 051112**

**OFFICER RECOMMENDATION**

**Moved Cr White, seconded Cr Natale**

**That the Audit Committee recommend Council:**

**1. Receive this report and attachments with respect to rates collection and debt recovery for the year ended 30 June 2024, and note the following performance indicators:**

- (i) Excluding deferred rates, outstanding rates at 30 June 2024 amounted to \$70,387, which equates to an outstanding rates ratio of 0.64%.**
- (ii) Of 3,430 rateable assessments within the Town, 19 assessments will carry forward an outstanding balance, which represents 0.55% of total rateable properties (not including deferred).**

**(CARRIED UNANIMOUSLY 5:0)**

**For: Mayor O'Neill, Mr Chauvel, Crs Wilson, Natale & White**

**Against: Nil**

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## REPORT ATTACHMENTS

Attachments start on the next page





### 2.1.7 Rates/Sundry Debtor Recovery (Debt Collection)

<b>Type:</b>	Corporate Services – Financial Management
<b>Legislation:</b>	Refer to References
<b>Delegation:</b>	DA76 Write Off Debt
<b>Other Related Document:</b>	

#### Objective

The purpose of this policy is to outline the Town of East Fremantle process for efficient and effective management of outstanding Rates and Sundry Debtor Accounts.

#### Policy Scope

The Town of East Fremantle will exercise its debt recovery powers, as outlined in Part 6 of the *Local Government Act 1995*, in order to reduce the overall debt burden on ratepayers. It will be guided by the principles of:

- ensuring that debt collection procedures are carried out in a fair and equitable manner;
- making the processes used to recover outstanding debt clear, simple to administer and cost effective;
- transparency by making clear the obligations of its ratepayers and sundry debtors to the processes used by Council in ensuring that they meet their financial obligations;
- equity by having regard to providing the same treatment for ratepayers and sundry debtors with similar circumstances;
- flexibility by responding where necessary to changes in the local economy;
- ensuring the Town of East Fremantle is compliant with all regulatory obligations;
- promoting effective governance and definition of roles and responsibilities;
- upholding recognition from the public and industry for the Town of East Fremantle practices that withstand probity.

#### Definitions

**Debtor** an individual, organisation or other party that transacts with the Town where goods or services are provided, use of facilities are made available, fines and license fees are levied and any other transactions that result in an expected future payment to the Town.

**General Procedure Claim (GPC)** means the claim lodged with the Magistrates Court where the value of the claim or the relief claimed does not exceed \$75,000.

**Property Seizure and Sale Order (PSSO)** is a court order that authorises a bailiff to seize and sell as much of the judgment debtor's real or personal property as necessary to satisfy the judgment debt wholly or partially.

**Financial Hardship** A person in a situation of vulnerability may have low income or, as a result of their circumstances, be experiencing a financial shock, leading to difficulties in paying rates by the due date. This can take the form of 'payment difficulties' or 'financial hardship'.

## Policy

### 1. Recovery of Sundry Debtor Accounts

The recovery of outstanding sundry debtors will be collected in a fair and timely manner. Sundry debts are due for payment 21 days from date of issue. The process for sundry debt collection is as follows:

- a) Sundry debtors will be issued an invoice as soon as possible after the amount is known, providing 21 day payment terms.
- b) A statement (or form of reminder) will be issued as soon as practicable after the invoice becomes due and payable, , requesting payment within 14 days.
- c) At the end of 14 days, communication will be issued advising that legal action may be taken without further warning should the debt remain outstanding beyond 7 days.

Where the customer fails to pay in full by the expiry of the period defined above, credit may be suspended or services limited and legal action may be commenced.

Legal action – debts will be assessed to ascertain the ability to recover. If the cost of legal action exceeds the amount of the debt, the amount may be considered for write off, subject to Council delegation, once all non-legal recovery actions have been exhausted.

### 2. Recovery of Rate and Service Charges

The recovery of outstanding rates will be collected in a fair and timely manner. Rate notices are due for payment 35 days from date of issue in accordance with the *Local Government Act 1995*.

***Amounts that remain outstanding past the prescribed due date may have interest applied,*** up to a maximum interest rate as legislated and imposed annually by Council as part of the Annual Budget. Interest is calculated on the number of days from the due date of payment until the day the payment is received by the Town of East Fremantle. This includes overdue amounts where the rate payer has elected to pay by an instalment option.

#### ***Accounts unpaid by the due date shown on the Rate Notice***

Where accounts remain outstanding after the prescribed due date, a Reminder Notice shall be issued requesting full payment within fourteen (14) days (this to be commenced within two weeks of accounts falling due).

Accounts that remain outstanding after the due date of the Reminder Notice are to be issued with a Final Notice requesting full payment within nine (9) days (to be commenced within a week of accounts falling due).

Accounts that remain outstanding after the due date of the Final Notice are to be issued with a Final Demand requesting full payment within seven (7) days (to be commenced within a week of accounts falling due).

Accounts with eligible persons registered to receive a pensioner or senior rebate under *the Rates and Charges (Rebates and Deferments) Act 1992* will not be subjected to the above recovery process however those accounts with service charges or rates that are unable to be deferred (Seniors) from the previous year will be subject to a communicate requesting payment of overdue charges.

#### ***Accounts unpaid after the expiry date shown on the Final Demand***

Where amounts remain outstanding after the expiry date shown on the Final Demand and no communication has been entered into, recovery action will commence.

Accounts will be sent to the Town's debt collection agency for issuance of a Final Demand (Agency Letterhead) with a due date of fourteen (14) days. The demand is to be issued by mail and email (if an email exists).

Those accounts with existing action carried over from the previous year will receive a demand from the Town's solicitors.

***Seizure of Rent for Non Payment of Rates***

Where the property owner of a leased or rented property on which Rates and Service Charges are outstanding cannot be located or refuses to settle Rates and Service Charges owed, a Notice may be served on the lessee or tenant under the provisions of *Section 6.60 of the Local Government Act 1995* requiring the lessee or tenant to pay to the Town the rent due that they would otherwise pay under the lease/tenancy agreement as it becomes due, until the amount in arrears has been paid.

***Options to recover rates debt where rates remain unpaid.***

Under the guidance of the Town's debt collection service provider, legal action may be undertaken to recover outstanding rates and charges. This action may include General Procedure Claims and Property Seizure and Sale Orders (Goods). Any costs incurred in undertaking legal action in a Court of competent jurisdiction are recoverable from ratepayers under *section 6.56 of the Local Government Act 1995*.

***Options to recover rates debt where rates are in arrears for in excess of three (3) years.***

(i) Lodging a Caveat on the Title for Land

If rates and service charges which are due to Council in respect of any rateable land have been unpaid for at least three (3) years a caveat may be registered on the title for the land, under the provisions of *Section 6.64 (3) of the Local Government Act 1995*. The approval of Council is required before this course of action is undertaken.

(ii) Sale of Property

If rates and service charges which are due to Council in respect of any rateable land have been unpaid for at least three (3) years, Council may take possession of the land under the provisions of *Section 6.64 of the Local Government Act 1995*. The approval of Council is required to be obtained before this course of action is undertaken.

**3. Write off Debts**

The Chief Executive Officer and the Executive Manager Corporate Services have the authority to write-off individual debts up to \$500.00 in accordance with Delegation DA76 – Write off Debt, excluding late payment interest and Service Charges applicable to the Emergency Services Levy.

**4. Financial Hardship**

While evidence of hardship will be required, the Town recognises that not all circumstances are alike. The Town will consider a range of individual circumstances including, but not limited to, the following situations:

- Recent unemployment or under-employment.
- Sickness or recovery from sickness.
- Low income or loss of income.
- Unanticipated circumstances such as caring for and supporting extended family.

Ratepayers will be required to provide information about their individual circumstances that may be relevant. This includes demonstrating a capacity to make some payment where possible and entering into a formal payment arrangement. The Town will consider all circumstances,

applying the principles of fairness, integrity and confidentiality whilst complying with all statutory responsibilities.

Where a ratepayer meets the Financial Hardship Criteria, payment arrangements will incur a \$0 administration fee and the Town reserves the right to waive late penalty interest, excluding the late payment interest and Service Charges applicable to the Emergency Services Levy.

#### **5. Payment Arrangements**

Payment arrangements are facilitated in accordance with *Section 6.49 of The Local Government Act 1995* and will be offered to rate payers in circumstances evident of financial hardship. A payment arrangement must be negotiated to reflect a ratepayer's capacity to repay outstanding rates and contain the details of the agreed repayment schedule.

**These payment arrangements will include the following:**

1. It is the responsibility of the ratepayer to ensure that the agreed payment amounts are paid on or before the agreed due date.
2. The Town of East Fremantle requires full payment of the outstanding rates by the end of the financial year.
3. If a ratepayer requires an extension on this timeframe an end date must be negotiated and approved by the Executive Manager Corporate Services.
4. The ratepayer will be responsible for informing the Town of any change in circumstance that jeopardises the agreed repayment schedule.

For the purpose of recovering rates and service charges, where a ratepayer defaults on more than two repayments, the payment arrangement will become void and be subject to the Town's debt recovery procedures outlined in this policy.

#### **6. Management Reporting**

##### *Rates Debtors:*

The Town has adopted a benchmark target of 5% for its outstanding rates ratio. The monthly financial report to Council is to include a receivables note detailing the total amount of rates outstanding, and a breakdown of rates outstanding between one and two years, two and three years, and more than three years. Management are required to maintain a status report of recovery action against all rates in arrears of more than one year.

##### *Sundry Debtors:*

The Town has adopted a benchmark of less than 10% of sundry debtors exceeding 90 days outstanding. The monthly financial report to Council is to include an aged receivables note detailing the total amount outstanding against current, 30 days, 60 days and 90+ days. Management are required to maintain a status report of recovery action against all sundry debts in arrears of more than 90 days.

##### *Roles and Responsibilities*

- The Chief Executive Officer shall be responsible for the application of delegations of authority in regard to the Policy.
- The Executive Manager Corporate Services shall be responsible for referring matters to Council in regard to this Policy and the collection of outstanding debts.
- The Manager Administration and Finance shall be responsible for the review and monitoring of the operations of the Policy (or delegate to the Revenue Officer functions of operation of the policy).
- The Corporate Service Team shall be responsible for the day to day operations of the Policy.

**7. Legislation**

- Local Government Act 1995: Part 6, Division 4, Clause 6.13 - Interest on money owing to local governments
- Local Government Act 1995: Part 6, Division 6, Clause 6.45 – Options for payment of rates and service charges
- Local Government Act 1995: Part 6, Division 6, Clause 6.51 - Accrual of interest on overdue rates or service charges
- Local Government Act 1995: Part 6, Division 6, Clause 6.56 - Rates or service charges recoverable in court
- Local Government Act 1995: Part 6, Division 6, Clause 6.60 - Local government may require lessee to pay rent
- Local Government Act 1995: Part 6, Division 6, Clause 6.64 - Actions to be taken
- Local Government (Financial Management) Regulations 1996
- Rates and Charges (Rebates and Deferments) Act 1992

<b>Responsible Directorate</b>	Corporate Services
<b>Reviewing Officer</b>	Executive Manager Corporate Services
<b>Decision Making Authority</b>	Council
<b>Policy Adopted</b>	18/9/18
<b>Policy Amended/Review:</b>	19/2/19, 17/9/19, 21/04/20, 19/7/22
<b>Former Policy No:</b>	4.4.2

## Attachment 2

**RATES COLLECTION DURING 2023/2024**

RATES AND CHARGES LEVIED 2023/2024	\$	11,041,804.86
LESS RECEIVED 2023/2024	-\$	10,885,785.01
<b>BALANCE OUTSTANDING</b>	<b>\$</b>	<b>156,019.85</b>
PERCENTAGE RECEIVED		98.59%
PERCENTAGE OUTSTANDING		1.41%

RATES AND CHARGES LEVIED 2023/2024	\$	11,041,804.86
LESS DEFERRED AT 30 JUNE 2024	-\$	85,633.03
TOTAL RECOVERABLE RATES AND CHARGES	\$	10,956,171.83
LESS RECEIVED 2023/2024	-\$	10,885,785.01
<b>BALANCE OUTSTANDING</b>	<b>\$</b>	<b>70,386.82</b>
PERCENTAGE RECEIVED		99.36%
PERCENTAGE OUTSTANDING		0.64%

Attachment 3

Confidential Attachment

## 10.6 2412 CONSOLIDATED STATUS REPORT

<b>Report Reference Number</b>	ACR-656
<b>Prepared by</b>	Phil Garoni, Finance Manager
<b>Supervised by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Meeting date</b>	Wednesday, 11 December 2024
<b>Voting requirements</b>	Simple
<b>Documents tabled</b>	Nil
<b>Attachments</b>	

### 1. Consolidated Status Report - Confidential

#### PURPOSE

It is recommended that the Audit Committee receive a status report on all outstanding matters raised in external audit reports, financial management reviews, performance audits, internal audit reports and any other review relevant to the Audit Committee's Terms of Reference.

#### EXECUTIVE SUMMARY

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

#### BACKGROUND

The Department of Local Government has published an Operational Guideline on Audit in Local Government. Appendix 3 of this Guideline lists several matters that should be presented to an Audit Committee for review and monitoring:

##### Risk Management:

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



### Internal Control Systems:

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

### Legislative Compliance:

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

Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements.

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## CONSULTATION

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

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## STATUTORY ENVIRONMENT

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

The last Financial Management/Audit Reg 19 Review was completed in November 2022, with the next review due in November 2025.

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## POLICY IMPLICATIONS

There are no Council Policies relevant to this matter.

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## FINANCIAL IMPLICATIONS

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

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## 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

### RISKS

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

### RISK MATRIX

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

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

### RISK RATING

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

### SITE INSPECTION

Not applicable.

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## COMMENT

Management is progressively actioning findings contained within the status report.

Of the twenty-four (24) active findings from the previous status report, six (6) items are deemed to be closed. These will be hidden in the next status report. Should the Audit Committee require clarification on any of these, Management can speak to these items at the Committee Meeting.

Of the eighteen (18) remaining audit findings, two (2) items have not commenced:

- These items relate to a review of Policies. Given other work Governance priorities, including the implementation of new compliance software, this review has yet to be prioritised. The risk category is assessed to be low. This review is scheduled to be completed by June 2026, in accordance with the modifications to the Corporate Business Plan that Council recently approved.

The last ten (10) audit findings relate to management letter findings from this year's financial (1) and Information Systems Audit (9).

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## CONCLUSION

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

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## 10.6 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

**Committee Resolution 061112**

**Moved Mr Chauvel, seconded Cr White**

**OFFICER RECOMMENDATION**

**That the Audit Committee receives the Consolidated Status Report on items relevant to its Terms of Reference.**

**(CARRIED UNANIMOUSLY 5:0)**

**For: Mayor O'Neill, Mr Chauvel, Crs Wilson, Natale & White**

**Against: Nil**

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## REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1

Confidential Attachment

## 11 MATTERS BEHIND CLOSED DOORS

Nil

## 12 CLOSURE OF MEETING

There being no further business, the Presiding Member declared the meeting closed at 7.46pm.

*I hereby certify that the Minutes of the ordinary meeting of the **Audit Committee** of the Town of East Fremantle, held on **11 December 2024** Minute Book reference **1** to **12** were confirmed at the meeting of the Council on*

.....

\_\_\_\_\_  
*Presiding Member*