



# AGENDA

## Council Meeting

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Tuesday, 20 November 2018 at 6.30pm

### **Disclaimer**

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

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

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

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

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

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

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

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

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

A Deputation invited to attend a Council meeting:

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

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

### Procedure for Presentations

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

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

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

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### Procedure for Public Question Time

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

Council (as required by the *Local Government Act 1995*) sets aside a period of 'Public Question Time' to enable a member of the public to put up to two (2) questions to Council. Questions should only relate to the business of Council and should not be a statement or personal opinion. Upon receipt of a question from a member of the public, the Mayor may either answer the question or direct it to a Councillor or an Officer to answer, or it will be taken on notice.

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

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

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

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

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

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**NOTICE OF MEETING**

Elected Members

An Ordinary Meeting of the Council will be held on Tuesday, 20 November 2018 in the Council Chamber, 135 Canning Highway East Fremantle commencing at 6.30pm and your attendance is requested.



GARY TUFFIN  
Chief Executive Officer

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**AGENDA**

**1. OFFICIAL OPENING**

**2. ACKNOWLEDGEMENT OF COUNTRY**

*"On behalf of the Council I would like to acknowledge the Nyoongar people as the traditional custodians of the land on which this meeting is taking place."*

**3. RECORD OF ATTENDANCE**

**3.1 Attendance**

**3.2 Apologies**

Cr A McPhail

Cr M McPhail

Cr A White

**3.3 Approved**

**4. DISCLOSURES OF INTEREST**

**4.1 Financial**

**4.2 Proximity**

**4.3 Impartiality**

**5. PUBLIC QUESTION TIME**

**5.1 Responses to previous questions from members of the public taken on notice**  
Nil.

**5.2 Public Question Time**

**6. PRESENTATIONS/DEPUTATIONS**

**6.1 Presentations**

Nil.

**6.2 Deputations**

**7. APPLICATIONS FOR LEAVE OF ABSENCE**

**8. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**8.1 Meeting of Council (16 October 2018)**

**8.1 OFFICER RECOMMENDATION**

**That the minutes of the Ordinary meeting of Council held on Tuesday, 16 October 2018 be confirmed as a true and correct record of proceedings.**

**9. ANNOUNCEMENTS BY THE PRESIDING MEMBER**

**10. UNRESOLVED BUSINESS FROM PREVIOUS MEETINGS**

Nil.

**11. REPORTS AND RECOMMENDATIONS OF COMMITTEES**

**11.1 Town Planning Committee Meeting (6 November 2018)**

<b>File ref</b>	C/MTP1
<b>Prepared by</b>	Andrew Malone, Executive Manager Regulatory Services
<b>Meeting Date:</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Town Planning Committee Minutes

**Purpose**

To submit the minutes and delegated decisions of the Town Planning Committee for receipt by Council.

**Executive Summary**

The Committee, at its meeting on 6 November 2018, exercised its delegation in all four statutory matters before it.

There is no further action other than to receive the minutes, including delegated decisions, of that meeting.

**Consultation**

Town Planning Committee.

**Statutory Environment**

Nil.

**Policy Implications**

Nil.

**Financial Implications**

Nil.

**Strategic Implications**

Nil.

**Site Inspection**

Not applicable.

**Comment**

The unconfirmed minutes of the Town Planning Committee meeting are now presented to Council to be received.



**11.1 COMMITTEE RECOMMENDATION**

**That the unconfirmed Minutes of the Town Planning Committee Meeting held on 6 November 2018 be received.**

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TOWN OF  
EAST FREMANTLE

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# MINUTES

## Town Planning & Building Committee

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Tuesday, 6 November 2018 at 6.30pm

### Disclaimer

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

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

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

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

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**MINUTES OF THE ORDINARY MEETING OF THE TOWN PLANNING COMMITTEE HELD AT THE EAST FREMANTLE TOWN HALL, 135 CANNING HIGHWAY, EAST FREMANTLE ON TUESDAY 6 NOVEMBER 2018.****1. DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS**

Presiding member opened the meeting at 6.32pm and welcomed members of the gallery.

**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 and present."*

**3. RECORD OF ATTENDANCE****3.1 Attendance**

The following members were in attendance:

Cr C Collinson	<i>Presiding Member</i>
Mayor O'Neill	
Cr M McPhail	
Cr D Nardi	
Cr T Natale	
Cr A White	
Cr J Harrington	

The following staff were in attendance:

Mr A Malone	Executive Manager Regulatory Services
Ms G Cooper	Minute Secretary

**3.2 Apologies**

Nil.

**3.3 Leave of Absence**

Nil.

**4. MEMORANDUM OF OUTSTANDING BUSINESS**

Nil.

**5. DISCLOSURES OF INTEREST****5.1 Financial**

Nil.

**5.2 Proximity**

Nil.

**5.3 Impartiality**

Nil.

**6. PUBLIC QUESTION TIME**

**6.1 Responses to previous questions from members of the public taken on notice**

Nil.

**6.2 Public Question Time**

Nil.

**7. PRESENTATIONS/DEPUTATIONS**

**7.1 Presentations**

Nil.

**7.2 Deputations**

Nil.

**8. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**8.1 Town Planning and Building Committee (2 October 2018)**

**8.1 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION**

Cr Nardi moved, seconded Cr Natale

That the minutes of the Town Planning and Building Committee meeting held on Tuesday 2 October 2018 be confirmed as a true and correct record of proceedings.

(CARRIED UNANIMOUSLY)

**9. ANNOUNCEMENTS BY THE PRESIDING MEMBER**

Nil.

UNCONFIRMED

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**10. REPORTS OF COMMITTEES****10.1 Community Design Advisory Committee****Prepared by:** Andrew Malone Executive Manager Regulatory Services**Supervised by:** Gary Tuffin, Chief Executive Officer**Authority/Discretion:** Town Planning & Building Committee**Attachments:** Nil

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**PURPOSE**

To submit the minutes of the Community Design Advisory Committee meetings held in October for receipt by the Town Planning Committee.

**EXECUTIVE SUMMARY**

The Committee, at its meetings held on 1 October and 22 October 2018, provided comment on planning applications listed for consideration at the November Town Planning Committee meeting and other applications to be considered in the future. Comments relating to applications have been replicated and addressed in the individual reports.

There is no further action other than to receive the minutes.

**10.1 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION TP 011018****Cr White moved, seconded Cr Nardi****That the Minutes of the Community Design Advisory Committee meetings held on 1 October and 22 October 2018 be received.****(CARRIED UNANIMOUSLY)**

**11. REPORTS OF OFFICERS (COMMITTEE DELEGATION)****11.1 Duke Street, No. 27A (Lot 1) – Additions and Alterations to Grouped Dwelling**

<b>Applicant</b>	R White Architecture - White Noise Designs
<b>Owner</b>	M Wallis
<b>File ref</b>	P060/2018; P/DUK27A
<b>Prepared by</b>	Christine Catchpole, Senior Planning Officer
<b>Supervised by</b>	Andrew Malone, Executive Manager Regulatory Services
<b>Meeting date</b>	6 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	Nil

**Purpose**

This report considers a planning application for additions and alterations, including a garage and upper storey to the existing grouped dwelling at No. 27A Duke Street, East Fremantle.

**Executive Summary**

The additions to the house are mostly to the rear with the exception of the garage which is to be positioned alongside the dwelling and adjacent to the driveway to the rear strata lot. The additions involve an internal rearrangement of ground floor space, as well as a two storey addition. A pool, outdoor area and patio are also proposed.

The following issues are relevant to the determination of this application:

- Lot boundary setback (R-Codes);
- Site works (R-Codes);
- Visual privacy setback (R-Codes); and
- Roof pitch (Residential Design Guidelines).

It is considered the variations will not have a significant impact on the amenity of adjoining sites and can be supported subject to conditions regarding parapet walls, visual privacy screening elements and construction materials and colours.

**Background**

Zoning: Residential R20

Site area: Strata lot of 340m<sup>2</sup>

**Previous Decisions of Council and/or History of an Issue or Site**

Nil in relation to this application.

**Consultation****Advertising**

The application was advertised to the surrounding land owners from 6 to 23 July 2018. Two submissions have been received. One of the submissions was from the adjoining strata owner who has since indicated, in writing, no objection to the proposal after resolving visual privacy concerns with the applicant and owner. The adjoining owner to the north has also indicated concerns with visual privacy which have been discussed, however, this matter needs to be addressed through conditions of planning approval.

Community Design Advisory Committee (CDAC)

This application was considered at the CDAC meeting of 30 July 2018. The following comments were made:

- (a) *The overall built form merits;*
- Limited built form merit. The Committee consider the design is awkward and does not fit with the existing building.
  - The Committee consider the design response of the addition overpowers the existing building.
- (b) *The quality of architectural design including its impact upon the heritage significance of the place and its relationship to adjoining development;*
- Quality of the design is poor and considered to negatively impact the heritage dwelling.
- (c) *The relationship with and impact on the broader public realm and streetscape;*
- No comment.
- (d) *The impact on the character of the precinct, including its impact upon heritage structures, significant natural features and landmarks;*
- The Committee consider the design of the building not to be good. The design is considered cumbersome and minimises the heritage value of the heritage building to the front.
- (e) *The extent to which the proposal is designed to be resource efficient, climatically appropriate, responsive to climate change and a contribution to environmental sustainability;*
- Limited. Not enough information given.
- (f) *The demonstration of other qualities of best practice urban design including "Crime Prevention" Through Environmental Design performance, protection of important view corridors and lively civic places.*
- Poor. No passive surveillance to the streetscape.

The applicant's response is as follows:

- 1) *There are some points regarding the proposed extension clashing with the existing heritage building. I would like to note that additions to heritage buildings are generally preferred not to imitate, replicate or mimic historic architectural styles. This helps to delineate between the heritage build and the new addition. It is intended that the new development is clearly distinguishable from the adjacent heritage listed place.*
- 2) *The Committee indicates that the design 'minimises the heritage value of the heritage building to the front'. I would like to note that:*
  - a) *Most of the plan and front elevation of the heritage building is preserved. The new addition is built in the location of a more recent rear extension to the building.*
  - b) *The addition is set back 13.5m back from the street and 7.3m behind the front of the heritage building. As far back to the rear of the block as realistically possible.*



*It is visually recessive from the place's main frontage so that the scale of the heritage place is the dominant element in the streetscape.*

- c) *The existing front roof line of the existing heritage building has been retained, and that at its highest point, the new addition is only 1.35m above this ridge line. The bulk of the new build is concealed from the streetscape by the heritage build.*
- 3) *I am mindful that new openings in the principal facade visible from the street should be avoided, or if openings are visible, they are proportionally related to those of the heritage place, unless concealed from view from the principal street frontage. There is a new front facade opening to Bed 1, and we may consider that the original opening be retained in this case and made good in the existing heritage style.*
- 4) *It is indicated that there is no passive surveillance of the street. Given the location of the build to the rear of the site, a greater amount of windows in this extension facing the street would seem to counteract the principle of concealing it behind the heritage build and retaining the existing streetscape. All existing windows and the porch overlooking the street are to be retained.*

#### **Statutory Environment**

*Planning and Development Act 2005*

*Residential Design Codes of WA*

*Town of East Fremantle Local Planning Scheme No. 3 (LPS No. 3)*

#### **Policy Implications**

*Town of East Fremantle Residential Design Guidelines 2016 (as amended)*

*Municipal Heritage Inventory - 'C' Category – Inter-War Bungalow*

*Fremantle Port Buffer Zone - Area 2*

#### **Financial Implications**

Nil

#### **Strategic Implications**

The Town of East Fremantle Strategic Community Plan 2017 – 2027 states as follows:

##### *Built Environment*

*Accessible, well planned built landscapes which are in balance with the Town's unique heritage and open spaces.*

- 3.1 *Facilitate sustainable growth with housing options to meet future community needs.*
- 3.1.1 *Advocate for a desirable planning and community outcome for all major strategic development sites.*
- 3.1.2 *Plan for a mix of inclusive diversified housing options.*
- 3.2 *Maintaining and enhancing the Town's character.*
- 3.2.1 *Ensure appropriate planning policies to protect the Town's existing built form.*
- 3.3 *Plan and maintain the Town's assets to ensure they are accessible, inviting and well connected.*
- 3.3.1 *Continue to improve asset management practices.*
- 3.3.2 *Optimal management of assets within resource capabilities.*
- 3.3.3 *Plan and advocate for improved access and connectivity.*

**MINUTES OF TOWN PLANNING MEETING  
TUESDAY, 6 NOVEMBER 2018**

Natural Environment

Maintaining and enhancing our River foreshore and other green, open spaces with a focus on environmental sustainability and community amenity.

4.1 Conserve, maintain and enhance the Town's open spaces.

4.1.1 Partner with Stakeholders to actively protect, conserve and maintain the Swan River foreshore.

4.1.2 Plan for improved streetscapes parks and reserves.

4.2 Enhance environmental values and sustainable natural resource use.

4.2.1 Reduce waste through sustainable waste management practices.

4.3 Acknowledge the change in our climate and understand the impact of those changes.

4.3.1 Improve systems and infrastructure standards to assist with mitigating climate change impacts.

**Site Inspection**

October 2018

**Comment**

Statutory Assessment

The proposal has been assessed against the provisions of Local Planning Scheme No. 3 and the Town's Local Planning Policies. A summary of the assessment is provided in the following tables.

Legend (refer to tables below)	
A	Acceptable
D	Discretionary
N/A	Not Applicable

Residential Design Codes Assessment

Design Element	Required	Proposed	Status
Street Front Setback	6.0m	6.1m	A
<b>Lot Boundary Setback</b>			
South	1.6m	1.05m	D
Garage	1.5m	Nil	D
Patio	1.0m	685mm	D
Open Space	50%	56.5%	A
Outdoor Living	30m <sup>2</sup>	50m <sup>2</sup>	A
Car Parking	2	As existing	A
Site Works	Less than 500mm	Up to 700mm	D
Visual privacy setback	Living areas and raised outdoor habitable living spaces >0.5m above NGL – 6.0m	Varying setbacks <6.0m	D
Overshadowing	≤25%	≤25%	A
Drainage	On-site	To be conditioned	A

Local Planning Policies Assessment

LPP Residential Design Guidelines Provision	Status
3.7.2 Additions and Alterations to Existing Buildings	A
3.7.3 Development of Existing Buildings	A
<b>3.7.4 Site Works</b>	<b>D</b>
3.7.5 Demolition	A
3.7.6 Construction of New Buildings	N/A
<b>3.7.7 Building Setbacks and Orientation</b>	<b>D</b>

MINUTES OF TOWN PLANNING MEETING  
TUESDAY, 6 NOVEMBER 2018

<b>3.7.8 Roof Form and Pitch</b>	<b>D</b>
3.7.9 Materials and Colours	A
3.7.10 Landscaping	A
3.7.11 Front Fences	N/A
3.7.12 Pergolas	N/A
3.7.13 Incidental Development Requirements	N/A
3.7.14 Footpaths and Crossovers	N/A
3.7.18.3 Garages and Carports	A
3.7.15-20 Precinct Requirements	A

Building Height (R-Codes)	Required	Proposed	Status
Wall height (R-Code)	6.0m	5.8m	A
Ridge height (R-Code)	9.0m	8.1m	A

The additions and alterations will be to the rear of the cottage and provide a living, dining, kitchen, pantry, bathroom and laundry. The upper storey will contain a master bedroom suite and sitting area. The garage will be positioned along the side of the cottage adjacent to the access driveway to the rear strata lot; the existing driveway to the rear will remain as is. A pool, outdoor area and patio are also proposed to the rear.

#### Lot boundary setbacks

The northern and western lot boundary setbacks meet the 'Deemed to Comply' provisions of the R-Codes (required: 1.3m and 3.8m; provided: 1.6m and 4.1m respectively). The southern boundary, however, seeks a 550mm variation to the 'Deemed to Comply' provisions (setback required 1.6m: 1.05m proposed) for the main building and a 1.5m variation for the garage wall (garage wall to be built up to the boundary). Similarly, the western setback for the dwelling is compliant, however, the patio is setback 685mm whereas a 1.0 metre setback is required. Compliance with the 'Design Principles' of the R-Codes, however, is considered satisfied in this instance as the proposed setbacks do not unduly contribute to building bulk on the adjoining lots, or impact greatly on light and ventilation to open spaces. Greater than 50% open space can be achieved on-site and overshadowing is less than the permitted percentage under the R-Codes.

#### Site works

The proposed fill (up to ~700mm) in the north western corner of the lot is outside the parameters of the R-Codes. Some fill is required on this side of the lot so the outdoor area and pool are level with the finished floor level of the dwelling. This is considered to improve the amenity of the site and therefore fill to this level is supported. The extent of the fill, however results in non-compliance with the visual privacy provisions of the R-Codes as discussed in the following section of the report. The 'Design Principles' are considered satisfied in that the fill will not substantially change the natural ground level at the lot boundary of the site as viewed from the street and retaining walls are already established. No further retaining is indicated on the plan.

#### Visual privacy

The 'Deemed to Comply' provisions for Element 5.4.1 Visual Privacy of the R-Codes requires major openings which have their floor level more than 0.5 metres above natural ground level and positioned so as to overlook any part of any other residential property behind its setback line, to comply with the following:

- 4.5 metres in the case of bedrooms and studies;
- 6.0 metres in the case of habitable rooms, other than bedrooms and studies; and
- 7.5 metres in the case of unenclosed outdoor active habitable spaces.

The proposed development does not comply with the 'Deemed to Comply' provisions of the R-Codes for the living room windows at the rear and side on the ground level and the unenclosed outdoor habitable living area to the rear, however, the 'Design Principles' of 5.4.1 allows for:

*P1.1 Minimal direct overlooking of active habitable spaces and outdoor living areas of adjacent dwellings achieved through: building layout, location; design of major openings; landscape screening of outdoor active habitable spaces; and/or location of screening devices.*

*P1.2 Maximum visual privacy to side and rear boundaries through measures such as: offsetting the location of ground and first floor windows so that viewing is oblique rather than direct; building to the boundary where appropriate; setting back the first floor from the side boundary; providing higher or opaque and fixed windows; and/or screen devices (including landscaping, fencing, obscure glazing, timber screens, external blinds, window hoods and shutters).*

The application is not compliant in respect to the visual privacy provisions of the R-Codes. The neighbours to the rear and north both made submissions in respect to this matter at the outset of the assessment process. The applicant and owner have resolved the matter as far as the other strata lot owner to the rear is concerned. This owner has endorsed the development application. However, the northern neighbour's rear garden (including pool area) and dwelling are visible from the proposed pool and outdoor area of the subject lot and the windows of the living area. The applicant sought to remedy the concerns of the northern neighbour by proposing the installation of screening by vegetation being planted along the western and northern boundaries.

This is considered the preferred alternative and solution to the privacy issues for all neighbours and as such a condition of planning approval is recommended which requires the planting to be installed as discussed between adjoining owners and indicated on the plans. However, it is very difficult to enforce a condition of planning approval of this nature. The correct size and number of plants must be installed and maintained to achieve an adequate level of screening. It is therefore considered necessary to apply another condition related to screening that Council can enforce if the planting is considered not to be successful. This condition requires that a permanent visually impermeable screening structure is to be installed if the Chief Executive Officer determines that the planting is not providing adequate screening to the standard required under the R-Codes.

#### Roof pitch

The roof pitch is non-compliant with the Residential Design Guidelines, however, in this circumstance the preference is for the design of the additions to be distinct from and not replicate the design elements of the original dwelling so the roof design and pitch variations are supported. The minimal roof pitch minimises the upper storey addition as viewed from the street and reduces the impact on the strata lot to the rear.

#### Heritage

The site is classified category 'C' under the Municipal Heritage Inventory. With due regard to the CDAC comments the Town's assessment of the proposal supports the applicant's response to the CDAC comments. The heritage frontage is preserved and the new addition is to be constructed in the same location as a more recent rear extension to the residence. The addition is setback 13.5 metres from the street and 7.3 metres behind the front of the dwelling and is as far back to the rear of the block as possible, while still providing an area of private open space. The scale of the original dwelling is the dominant element in the streetscape. The existing front roof line of the dwelling has been retained and at its highest point, the new addition is only 1.35 metres above this ridge line. The majority of the proposed addition is concealed from the streetscape by the existing residence.

**Conclusion**

The application is supported, notwithstanding the variations, on the basis that the applicant has retained the cottage and minimised the impact of the second storey addition. The cottage will still maintain a low scale presence in the streetscape and the addition is considered to respect the heritage character of the area. The application is therefore recommended for approval subject to conditions relating to construction materials and colours, visual privacy, parapet walls and other standard planning conditions.

**11.1 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION TP021118**

Mayor O'Neill moved, seconded Cr Nardi

That Council grant development approval and exercise its discretion in regard to the following:

- (i) Clause 5.1.3 - Lot Boundary Setback of the Residential Design Codes of WA to permit a rear boundary setback of less than 1.0 metre for the patio and a southern boundary setback of less than 1.5 metres for the garage and 1.6 metres for the dwelling;
- (ii) Clause 5.3.7 - Site Works of the Residential Design Codes of WA to allow fill greater than 0.5 metres behind a street setback line and within 1.0 metre of a lot boundary;
- (iii) Clause 5.4.1 – Visual Privacy of the Residential Design Codes of WA to permit a visual privacy setback for the unenclosed outdoor active habitable space and living room of less than 7.5 and 6.0 metres to the western and northern boundaries; and
- (iv) Clause 3.7.8.3 of the Residential Design Guidelines 2016 to permit a roof pitch and form of less than 28°,

for additions and alterations to a grouped dwelling, including an upper storey and garage at No. 27A (Lot 1) Duke Street, East Fremantle, in accordance with the plans date stamped received 28 June and 27 September 2018, subject to the following conditions:

- (1) The details of construction materials, colours and finishes to be used to be to the satisfaction of the Chief Executive Officer and to be submitted at Building Permit application stage.
- (2) All parapet walls are to be of a suitable material to the adjacent strata lot property face (southern boundary) by way of agreement between the property owners and at the applicant's expense.
- (3) The installation of landscaping as indicated on the landscaping plan date stamped received 27 September 2018. The planting to provide solid visually impermeable screening for the distances along the northern and western boundaries as indicated on the landscaping plan, date stamped received 27 September 2018, and maintained to the satisfaction of the Chief Executive Officer.
- (4) If it is determined that condition 3 above has not been satisfied to the satisfaction of the Chief Executive Officer then permanent privacy screening in accordance with Clause 5.4.1 C1.2 of the Residential Design Codes of WA is to be installed along a portion of the northern and western lot boundaries to the satisfaction of the Chief Executive Officer.
- (5) If requested by Council within the first two years following installation, the metal roofing to be treated to reduce reflectivity. The treatment to be to the satisfaction of the Chief Executive Officer in consultation with relevant officers and all associated costs to be borne by the owner.
- (6) The works are to be constructed in conformity with the drawings and written information accompanying the application for planning approval other than where varied in compliance with the conditions of this planning approval or with Council's further approval.
- (7) The proposed works are not to be commenced until Council has received an application for a Building Permit and the Building Permit issued in compliance with the conditions of this planning approval unless otherwise amended by Council.
- (8) The proposed alterations and additions are not to be occupied until all conditions attached to this planning approval have been finalised to the satisfaction of the Chief Executive Officer in consultation with relevant officers.

- (9) With regard to the plans submitted with respect to the Building Permit application, changes are not to be made in respect of the plans which have received planning approval, without those changes being specifically marked for Council's attention.
- (10) All storm water is to be disposed of on site, an interceptor channel installed if required and a drainage plan be submitted to the satisfaction of the Chief Executive Officer in consultation with the Building Surveyor prior to the issue of a Building Permit.
- (11) All introduced filling of earth to the lot or excavated cutting into the existing ground level of the lot, either temporary or permanent, shall be adequately controlled to prevent damage to structures on adjoining lots or in the case of fill, not be allowed to encroach beyond the lot boundaries. This shall be in the form of structurally adequate retaining walls and/or sloping of fill at the natural angle of repose and/or another method as approved by the Town of East Fremantle.
- (12) Where this development requires that any facility or service within a street verge (street trees, footpath, crossover, light pole, drainage point or similar) is to be removed, modified or relocated then such works must be approved by Council and if approved, the total cost to be borne by the applicant. Council must act reasonably and not refuse any reasonable proposal for the removal, modification or relocation of such facilities or services (including, without limitation any works associated with the proposal) which are required by another statutory or public authority.
- (13) This planning approval to remain valid for a period of 24 months from date of this approval.

**Footnote:**

*The following are not conditions but notes of advice to the applicant/owner:*

- (i) *This decision does not include acknowledgement or approval of any unauthorised development which may be on the site.*
- (ii) *A copy of the approved plans as stamped by Council are attached and the application for a Building Permit is to conform with the approved plans unless otherwise approved by Council.*
- (iii) *It is recommended that the applicant provides a Structural Engineer's dilapidation report, at the applicant's expense, specifying which structures on adjoining sites may be adversely affected by the works and providing a record of the existing condition of the structures. Two copies of each dilapidation report should be lodged with Council and one copy should be given to the owner of any affected property.*
- (iv) *All noise levels produced by the construction of the development are to comply with the provisions of the Environmental Protection (Noise) Regulations 1997 (as amended).*
- (v) *Matters relating to dividing fences are subject to the Dividing Fences Act 1961.*
- (vi) *Under the Environmental Protection (Noise) Regulations 1997, the noise from an air-conditioner must meet assigned allowable noise levels at all times. The Environmental Protection Act 1986 sets penalties for non-compliance with the Regulations and the installer of a noisy air-conditioner can face penalties of up to \$5,000 under Section 80 of the Act. Refer to Department of Environmental Protection document – "An Installers Guide to Air Conditioner Noise".*

(CARRIED UNANIMOUSLY)

**Note:**

As 4 Committee members voted in favour of the Reporting Officer's recommendation, pursuant to Council's decision regarding delegated decision making made on 17 June 2018 this application deemed determined, on behalf of Council, under delegated authority.

**11.2 Woodhouse Road No. 7 (Lot 288) – Additions and Alterations (including second storey) to Existing Dwelling**

<b>Owner/Applicant</b>	D & O Charlesworth
<b>File ref</b>	P/WOO7; P072/18
<b>Prepared by</b>	Christine Catchpole, Senior Planning Officer
<b>Supervised by</b>	Andrew Malone, Executive Manager Regulatory Services
<b>Meeting date</b>	6 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	Nil

**Purpose**

This report considers a development approval application for additions and alterations to the existing dwelling, including a second storey at No. 7 Woodhouse Road, East Fremantle.

**Executive Summary**

The application involves additions and alterations, to an existing single storey dwelling which has an undercroft garage. The existing dwelling is to be retained, renovated and extended to the rear and into the western side setback area. The addition of the second storey, will result in the living, kitchen, dining area and balcony being constructed directly above the existing ground level floor space. Additional bedrooms and a spa deck will be located at the rear of the upper level. The rear addition to the lower level will comprise additional bedrooms, amenities, living and alfresco areas. A swimming pool is also proposed.

The following issues are relevant to the determination of this application:

- Building height - over height - north east portion of the proposed dwelling;
- Views - loss of part of the existing view;
- Lot boundary setbacks – reduced on the eastern and western elevations;
- Site works – required for rear addition, landscaping and pool;
- Retaining walls – required for landscaping and pool; and
- Visual privacy setbacks – cone of vision extends over side lot boundary at rear of lot.

Four submissions were received. Three in support and one which commented on the planning considerations of building height, views, setbacks and scale and bulk of the proposed dwelling. Other concerns were expressed which relate to building matters which will be assessed through the Building Permit application assessment process. In response to the adjoining land owners comments an amended set of plans was subsequently submitted which provides a more articulated eastern elevation with a greater section of the wall further set back from the eastern boundary. Other matters the subject of the submission have been assessed as variations to the R-Codes and the Residential Design Guidelines. It is recommended the variations be supported subject to conditions of approval in regard to front fencing, crossover width, external roof fixtures and pool pump equipment.

**Background**

Nil in regard to this application.

**Consultation****Advertising**

The proposed application was advertised to surrounding land owners from 4 to 21 September 2018. Four (4) submissions were received; three in support of the application and one supporting redevelopment of the property but objecting to various aspects of the proposal. The latter submission

is outlined below in italics. The applicant has provided a very detailed response to the neighbour's concerns which can be read in Attachment 4. The matters raised in the submission are discussed in the 'Comment' section of the report.

### Submission

#### 'General Comments

*We have concerns with the bulk and scale of the proposed additions. The proposed design has no articulation on the front and side facades. The side setbacks are non-compliant as is the roof height.*

*The set of plans available for review are hand drawn and not very well detailed. There is no finishes schedule made available for review, nor a landscaping plan.*

*We have concerns over the proposed pool to the rear of the property, and how it will be constructed. There is no detail as to the engineering of the design. The excavation angle of repose would potentially damage our property.*

*The existing dwelling is a fine example of art deco architecture, with curved glass frontage and pitched roof. Whilst there is no heritage listing on the existing dwelling, we note that the proposed additions do not seem to be keeping with the existing style of architecture – as required by the Local Planning Policy.*

#### Setbacks

*As per State Planning Policy 3.1 and the Town of East Fremantle Residential Design Guidelines, the side setbacks are not compliant.*

*By our calculations, the proposed wall dimensions along the eastern façade are over 20m long and over 6m high with no major openings (one window with obscured glass). The wall has no articulation, and the proposed second storey is not setback.*

*As per the SPP 3.1, the required building side setback for a wall of those dimensions is at least 2.2m. The proposed additions are between 1m to 1.4m setback.*

*Our concerns are that we will have a 20m x 6.5m blank wall along our Western boundary. We have several major openings that will be directly affected. It will also represent a decreased level of amenity, looking out onto a 120m<sup>2</sup> blank wall.*

*The proposed second storey front balcony also has a solid wall on the Eastern façade. This will directly block views from our master bedroom window, and also our front balcony.*

*Should the second storey addition be set back in accordance with the local and State planning policy, we suggest that this will reduce the detrimental impact on our amenity.*

#### Building Height

*We note that the street level falls between 37.24m and 38.76m RL. The proposed building has a Top of Wall height of 47.3m RL. This exceeds the max allowable height of 6.5m (concealed roof).'*



Community Design Advisory Committee (CDAC)

This application was referred to the CDAC meeting of 1 October 2018. The Committee made the following comments.

- (a) *The overall built form merits;*
- The Committee consider the plans do not provide sufficient information to be able to make an assessment of the application. Details and materials on the plans are lacking.
- (b) *The quality of architectural design including its impact upon the heritage significance of the place and its relationship to adjoining development.*
- The Committee consider the quality of architectural design is difficult to determine as there is insufficient detail and information to be able to undertake an assessment.
- (c) *The relationship with and impact on the broader public realm and streetscape;*
- As above.
- (d) *The impact on the character of the precinct, including its impact upon heritage structures, significant natural features and landmarks;*
- As above.
- (e) *The extent to which the proposal is designed to be resource efficient, climatically appropriate, responsive to climate change and a contribution to environmental sustainability;*
- As above.
- (f) *The demonstration of other qualities of best practice urban design including "Crime Prevention" Through Environmental Design performance, protection of important view corridors and lively civic places;*
- No comment

Applicant response

As noted in detail in Attachment 4 the applicant believes the set of plans provides all the required information and are drawn to scale. External wall finishes and colours are noted and the extent of all landscaping, retaining walls and levels are provided.

Officer response

For the purposes of the planning assessment no further detail or amended plans are required.

**Statutory Environment**

*Planning and Development Act 2005*

*Residential Design Codes of WA*

*Town of East Fremantle Local Planning Scheme No. 3*

**Policy Implications**

*Town of East Fremantle Residential Design Guidelines 2016*

**Financial Implications**

Nil.

**Strategic Implications**

The Town of East Fremantle Strategic Community Plan 2017 – 2027 states as follows:

**Built Environment**

*Accessible, well planned built landscapes which are in balance with the Town's unique heritage and open spaces.*

- 3.1 *Facilitate sustainable growth with housing options to meet future community needs.*
  - 3.1.1 *Advocate for a desirable planning and community outcome for all major strategic development sites.*
  - 3.1.2 *Plan for a mix of inclusive diversified housing options.*
- 3.2 *Maintaining and enhancing the Town's character.*
  - 3.2.1 *Ensure appropriate planning policies to protect the Town's existing built form.*
- 3.3 *Plan and maintain the Town's assets to ensure they are accessible, inviting and well connected.*
  - 3.3.1 *Continue to improve asset management practices.*
  - 3.3.2 *Optimal management of assets within resource capabilities.*
  - 3.3.3 *Plan and advocate for improved access and connectivity.*

**Natural Environment**

*Maintaining and enhancing our River foreshore and other green, open spaces with a focus on environmental sustainability and community amenity.*

- 4.1 *Conserve, maintain and enhance the Town's open spaces.*
  - 4.1.1 *Partner with Stakeholders to actively protect, conserve and maintain the Swan River foreshore.*
  - 4.1.2 *Plan for improved streetscapes parks and reserves.*
- 4.2 *Enhance environmental values and sustainable natural resource use.*
  - 4.2.1 *Reduce waste through sustainable waste management practices.*
- 4.3 *Acknowledge the change in our climate and understand the impact of those changes.*
  - 4.3.1 *Improve systems and infrastructure standards to assist with mitigating climate change impacts.*

**Site Inspection**

October 2018

**Comment**

LPS 3 Zoning: Residential R17.5

Site area: 748m<sup>2</sup>

**Statutory Assessment**

The proposal has been assessed against the provisions of Local Planning Scheme No. 3 and the Town's Local Planning Policies. A summary of the assessment is provided in the following tables.

Legend (refer to tables below)	
A	Acceptable
D	Discretionary
N/A	Not Applicable

MINUTES OF TOWN PLANNING MEETING  
TUESDAY, 6 NOVEMBER 2018

Residential Design Codes Assessment

Design Element	Required	Proposed	Status
Street Front Setback	6.0m	8.2m	A
<b>Lot Boundary Setback</b>			
<b>East</b>			
GF:	1.5m	1.4m	D
UF:	2.7m (assessed on total wall length)	2.3m	D
Section 1 (indent)		1.4m	A
Section 2		1.4m	D
Section 3	1.5m		
<b>West</b>			
GF	1.6m	1.1m	D
UF:	1.5m	1.1-1.2m	D
Section 1			
Section 2	1.2m	5.2m	A
Open Space	50%	70% (applicant's calculations)	A
Outdoor Living	36 <sup>2</sup> m	≥200m <sup>2</sup>	A
Car Parking	2	2+	A
Site Works	<b>Excavation or fill behind a street setback line:</b> • within 1.0m of lot boundary	Retaining garden beds ≥ 500mm up to lot boundary	D
Retaining Walls	Retaining walls set back from lot boundaries in accordance with Table 1 – i.e. 1.0m Retaining walls up to or within 1.0 metre of a lot boundary for landscaping - <0.5m high	Retaining garden beds ≥ 500mm	D
Visual privacy setback (floor level >500mm above NGL)	7.5m balcony	3.2m	D
Overshadowing	25%	≤25%	A
Drainage	On-site	On-site	A

Local Planning Policies Assessment

LPP Residential Design Guidelines Provision	Status
3.7.2 Additions and Alterations to Existing Buildings	A
3.7.3 Development of Existing Buildings	A
<b>3.7.4 Site Works</b>	D
3.7.5 Demolition	A
3.7.6 Construction of New Buildings	A
<b>3.7.7 Building Setbacks and Orientation</b>	D
3.7.8 Roof Form and Pitch	A
3.7.9 Materials and Colours	A
3.7.10 Landscaping	A
3.7.11 Front Fences	A
3.7.12 Pergolas	N/A
3.7.13 Incidental Development Requirements	N/A
3.7.14 Footpaths and Crossovers	A
3.7.18.3 Garages, Carports and Outbuildings	A
3.7.15-20 Precinct Requirements	A

Building Height Requirement	Required	Proposed	Status
Building Height (RDG) (top of an external wall concealed roof)	6.5m	North eastern - 6.84m	D
		North western - 8.14m	D
		South eastern - 5.09m	A
		South western - 5.09m	A

The applicant is seeking Council discretion with regard to a number of provisions of the R-Codes and the Town's Residential Design Guidelines. These matters are discussed below.

#### Lot boundary setbacks

The lot boundary setbacks of the dwelling are not fully compliant with the R-Codes as outlined in the above table (varies mostly between 100mm – 500mm) on the eastern and western lot boundaries.

#### *Eastern boundary*

The eastern boundary setback is mostly compliant when each section of the wall is assessed independently (as is applicable under the R-Codes in this case). It is not compliant where the indented section of the wall is assessed based on the total length of the wall (as is required under the R-Codes). The required setback for this section of the upper storey is 2.3 metres, however, the required setback is 2.7 metres. Similarly one section of wall on the upper level is required to be setback 1.5 metres and it is proposed to be setback 1.4 metres. The ground level complies with the required setbacks under the R-Codes.

The adjoining land owner made a number of comments in respect to the eastern elevation and its lack of articulation, openings and reduced setback. They believe this will impact general outlook and views currently available from the side elevation windows of 9 Woodhouse Road over the roof top of 7 Woodhouse Road. However, the amended plans for the most part address the setback issues in that the indented section of the wall (~7m in length) is now setback a greater distance of 2.3 metres (required 2.7m) and in the main the setback of the eastern elevation complies. It is the height of the wall, (i.e. the second storey addition) not the setback as such, that will impact on views. Nevertheless, second storey development is permitted; any second storey addition regardless of setback will impact on views. The issue of views in relation to the height of the dwelling is the relevant issue and will be discussed further on in the report.

#### *Western boundary*

The western boundary does not comply on the lower level as the proposed setback is 1.1 metres and the required setback is 1.6 metres. This is a result of the additions on this elevation following the existing building line of the house and extending into an existing clothes drying and open space area at the rear. The impact on the amenity of the lot to the west is not considered to be significantly impacted from the point of building bulk and overlooking/privacy matters are not an issue. The adjoining land owner was invited to comment and has supported the proposal.

Whilst the 'Deemed to Comply' setback provisions are not met the 'Design Principles' of the R-Codes are considered satisfied in regard to both boundary setbacks, in that the building does not unnecessarily contribute to building bulk on the adjoining lot given two storey development is permitted in the locality. With the exception of what are considered to be minor setback variations it is considered the proposed dwelling will be constructed with sufficient setback from the side and street boundaries. Adequate sun and ventilation will be provided to the adjoining property and open spaces and overshadowing is not a consideration.

The western side of the adjoining dwelling at 9 Woodhouse Road has two bedroom windows and a bathroom window on the lower floor which face the side wall of the existing dwelling, so this outlook will not alter. The upper floor has a smaller bedroom window on the western elevation and a main bedroom window facing the balcony. The smaller bedroom window will face the side wall of the proposed dwelling and the outlook from that window will be obstructed by the construction of a second storey regardless of setback variations. The outlook west from this window, in respect to a long range westward view toward the river and ocean, has already been obstructed by the construction of two storey dwelling at 5 Woodhouse Road and existing trees on a property on Parker Street. Views to the west and north will remain unobstructed. The proposed setbacks are therefore supported.

#### Site works and retaining walls

##### *Site works*

The relevant 'Deemed to Comply' provision of the R-Codes is Clause 5.3.7 C7.2 which states as follows:

*"C7.2 Excavation or filling within a site and behind a street setback line limited by compliance with building height limits and building setback requirements."*

Excavation is required to facilitate construction of a pool and landscaped area at the rear of the lot. In the south eastern section of the site, the excavation is greater than the 'Deemed to Comply' provisions, that is, greater than 500mm below natural ground level. The ground level will be excavated by up to 1.0 metre. This will lower the level at the rear of the lot. This is considered acceptable in that it does not impact on the bulk and scale or height of the building.

This level of excavation is considered to satisfy the 'Design Principles' of the R-Code. The R-Codes state as follows in respect to the 'Design Principles'.

*"P7.1 Development that considers and responds to the natural features of the site and requires minimal excavation/fill."*

*P7.2 Where excavation/fill is necessary, all finished levels respecting the natural ground level at the boundary of the site and the adjoining properties and as viewed from the street."*

##### *Retaining walls*

Proposed retaining walls on the site do not comply with the R-Code requirements as outlined in the above table. Various retaining walls are required along the eastern and southern lot boundaries. The walls will be constructed up to the lot boundaries and will be greater than 0.5 metres in height so land can be retained for landscaping and the pool area.

This is considered to meet the 'Design Principles' of the R-Codes in that the walls are for the purpose of benefitting the residents and do not detrimentally impact on adjoining properties. The finished levels will respect the natural ground level at the boundaries of the site and as viewed from the street and are therefore supported.

##### Visual privacy

The 'Deemed to Comply' provisions for Element 5.4.1 Visual Privacy of the R-Codes requires major openings which have their floor level more than 0.5 metres above natural ground level, and positioned so as to overlook any part of any other residential property behind its setback line, to comply with the following:

- 4.5 metres in the case of bedrooms and studies;
- 6.0 metres in the case of habitable rooms, other than bedrooms and studies; and
- 7.5 metres in the case of unenclosed outdoor active habitable spaces.

The proposed development does not comply with the 'Deemed to Comply' provisions of the R-Codes, however, the 'Design Provisions' of 5.4.1 allows for:

*P1.1 Minimal direct overlooking of active habitable spaces and outdoor living areas of adjacent dwellings achieved through: building layout, location; design of major openings; landscape screening of outdoor active habitable spaces; and/or location of screening devices.*

*P1.2 Maximum visual privacy to side and rear boundaries through measures such as: offsetting the location of ground and first floor windows so that viewing is oblique rather than direct; building to the boundary where appropriate; setting back the first floor from the side boundary; providing higher or opaque and fixed windows; and/or screen devices (including landscaping, fencing, obscure glazing, timber screens, external blinds, window hoods and shutters).*

The raised spa deck at the rear of the site is positioned to overlook the pool area. The cone of vision extends over the eastern lot boundary. However, the overlooking is to the very rear corner of the lot and it is considered this does not raise any privacy issues. It is also noted that the adjoining owner did not comment on this aspect of the proposal. The eastern edge of the upper deck is screened to the roof and this full height screening returns along the southern edge of the deck for a distance of 1 metre. This is considered adequate to prevent any overlooking issues and as such the variations from the R-Code in this respect is considered supportable and a condition of approval is not considered necessary.

The adjoining owner has also commented on the privacy screening on the balcony in the respect that it will obstruct their outlook. Whilst this may be the case, this wall is set back further than is required under the R-Codes and it is considered it is necessary to protect the privacy of the balcony and pool area on the adjacent lot to the east. The applicant is also trying to increase privacy for the owners as the two balcony areas are adjacent.

#### Overall building height – concealed roof

The R-Code provisions in respect to building height are substituted by the height control under the Residential Design Guidelines. Clause 3.7.17.4.1.3 states that:

*Where views are an important part of the amenity of the area and neighbours' existing views are to be affected the maximum building heights are as follows:*

- 8.1 metres to the top of a pitched roof; and
- 6.5 metres to the top of an external wall (concealed roof);
- 5.6m to the top of an external wall; and where the following apply.
  - (i) the proposal demonstrates design, bulk and scale that responds to adjacent development and established character of the area or other site specific circumstances;
  - (ii) the provision of a landscaping plan demonstrating a minimum of 50% of the effective lot area being landscaped and ;
  - (iii) subject to the 'Acceptable Development' standards of the R-Codes – Element 9 – Design for Climate and Element 8 – Privacy being met.

The amended plans do not fully comply with the height limit as demonstrated in the above table. That is, the north eastern and the north western section of the dwelling does not comply (street frontage).

In respect to non-compliance with the 'Acceptable development provisions' and the 'Performance criteria' the following points are made:

Bulk and Scale of Dwelling

The proposed dwelling does not sit entirely within the 'building envelope' as determined by the R-Codes and the Residential Design Guidelines. Whilst the street setback is greater than the required 6.0 metres at 8.2 metres and ~70% open space is achieved (50% required), the side lot boundary setbacks do not comply. Following the submission of amended plans, a greater compliance with side setbacks has been achieved and the bulk and scale of the dwelling is considered to be in keeping with other single residences in the area.

Loss of Views

Clause 3.7.17.4.1.3 states that *where views are an important part of the amenity of the area and neighbours' existing views are to be affected, amongst other things, the following matters are to be considered:*

- (i) *the proposal demonstrates design, bulk and scale that responds to adjacent development and established character of the area or other site specific circumstances;*
- (ii) *the provision of a landscaping plan demonstrating a minimum of 50% of the effective lot area being landscaped and ;*
- (iii) *subject to the 'Acceptable Development' standards of the R-Codes – Element 9 – Design for Climate and Element 8 – Privacy being met.*

The proposal is considered to satisfy Points (ii) and (iii) in this instance. In relation to point (i) the following comments are made.

The portion of the dwelling most likely to impact views is the north eastern portion of the building. As noted there has been a submission, from an adjacent land owner, commenting on loss of an aspect of their view. The views impacted are westward to the river and ocean. As noted above, the western side of the adjoining dwelling has two bedroom windows and a bathroom window on the lower floor which face the side wall of the existing dwelling and do not have views. The upper floor has a smaller bedroom window on the western elevation to the front of the house and a main bedroom window facing the balcony. The smaller bedroom window will face the side wall of the proposed dwelling and the outlook from the window will be obstructed by the construction of a second storey regardless of the setback or height of a second storey. The existing outlook to the west from this window, in respect to a long range view toward the river and ocean, has already been obstructed by the construction of two storey dwelling at 5 Woodhouse Road and existing trees on a property on the corner of Parker Street and Woodhouse Road. Any two storey construction on the adjoining site regardless of the height will obstruct views from this window. Partial views looking north will still be available from this window.

The main existing views are from the balcony and the bedroom window opening onto the balcony in a north westerly, northerly and north easterly direction. Views to the ocean are already blocked by the dwelling at 5 Woodhouse Road which is positioned slightly further forward than the dwelling at 9 Woodhouse Road. Views from the balcony and bedroom window will still be available as the second level of the proposed dwelling will be no further forward of the existing dwelling's setback at 8.2 metres. The applicant has argued that by retaining the dwelling and adding a second storey, rather

than demolishing and rebuilding on this site, more of the view has been retained because a new dwelling could be constructed a distance of 6 metres, two metres closer to the front boundary.

The additional height of the dwelling is therefore not considered to have a significant impact on views or bulk and scale. Each application needs to be assessed on its merits and in respect to the current residential development policy. The provision in the Residential Design Guidelines which addresses the issue of views specifically states that where views are to be affected then the issue of building height is a consideration. Compliance with the heights is required but an additional 'Acceptable development provision' is that the development proposal must demonstrate design, bulk and scale that responds to adjacent development and the established character of the area. It is accepted that the outlook from the property will not remain the same with the construction of an additional level to the dwelling. However, two storey residential development is permitted in the area. The scale and bulk of this development will be no greater than other modern two to three level homes in the precinct and the long range access to views to the west, north and east remains uninterrupted. It is considered there is no further reduction in views to the west because the upper storey additions to 5 Woodhouse Road, setback at ~7.0 metres, and existing trees already blocks this view, so loss of views has already occurred. As such the additional height of the building above that specified in the Residential Design Guidelines is supported.

#### Conclusion

The Richmond Hill Precinct comprises dwellings of various scales and built forms. Many are two to three storey and comprise large family homes. Properties in the area are characterised by the dwellings oriented to obtain river views. This development approval application is no different in that it is proposed to renovate the existing dwelling and extend the house by adding another level. This also maximises views from the site.

The application proposes a number of variations of the R-Codes and the Residential Design Guidelines. The variations are supportable following the submission of amended plans which addressed setback concerns on the eastern boundary, effectively increasing the setback and articulation. The other matters raised in the submission were either not considered to be relevant planning considerations in the assessment of the proposal or were matters to be assessed at the Building Permit application stage. Furthermore, the view corridor of the most impacted adjoining land owner has been reduced to what is considered to be a minimal extent, with no additional loss of significant views. The application is therefore recommended for approval subject to development conditions in respect to front fencing, crossover width, external fixtures on the roof, and pool pump equipment.

- Donna Charlesworth (owner) spoke in support of the officer's recommendation.

#### 11.2 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION 031118

Cr Natali moved, seconded Mayor O'Neill

That Council grant development approval and exercise its discretion in regard to the following:

- (i) **Clause 1.3 - Lot Boundary Setback of the Residential Design Codes of WA to permit a lot boundary setback on the:**
  - (a) **eastern boundary of less than 2.7 metres (indented section of wall) and less than 1.5 metres for a remaining section of the wall; and**
  - (b) **western boundary of less than 1.2 to 1.6 metres for various sections of the wall;**
- (ii) **Clause 5.3.7 - Site Works of the Residential Design Codes of WA to allow excavation greater than 0.5 metres behind a street setback line and within 1.0 metre of a lot boundary;**



- (iii) Clause 5.3.8 – Retaining Walls of the Residential Design Codes of WA to permit a retaining wall greater than 0.5 metres in height less than 1.0 metre from the lot boundaries;
- (iv) Clause 5.4.1 – Visual Privacy of the Residential Design Codes of WA to permit a visual privacy setback of less than 7.5 metres for a raised deck/balcony from the eastern lot boundary;
- (v) Clause 3.7.17.4.1.3 – Building Height, Form, Scale and Bulk of the Residential Design Guidelines to allow the top of an external wall (concealed roof) to exceed 6.5 metres in height,

for additions and alterations, including an upper storey to an existing dwelling at No. 7 (Lot 288) Woodhouse Road, East Fremantle, in accordance with the plans date stamped received on 8 August and 3 October 2018, subject to the following conditions:

- (1) No external fixtures, fittings, masts, satellite dishes, telecommunication devices, solar collectors, solar hot water systems or appliances or the like to be installed on the roof of the dwelling without further Council approval.
- (2) The crossover widths not to exceed the width of the crossovers indicated on plans date stamped received on 8 August and 3 October 2018 and to be in accordance with Council's crossover policy as set out in the Residential Design Guidelines 2016 (refer to Footnote 1).
- (3) All fencing within the street setback area to be in compliance with the front fence provisions of the Residential Design Guidelines 2016. The details to be to the satisfaction of the Chief Executive Officer and indicated on the Building Permit application plans.
- (4) Pool filter and pump equipment is not to be located on the eastern boundary of the lot and is to be located a minimum distance of 1.0 metre away from all other boundaries as determined by Council and all pool equipment shall comply with noise abatement regulations.
- (5) The works are to be constructed in conformity with the drawings and written information accompanying the application for planning approval other than where varied in compliance with the conditions of this planning approval or with Council's further approval.
- (6) The proposed works are not to be commenced until Council has received an application for a Demolition Permit and a Building Permit and the Building Permit issued in compliance with the conditions of this planning approval unless otherwise amended by Council.
- (7) With regard to the plans submitted with respect to the Building Permit application, changes are not to be made in respect of the plans which have received planning approval, without those changes being specifically marked for Council's attention.
- (8) All storm water is to be disposed of on site, an interceptor channel installed if required and a drainage plan be submitted to the satisfaction of the Chief Executive Officer in consultation with the Building Surveyor prior to the issue of a Building Permit.
- (9) All introduced filling of earth to the lot or excavated cutting into the existing ground level of the lot, either temporary or permanent, shall be adequately controlled to prevent damage to structures on adjoining lots or in the case of fill, not be allowed to encroach beyond the lot boundaries. This shall be in the form of structurally adequate retaining walls and/or sloping of fill at the natural angle of repose and/or another method as approved by the Town of East Fremantle.
- (10) Where this development requires that any facility or service within a street verge (street trees, footpath, crossover, light pole, drainage point or similar) is to be removed, modified or relocated then such works must be approved by Council and if approved, the total cost to be borne by the applicant. Council must act reasonably and not refuse any reasonable proposal for the removal, modification or relocation of such facilities or services (including, without limitation any works associated with the proposal) which are required by another statutory or public authority.
- (11) This planning approval to remain valid for a period of 24 months from date of this approval.

**Footnote:**

*The following are not conditions but notes of advice to the applicant/owner:*

- (i) If any changes to the existing crossovers to the site are contemplated Council approval is to be obtained.*
- (ii) This decision does not include acknowledgement or approval of any unauthorised development which may be on the site.*
- (iii) A copy of the approved plans as stamped by Council are attached and the application for a Building Permit is to conform with the approved plans unless otherwise approved by Council.*
- (iv) It is recommended that the applicant provides a Structural Engineer's dilapidation report, at the applicant's expense, specifying which structures on adjoining sites may be adversely affected by the works and providing a record of the existing condition of the structures. Two copies of each dilapidation report should be lodged with Council and one copy should be given to the owner of any affected property.*
- (v) All noise levels produced by the construction of the development are to comply with the provisions of the Environmental Protection (Noise) Regulations 1997 (as amended).*
- (vi) Matters relating to dividing fences are subject to the Dividing Fences Act 1961.*
- (vii) Under the Environmental Protection (Noise) Regulations 1997, the noise from an air-conditioner must meet assigned allowable noise levels at all times. The Environmental Protection Act 1986 sets penalties for non-compliance with the Regulations and the installer of a noisy air-conditioner can face penalties of up to \$5,000 under Section 80 of the Act. Refer to Department of Environmental Protection document – "An Installers Guide to Air Conditioner Noise".*

(CARRIED UNANIMOUSLY)

**Note:**

As 4 Committee members voted in favour of the Reporting Officer's recommendation, pursuant to Council's decision regarding delegated decision making made on 17 June 2018 this application deemed determined, on behalf of Council, under delegated authority.

**11.3 Coolgardie Avenue No. 13 (Lot 22) – Alterations and Additions Including Second Storey Extension**

<b>Owner / Applicant</b>	R McFarland & R Baker
<b>File ref</b>	P073/2018; P/COO13
<b>Prepared by</b>	Andrew Malone, Executive Manager Regulatory Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting date</b>	6 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	Nil

**Purpose**

This report considers a planning application for alterations and additions including a second storey extension at No. 13 Coolgardie Avenue, East Fremantle.

**Executive Summary**

The additions and alterations the subject of this application comprise of a second storey, internal alterations and a new carport. The applicant is seeking Council approval for the following variations:

- (i) Clause 5.2.2 – Garage Width of the Residential Design Codes – 30% required, 35% provided; and
- (ii) Building height- Concealed roof 6.5 metres required. 6.9 metres provided;
- (iii) Clause 5.4.1 – Visual Privacy of the Residential Design Codes – bedroom 3 overlooking eastern neighbour

It is considered the above variations can be supported subject to conditions of planning approval being imposed.

**Background**

Zoning: Residential R17.5  
Site area: 814m<sup>2</sup>

**Previous Decisions of Council and/or History of an Issue or Site**

No previous approvals have been granted for the site.

**Consultation****Advertising**

The application was advertised to surrounding land owners from 30 August to 21 September 2018. Two (2) submissions were received. The submissions noted the following comments and the applicant and officer responses are provided below:

**Submission 1**

- Our neighbours approached us with the plans and I have signed the form saying we are ok with it overall, but I still have concerns on the west elevation showing large clear windows that overlook our property.
- I want to make sure there is no overlooking issues into our property and that they are building within the code. My concern is that they are floor to ceiling windows that look directly into our back yard.
- My understanding when we built 5 years ago that they had to be frosted?

Submission 2

We object to the plans at 13 Coolgardie Avenue application Number CTP073/18 on the following grounds:

- The full length windows on the west elevation on the 2<sup>nd</sup> story impact our privacy and amenity.
- The elevation of the site and height of the 2nd story permits the bank of windows (major openings) to have direct line of sight into our main living area (i.e. active habitable space) and outdoor living / pool area.
- It is unlikely that vegetation screening would ameliorate the overlook effectively.
- The upper story windows should be reduced in size and have opaque glass fitted to restrict viewing into adjoining properties. We consider that this does not meet the R codes.

Applicant's response

*"The 2 submissions seem to be written by the one neighbour as they address the same points in each. The submissions are mainly concerned with the windows not meeting the R-Codes. Clause 5.4.1 of the Residential Design Codes state that for areas coded R50 or less the setback for a window from a bedroom or study to the boundary is 4.5m. Please see an excerpt of Clause 5.4.1 below. Our proposal has a setback of 4.546m from the glazing of the master bedroom and guest bedroom to the boundary. As such it would appear as though the glazing that the neighbour is concerned about does comply with the R-Codes and therefore they do not need to be frosted. The applicant is primarily concerned with achieving views of the ocean after the only views that 13 Coolgardie Street did have were built out by the neighbour to the west. The views were a major reason for purchasing the property. The bedrooms will generally be occupied during the morning and at night and will pose less of an issue in terms of privacy as the neighbours outdoor living areas will be primarily used during the day. The applicant is willing to plant some vegetation along the boundary line that in time will further help minimise any possible overlooking."*

Officer response

The objection letters and applicant's submissions are acknowledged and are addressed in the Comment section of this report. However, in the main the proposal is compliant with the R-Codes and the Residential Design Guidelines. No changes to the plans are required.

Community Design Advisory Committee (CDAC)

This application was considered at the CDAC meeting of 30 July 2018 and the Committee made the following comments. The applicant's response is provided in italics below the Committee's comments.

*(a) The overall built form merits;*

- The Committee consider the design to possess acceptable built form merits and that the retention of the ground floor is a positive design outcome.

*(b) The quality of architectural design including its impact upon the heritage significance of the place and its relationship to adjoining development;*

- The retention of the ground floor is a positive design outcome.

*(c) The relationship with and impact on the broader public realm and streetscape;*

- The Committee consider the development has an acceptable relationship with the streetscape.

- (d) *The impact on the character of the precinct, including its impact upon heritage structures, significant natural features and landmarks;*
- The Committee determine the development has a positive impact on the immediate locality and is consistent with the surrounding area.
- (e) *The extent to which the proposal is designed to be resource efficient, climatically appropriate, responsive to climate change and a contribution to environmental sustainability;*
- The Committee consider it is positive that the original dwelling is being retained; however the Panel mentions that the existing front fence is incongruent to the proposed development.
- (f) *The demonstration of other qualities of best practice urban design including "Crime Prevention" Through Environmental Design performance, protection of important view corridors and lively civic places.*
- The Committee determine the passive surveillance from the development to the public realm is poor. This is due to the main living area being located to the rear of the dwelling, meaning interaction with the primary street is minimal and restrictive.

Applicant response

- As per response) *The Committee consider it is positive that the original dwelling is being retained; however the Panel mentions that the existing front fence is incongruent to the proposed development.*
- We do intend to change the front fence to an electric sliding gate. However due to budget constraints this will happen after the build.
- As per response f) *the Committee determine the passive surveillance from the development to the public realm is poor. This is due to the main living area being located to the rear of the dwelling, meaning interaction with the primary street is minimal and restrictive.*
- As we are trying to keep cost down, we are keeping the original living room as per existing dwelling.

Officer's response

The CDAC comment and applicant's submissions are noted.

**Statutory Environment**

*Planning and Development Act 2005*

*Residential Design Codes of WA*

*Town of East Fremantle Local Planning Scheme No. 3 (LPS No. 3)*

**Policy Implications**

*Town of East Fremantle Residential Design Guidelines 2016 (as amended)*

**Financial Implications**

Nil

**Strategic Implications**

The Town of East Fremantle Strategic Community Plan 2017 – 2027 states as follows:

**MINUTES OF TOWN PLANNING MEETING  
TUESDAY, 6 NOVEMBER 2018**



Built Environment

*Accessible, well planned built landscapes which are in balance with the Town's unique heritage and open spaces.*

- 3.1 *Facilitate sustainable growth with housing options to meet future community needs.*
  - 3.1.1 *Advocate for a desirable planning and community outcome for all major strategic development sites.*
  - 3.1.2 *Plan for a mix of inclusive diversified housing options.*
- 3.2 *Maintaining and enhancing the Town's character.*
  - 3.2.1 *Ensure appropriate planning policies to protect the Town's existing built form.*
- 3.3 *Plan and maintain the Town's assets to ensure they are accessible, inviting and well connected.*
  - 3.3.1 *Continue to improve asset management practices.*
  - 3.3.2 *Optimal management of assets within resource capabilities.*
  - 3.3.3 *Plan and advocate for improved access and connectivity.*

Natural Environment

*Maintaining and enhancing our River foreshore and other green, open spaces with a focus on environmental sustainability and community amenity.*

- 4.1 *Conserve, maintain and enhance the Town's open spaces.*
  - 4.1.1 *Partner with Stakeholders to actively protect, conserve and maintain the Swan River foreshore.*
  - 4.1.2 *Plan for improved streetscapes parks and reserves.*
- 4.2 *Enhance environmental values and sustainable natural resource use.*
  - 4.2.1 *Reduce waste through sustainable waste management practices.*
- 4.3 *Acknowledge the change in our climate and understand the impact of those changes.*
  - 4.3.1 *Improve systems and infrastructure standards to assist with mitigating climate change impacts.*

**Site Inspection**

August 2018

**Comment**

Statutory Assessment

The proposal has been assessed against the provisions of Local Planning Scheme No. 3 and the Town's Local Planning Policies. A summary of the assessment is provided in the following tables.

Legend <i>(refer to tables below)</i>	
A	Acceptable
D	Discretionary
N/A	Not Applicable

Residential Design Codes Assessment

Design Element	Required	Proposed	Status
Street Front Setback	7.5m	13.7m	A
Secondary Street Setback	-	-	A
Lot boundary setbacks			
East	1.5m	1.57m	A
West	1.5m - 3.4m	3.6m	A

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TUESDAY, 6 NOVEMBER 2018

South	1.5m - 3.8m	18.3m	A
Open Space	55%	64%	A
Outdoor Living	30m <sup>2</sup>	91m <sup>2</sup>	A
Car Parking	2	2	A
Site Works	Less than 500mm	Less than 500mm	A
<b>Visual privacy setback</b>			
East	<b>4.5m</b>	<b>&gt; 4.5m</b>	<b>D</b>
Overshadowing	≤25%	≤25%	A
Drainage	On-site	To be conditioned	A

Local Planning Policies Assessment

LPP Residential Design Guidelines Provision	Status
3.7.2 Additions and Alterations to Existing Buildings	A
3.7.3 Development of Existing Buildings	A
3.7.4 Site Works	N/A
3.7.5 Demolition	N/A
3.7.6 Construction of New Buildings (studio and patio)	A
3.7.7 Building Setbacks and Orientation	A
3.7.8 Roof Form and Pitch	A
3.7.9 Materials and Colours	A
3.7.10 Landscaping	N/A
3.7.11 Front Fences	N/A
3.7.12 Pergolas	N/A
3.7.13 Incidental Development Requirements	N/A
3.7.14 Footpaths and Crossovers	N/A
<b>3.7.18.3 Garages and Carports</b>	<b>D</b>
<b>3.7.15-20 Precinct Requirements</b>	<b>D</b>

Building height

The R-Code provisions in respect to building height are substituted by the height control under the Residential Design Guidelines. Clause 3.7.15.4.1.3 states that:

*Where views are an important part of the amenity of the area and neighbours' existing views are to be affected the maximum building heights are as follows:*

- 8.1 metres to the top of a pitched roof;
- 6.5 metres to the top of an external wall (concealed roof); and
- 5.6 metres to the top of an external wall and where the following apply.
  - (i) the proposal demonstrates design, bulk and scale that responds to adjacent development and established character of the area or other site specific circumstances;
  - (ii) the provision of a landscaping plan demonstrating a minimum of 50% of the effective lot area being landscaped and ;
  - (iii) subject to the 'Acceptable Development' standards of the R-Codes – Element 9 – Design for Climate and |Element 8 – Privacy being met.

Although the dwelling exceeds the maximum allowable wall and roof height on the western side of the property in accordance with the Residential Design Guidelines, it does not breach the maximum heights for Category B of the R Codes. The proposed wall/ roof height is 6.9 metres, a 0.4 metre variation to the required 6.5 metre maximum height under the Residential Design Guidelines. The location of the

dwelling is located in an area considered to be sensitive to view, however in this instance the actual location of the dwelling does not directly impact on any view corridors to adjoining neighbours.

The renovations are contemporary in nature and utilise the existing levels of the site and setbacks are considered to be generous.

In this circumstance non-compliance with the Acceptable Development provisions with the height limit must be assessed in respect to the 'Performance Criteria' of the Residential Design Guidelines. For the most part, the proposal significantly demonstrates a design, bulk and scale that responds to the locality. The CDAC also noted their support for the proposal. The increased front setback is also considered to mitigate bulk and scale impacts.

#### Visual privacy

The 'Deemed to Comply' provisions for Element 5.4.1 Visual Privacy of the R-Codes requires major openings which have their floor level more than 0.5 metres above natural ground level, and positioned so as to overlook any part of any other residential property behind its setback line (i.e. the first 7.5m in R12.5), to comply with the following:

- 4.5 metres in the case of bedrooms and studies;
- 6.0 metres in the case of habitable rooms, other than bedrooms and studies; and
- 7.5 metres in the case of unenclosed outdoor active habitable spaces.

The western neighbour has submitted an objection to this proposal based on overlooking. Clause 5.4.1 of the R Codes state that for a bedroom window the required setback is 4.5 metres to the boundary. The subject proposal has a setback of 4.546m from the glazing of the master bedroom and guest bedroom to the western boundary and therefore complies with the "Deemed to Comply" provisions to the western neighbour.

Whilst the proposal does not technically comply with the 'Deemed to Comply' privacy provisions of the R-Codes to the eastern neighbour, it is considered the proposal can be supported. The development is considered to overlook the adjoining property (bedroom 3) to the east. This overlooking is into the front garden, however it also exceeds overlooking into the front setback area, therefore into area considered as private space. Battens are proposed to be utilised as an aesthetic feature of the design (cladding). These battens cover the window and therefore minimises direct viewing to the neighbours property. As the battens screen the window and only oblique views are available, it is considered the overlooking can be supported. The area overlooked is a driveway that can be readily seen from the street and does not form any recreational/ habitable area. The overlooking is supported.

#### Garage width and crossover

Despite the carport exceeding the maximum 30% of lot width because it is a carport rather than a solid garage it is visually permeable and open which means it does not have the same bulk as a traditional garage. The carport is integrated into the design of the dwelling and adds to the overall design merit of the proposal. The additional width to the carport is supported subject to conditions.

#### **Conclusion**

The variations as stated above are considered acceptable and the development application is recommended for approval subject to conditions.



**11.3 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION TP041118**

Cr Nardi moved, seconded Cr White

That development approval is granted under delegated authority and discretion exercised in regard to the following:

- (i) Clause 5.2.2 – Garage Width of the Residential Design Codes – 30% required, 35% provided; and
- (ii) Building height- Concealed roof 6.5 metres required. 6.9 metres provided;
- (iii) Clause 5.4.1 – Visual Privacy of the Residential Design Codes – bedroom 3 overlooking eastern neighbour

for additions and alterations (2 storey addition) to an existing single storey dwelling at No. 13 (Lot 22) Coolgardie Avenue, East Fremantle, in accordance with the plans date stamped received 10 August 2018, subject to the following conditions:

- (1) No enclosure of the carport is permitted without the submission of a development approval application for Council's consideration.
- (2) The proposed battens to bedroom 3 are required to be installed. In the absence of the battens being installed, the applicant is to comply with the 'Deemed to Comply' requirements of Clause 5.4.1 – Visual Privacy of the Residential Design Codes.
- (3) If requested by Council within the first two years following installation, the roofing to be treated to reduce reflectivity. The treatment to be to the satisfaction of the Chief Executive Officer in consultation with relevant officers and all associated costs to be borne by the owner.
- (4) No modification to the front crossover is permitted. Any new crossovers which are constructed are to be a maximum width of 5.0 metres and the crossover to be constructed in compliance with Council's Residential Design Guidelines 2016.
- (5) The works are to be constructed in conformity with the drawings and written information accompanying the application for planning approval other than where varied in compliance with the conditions of this planning approval or with Council's further approval.
- (6) The proposed works are not to be commenced until Council has received an application for a Building Permit and the Building Permit issued in compliance with the conditions of this planning approval unless otherwise amended by Council.
- (7) With regard to the plans submitted with respect to the Building Permit application, changes are not to be made in respect of the plans which have received planning approval, without those changes being specifically marked for Council's attention.
- (8) All stormwater is to be disposed of on site, an interceptor channel installed if required and a drainage plan be submitted to the satisfaction of the Chief Executive Officer in consultation with the Building Surveyor prior to the issue of a Building Permit.
- (9) All introduced filling of earth to the lot or excavated cutting into the existing ground level of the lot, either temporary or permanent, shall be adequately controlled to prevent damage to structures on adjoining lots or in the case of fill, not be allowed to encroach beyond the lot boundaries. This shall be in the form of structurally adequate retaining walls and/or sloping of fill at the natural angle of repose and/or another method as approved by the Town of East Fremantle.
- (10) Where this development requires that any facility or service within a street verge (street trees, footpath, crossover, light pole, drainage point or similar) is to be removed, modified or relocated then such works must be approved by Council and if approved, the total cost to be borne by the applicant. Council must act reasonably and not refuse any reasonable proposal for the removal, modification or relocation of such facilities or services (including, without limitation any works associated with the proposal) which are required by another statutory or public authority.

**(11) This planning approval to remain valid for a period of 24 months from date of this approval.**

**Footnote:**

***The following are not conditions but notes of advice to the applicant/owner:***

- (i) This decision does not include acknowledgement or approval of any unauthorised development which may be on the site.***
- (ii) A copy of the approved plans as stamped by Council are attached and the application for a Building Permit is to conform with the approved plans unless otherwise approved by Council.***
- (iii) It is recommended that the applicant provides a Structural Engineer's dilapidation report, at the applicant's expense, specifying which structures on adjoining sites may be adversely affected by the works and providing a record of the existing condition of the structures. Two copies of each dilapidation report should be lodged with Council and one copy should be given to the owner of any affected property.***
- (iv) All noise levels produced by the construction of the development are to comply with the provisions of the Environmental Protection (Noise) Regulations 1997 (as amended).***
- (v) Matters relating to dividing fences are subject to the Dividing Fences Act 1961.***
- (vi) Under the Environmental Protection (Noise) Regulations 1997, the noise from an air-conditioner must meet assigned allowable noise levels at all times. The Environmental Protection Act 1986 sets penalties for non-compliance with the Regulations and the installer of a noisy air-conditioner can face penalties of up to \$5,000 under Section 80 of the Act. Refer to Department of Environmental Protection document – "An Installers Guide to Air Conditioner Noise".***

**(CARRIED UNANIMOUSLY)**

**Note:**

As 4 Committee members voted in favour of the Reporting Officer's recommendation, pursuant to Council's decision regarding delegated decision making made on 17 June 2018 this application deemed determined, on behalf of Council, under delegated authority.

**11.4 View Terrace, No. 65B (Lot 1) – Reconsideration of Conditions of Planning Approval and Installation of Shade Structure for Screening Purposes**

<b>Applicant/Owner</b>	S and J Hlevnjak
<b>File ref</b>	P/VIE65B; P082/18
<b>Prepared by</b>	Christine Catchpole, Senior Planning Officer
<b>Supervised by</b>	Andrew Malone, Executive Manager Regulatory Services
<b>Voting requirements</b>	Simple Majority
<b>Meeting date</b>	6 November 2018
<b>Documents tabled</b>	Nil
<b>Attachments</b>	Nil

**Purpose**

This report considers the reconsideration of conditions of development approval requiring the installation of visual privacy screening on the eastern elevation of the dwelling and the balcony to satisfy the requirements of the R-Codes. The applicant is requesting the conditions be amended (condition 3) and deleted (condition 4) and the matter of visual privacy addressed by the installation of a shade structure in the side setback area at No. 65B (Lot 1) View Terrace, East Fremantle.

**Executive Summary**

This report concerns a reconsideration of conditions of development approval and a development application for a shade structure in the side setback area. Following approval of the two storey dwelling and partial construction of the residence the owners realised that in satisfying conditions 3 and 4 substantial views from the balcony and the upper storey windows of the living and dining areas would be obscured. The applicant requested the Town's officers inspect the site and review the degree of overlooking to the adjacent property to the east (triplex development) to determine whether the conditions could be deleted and amended.

A site inspection revealed that the balcony and one of the living room window screening treatments were not necessary, as first thought, as these areas overlooked the front setback area of the adjoining site. This area is already visible from the street. Therefore, condition 4 is recommended to be deleted. However, it was determined that the remaining windows in the dining and living areas on the upper level did overlook the side setback and open space areas of the adjoining triplex and that compliance with the R-Codes as per condition 3 would be required, unless a suitable alternative screening device was proposed.

The owner requested that the overlooking be addressed through the installation of a shade structure which obstructed the view downwards into the side setback area. The shade structure was considered adequate by the Town and the applicant informed that a development application was required for the shade structure. The adjoining owners were also satisfied and endorsed the plans the subject of this application. In light of the above it is recommended condition 3 be amended to remove the requirement for screening as per the R-Code requirements for upper level windows on the eastern elevation and condition 4, requiring screening of the balcony, be deleted. The shade structure is recommended for approval subject to conditions to ensure privacy is maintained and compatibility with the finish of the dwelling.

**Background**

6 September 2016 – Council granted development approval for construction of a two storey dwelling subject to conditions. Two of which read as follows:

- “(3) All major openings to lower (subject to the height of the boundary fence not reaching 1.6 metres above the altered ground level) and upper floor habitable rooms on the eastern and western elevations where the visual privacy setback of the R-Codes is not met to comply with clause 5.4.1 C1.2 of the Residential Design Codes of WA and indicated on the Building Permit application plans to the satisfaction of the Chief Executive Officer and installed prior to occupation of the dwelling.*
- (4) Permanently fixed visually impermeable screening on the eastern elevation of the balcony to comply with clause 5.4.1 C1.2 of the Residential Design Codes of WA prior to occupation of the dwelling.”*

**DETAILS**

LPS 3 Zoning: Residential R17.5  
Site area: 445m<sup>2</sup> (strata lot)

**Consultation**Advertising

The adjoining owners at No. 63 View Terrace (triplex development) were consulted by the applicant/owner in respect to the shade structure proposed to address the visual privacy issues and replace the need for obscure glazing on the upper level windows. All adjoining land owners have endorsed the proposal. Advertising was therefore not required to be undertaken by the Town.

Community Design Advisory Committee (CDAC)

It was not considered necessary to refer this matter to the CDAC as the structure is considered to have minimal impact on the streetscape.

**Statutory Environment**

*Planning and Development Act 2005  
Residential Design Codes of WA  
Town of East Fremantle Local Planning Scheme No. 3*

**Policy Implications**

*Town of East Fremantle Residential Design Guidelines 2016 (as amended)*

**Financial Implications**

Nil

**Strategic Implications**

The Town of East Fremantle Strategic Community Plan 2017 – 2027 states as follows:

Built Environment

*Accessible, well planned built landscapes which are in balance with the Town's unique heritage and open spaces.*

*3.1 Facilitate sustainable growth with housing options to meet future community needs.*

*3.1.1 Advocate for a desirable planning and community outcome for all major strategic development sites.*

3.1.2 Plan for a mix of inclusive diversified housing options.

3.2 Maintaining and enhancing the Town's character.

3.2.1 Ensure appropriate planning policies to protect the Town's existing built form.

3.3 Plan and maintain the Town's assets to ensure they are accessible, inviting and well connected.

3.3.1 Continue to improve asset management practices.

3.3.2 Optimal management of assets within resource capabilities.

3.3.3 Plan and advocate for improved access and connectivity.

#### Natural Environment

Maintaining and enhancing our River foreshore and other green, open spaces with a focus on environmental sustainability and community amenity.

4.1 Conserve, maintain and enhance the Town's open spaces.

4.1.1 Partner with Stakeholders to actively protect, conserve and maintain the Swan River foreshore.

4.1.2 Plan for improved streetscapes parks and reserves.

4.2 Enhance environmental values and sustainable natural resource use.

4.2.1 Reduce waste through sustainable waste management practices.

4.3 Acknowledge the change in our climate and understand the impact of those changes.

4.3.1 Improve systems and infrastructure standards to assist with mitigating climate change impacts.

#### **Site Inspection**

October 2018

#### **Comment**

##### Visual privacy

The 'Deemed to Comply' provisions for Element 5.4.1 Visual Privacy of the R-Codes requires major openings which have their floor level more than 0.5 metres above natural ground level, and positioned so as to overlook any part of any other residential property behind its setback line, to comply with the following:

- 4.5 metres in the case of bedrooms and studies;
- 6.0 metres in the case of habitable rooms, other than bedrooms and studies; and
- 7.5 metres in the case of unenclosed outdoor active habitable spaces (balconies, decks etc.)

The original development did not comply with the 'Deemed to Comply' provisions of the R-Codes for the lower and upper levels, however, the 'Design Provisions' of 5.4.1 allow for:

*P1.1 Minimal direct overlooking of active habitable spaces and outdoor living areas of adjacent dwellings achieved through: building layout, location; design of major openings; landscape screening of outdoor active habitable spaces; and/or location of screening devices; and*

*P1.2 Maximum visual privacy to side and rear boundaries through measures such as: offsetting the location of ground and first floor windows so that viewing is oblique rather than direct; building to the boundary where appropriate; setting back the first floor from the side boundary; providing higher or opaque and fixed windows; and/or screen devices (including landscaping, fencing, obscure glazing, timber screens, external blinds, window hoods and shutters).*

However, the original plans the subject of the development application indicated screening on the balcony and the upper level windows, so conditions were imposed to ensure compliance with the R-Codes and prevent overlooking. Once the residence was under construction it became clear substantial views to the river would be obscured if the screening measures were installed and that for some of the openings the screening was unnecessary, despite it being shown on the original plans.

Where the Town determined the screening was still required the applicant/owner requested that Council consider an alternative to screening the windows. A shade structure was proposed to be constructed along a portion of the eastern side setback area which is adjacent to the windows and the open space areas of the triplex development. A structure of this kind would require a 1.0 metre set back from the boundary. It is proposed to construct the three supporting columns on the boundary and these will support the shade cloth framework. The structure will extend in height to just below the upper window sills and will cover the entire setback area for a length of 8.7 metres. The shade cloth will be fixed to a frame so it will remain permanently in place. The structure will be positioned at a slight upwards angle away from the house and toward the lot boundary. Its position directly under the two windows is considered to adequately restrict overlooking into the rear open space areas for each of the triplex units.

For privacy reasons it is important for the shade cloth material to be of a high density (i.e. 90%) so it is not visually permeable and for this material to be replaced when it deteriorates. Conditions of approval are therefore recommended in this regard. It is also recommended that a condition of approval which requires the colour of the poles and shade cloth to be of a colour that is compatible with the wall finishes of the dwelling so that it is less visually obvious be applied.

#### Reconsideration of conditions

Given the visual privacy issues are considered satisfied it is recommended that condition 4 (as noted above) be deleted and condition 3 be amended to delete reference to the major openings to habitable windows on the eastern elevation. The condition will therefore read as follows:

- (3) *All major openings to lower (subject to the height of the boundary fence not reaching 1.6 metres above the altered ground level) and upper floor habitable rooms on the western elevation where the visual privacy setback of the R-Codes is not met to comply with clause 5.4.1 C1.2 of the Residential Design Codes of WA and indicated on the Building Permit application plans to the satisfaction of the Chief Executive Officer and installed prior to occupation of the dwelling.*

#### **Conclusion**

The reconsideration of conditions result in condition 3 being amended to remove reference to the major openings to habitable rooms on the eastern elevation and condition 4, requiring balcony screening, being deleted. The shade structure screening device is recommended for approval subject to conditions regarding the visual permeability (i.e. density of the shade cloth) and colour of construction materials being compatible with the wall finish of the dwelling. It is also recommended the structure be installed before occupation of the dwelling.

**11.4 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION TP051118**

Cr Natale moved, seconded Cr White

That Council:

- A. Approve the request for deletion of condition 4 and amendment of condition 3 (as outlined below) in relation to the Development Approval dated 6 September 2016 for No. 65B View Terrace (Lot 1), East Fremantle with reference to plans dated 3 August 2016.
- (3) *All major openings to lower (subject to the height of the boundary fence not reaching 1.6 metres above the altered ground level) and upper floor habitable rooms on the western elevation where the visual privacy setback of the R-Codes is not met to comply with clause 5.4.1 C1.2 of the Residential Design Codes of WA and indicated on the Building Permit application plans to the satisfaction of the Chief Executive Officer and installed prior to occupation of the dwelling.*
- B. Grant development approval and exercise its discretion in regard to the following:
- (i) Clause 5.1.3 – Lot Boundary Setback of the Residential Design Codes of WA to permit a lot boundary setback of less than 1.0 metre from the eastern lot boundary, for a shade structure for screening purposes at No. 65B (Lot 1) View Terrace, East Fremantle, in accordance with the plans date stamped received on 13 September 2018, subject to the following conditions:
- (1) Installation of the shade structure as indicated on plans date stamped received 13 September 2018 prior to the occupation of the dwelling.
  - (2) The shade structure to be installed with 90% density shade cloth material or alternative to the satisfaction of the Chief Executive Officer (refer to Footnote (i)).
  - (3) The shade cloth material to be replaced, at the owner's expense and in accordance with condition 2, if it is determined by the Chief Executive Officer that the material is no longer functioning as a privacy screening device and requires replacement.
  - (4) The materials and colours to be used in the construction of the shade structure to be to the satisfaction of the Chief Executive Officer. The details to be submitted with the Building Permit application plans.
  - (5) The works are to be constructed in conformity with the drawings and written information accompanying the application for planning approval other than where varied in compliance with the conditions of this planning approval or with Council's further approval.
  - (6) The proposed works are not to be commenced until Council has received an application for a Building Permit and the Building Permit issued in compliance with the conditions of this planning approval unless otherwise amended by Council.
  - (7) With regard to the plans submitted with respect to the Building Permit application, changes are not to be made in respect of the plans which have received planning approval, without those changes being specifically marked for Council's attention.
  - (8) All storm water is to be disposed of on site, an interceptor channel installed if required and a drainage plan be submitted to the satisfaction of the Chief Executive Officer in consultation with the Building Surveyor prior to the issue of a Building Permit.
  - (9) All introduced filling of earth to the lot or excavated cutting into the existing ground level of the lot, either temporary or permanent, shall be adequately controlled to prevent damage to structures on adjoining lots or in the case of fill, not be allowed to encroach beyond the lot boundaries. This shall be in the form of structurally adequate retaining walls and/or sloping of fill at the natural angle of repose and/or another method as approved by the Town of East Fremantle.

- (10) Where this development requires that any facility or service within a street verge (street trees, footpath, crossover, light pole, drainage point or similar) is to be removed, modified or relocated then such works must be approved by Council and if approved, the total cost to be borne by the applicant. Council must act reasonably and not refuse any reasonable proposal for the removal, modification or relocation of such facilities or services (including, without limitation any works associated with the proposal) which are required by another statutory or public authority.
- (11) This planning approval to remain valid for a period of 24 months from date of this approval.

**Footnote:**

*The following are not conditions but notes of advice to the applicant/owner:*

- (i) *In regard to condition 2, if an alternative material is to be proposed it must be approved by the Chief Executive Officer.*
- (ii) *This decision does not include acknowledgement or approval of any unauthorised development which may be on the site.*
- (iii) *A copy of the approved plans as stamped by Council are attached and the application for a Building Permit is to conform with the approved plans unless otherwise approved by Council.*
- (iv) *It is recommended that the applicant provides a Structural Engineer's dilapidation report, at the applicant's expense, specifying which structures on adjoining sites may be adversely affected by the works and providing a record of the existing condition of the structures. Two copies of each dilapidation report should be lodged with Council and one copy should be given to the owner of any affected property.*
- (v) *All noise levels produced by the construction of the development are to comply with the provisions of the Environmental Protection (Noise) Regulations 1997 (as amended).*
- (vi) *Matters relating to dividing fences are subject to the Dividing Fences Act 1961.*

(CARRIED UNANIMOUSLY)

**Note:**

As 4 Committee members voted in favour of the Reporting Officer's recommendation, pursuant to Council's decision regarding delegated decision making made on 17 June 2018 this application deemed determined, on behalf of Council, under delegated authority.



**12. REPORTS OF OFFICERS (COUNCIL DECISION)**

Nil.

**13. MATTERS BEHIND CLOSED DOORS**

Nil.

**14. CLOSURE OF MEETING**

There being no further business, the Presiding Member declared the meeting closed at 6:49pm.

*I hereby certify that the Minutes of the ordinary meeting of the Town Planning & Building Committee of the Town of East Fremantle, held on 6 November 2018, Minute Book reference 1. to 14 were confirmed at the meeting of the Committee on:*

.....

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

UNCONFIRMED

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**11.2 Audit Committee Meeting (7 November 2018)**

<b>File ref</b>	C/MTAF1
<b>Prepared by</b>	Peter Kocian Executive Manager Corporate Services
<b>Meeting Date:</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Audit Committee Minutes

**Purpose**

To submit the minutes of the Audit Committee for receipt by Council.

**Executive Summary**

All Council recommendations contained in the Audit Committee minutes are listed individually within the Council Agenda for determination.

There is no further action other than to receive the minutes of that meeting.

**Consultation**

Audit Committee.

**Statutory Environment**

Nil.

**Policy Implications**

Nil.

**Financial Implications**

Nil.

**Strategic Implications**

Nil.

**Site Inspection**

Not applicable.

**Comment**

The unconfirmed minutes of the Audit Committee meeting are now presented to Council to be received.

**11.2 COMMITTEE RECOMMENDATION**

**That the unconfirmed Minutes of the Audit Committee Meeting held on 7 November 2018 be received.**



# MINUTES

UNCONFIRMED

Audit Committee Meeting

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Wednesday, 7 November 2018 at 6.34pm

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**MINUTES OF THE ORDINARY MEETING OF THE AUDIT COMMITTEE HELD IN THE UPSTAIRS MEETING AREA, 135 CANNING HIGHWAY EAST FREMANTLE ON WEDNESDAY, 7 NOVEMBER 2018.**

**1. DECLARATION OF OPENING OF MEETING/ANNOUNCEMENT OF VISITORS**

The Presiding Member opened the meeting at 6.34pm.

**2. ACKNOWLEDGEMENT OF COUNTRY**

*"On behalf of the Council I would like to acknowledge the Nyoongar people as the traditional custodians of the land on which this meeting is taking place."*

**3. RECORD OF ATTENDANCE**

**3.1 Attendance**

The following members were in attendance:

Cr M McPhail	Presiding Member
Mayor J O'Neill	
Cr A McPhail	
Cr T Natale	
Cr T Watkins	
Cr A White	

The following staff were in attendance:

Mr G Tuffin	Chief Executive Officer
Mr P Kocian	Executive Manager Corporate Services
Mr M St John	Anderson Munro & Wyllie

There were no members of the gallery in attendance

**3.2 Apologies**

Nil.

**3.3 Leave of Absence**

Nil.

**4. MEMORANDUM OF OUTSTANDING BUSINESS**

Nil.

**5. DISCLOSURES OF INTEREST**

**5.1 Financial**

Nil.

**5.2 Proximity**

Nil.

**5.3 Impartiality**

**5.3.1 Cr White**

Cr White stated that Anderson Munro & Wyllie are auditors for his superannuation fund.

**5.3.2 Cr A McPhail**

Cr A McPhail stated that Anderson Munro & Wyllie were engaged by some of his work clients.

**6. PUBLIC QUESTION TIME**

**6.1 Responses to previous questions from members of the public taken on notice**

Nil.

**6.2 Public Question Time**

Nil.

**7. PRESENTATIONS/DEPUTATIONS**

**7.1 Presentations**

Nil.

**7.2 Deputations**

Nil.

**8. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**8.1 Audit Committee (20 March 2018)**

**8.1 OFFICER RECOMMENDATION**

Moved Cr A McPhail, seconded Cr White

That the minutes of the Audit Committee meeting held on Tuesday, 20 March 2018 be confirmed as a true and correct record of proceedings.

(CARRIED UNANIMOUSLY)

**9. ANNOUNCEMENTS BY THE PRESIDING MEMBER**

The Presiding Member welcomed Mr Michael St John of Anderson Munro & Wyllie to the meeting.

## 10. REPORTS

### 10.1 Report to the Audit Committee for the Year Ended 30 June 2018 and Annual Meeting with the Auditor

<b>File ref</b>	F/AUD1
<b>Prepared by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date:</b>	7 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Audit Report and Management Letter for the Year Ended 30 June 2018

#### **Purpose**

The purpose of this report is for the Audit Committee to receive the Audit Report and Management Letter for the Year Ended 30 June 2018.

#### **Executive Summary**

The Town's Auditor has prepared a report to the Audit Committee for the Year Ended 30 June 2018. Mr Michael St John, Audit Manager, will be attending the meeting to discuss the contents of the report and other matters relevant to the scope of audit.

#### **Background**

In accordance with 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 by an Auditor.

The Annual Financial Report for the year ended 30 June 2018 received clearance from the Auditors for signing by the CEO on the 29 October 2018. The Audit Report was subsequently received.

Part 7 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* addresses the situation of audit. In relation to the duties of the local government with respect to audits:

- a. the local government is to do everything in its power to –
  - i. assist the auditor to conduct an audit and carry out his or her other duties under the Act; and
  - ii. ensure that audits are conducted successfully and expeditiously;
- b. a local government is to meet with its auditor at least once in every year;
- c. a local government is to examine the report of the auditor and is to –
  - i. determine if any matters raised require action to be taken by the local government; and
  - ii. ensure that appropriate action is taken in respect of those matters;
- d. local government is to –
  - i. prepare a report on any actions taken in respect of any matters raised in the report of the auditor; and
  - ii. forward a copy of that report to the Minister by the end of the next financial year, or six months after the last report prepared by the auditor is received by the local government, whichever is the latest in time.



The primary role of the Audit Committee is 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 Committee should critically examine the audit and management reports provided by the external auditor and then determine if matters raised in the reports require action to be taken by the local government administration.

#### **Consultation**

Chief Executive Officer

#### **Statutory Environment**

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

#### **Policy Implications**

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

#### **Financial Implications**

Annual attendance of the Auditor to a meeting of the Audit Committee is covered under the Audit Fee.

#### **Strategic Implications**

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

#### **Comment**

The Town has received an unqualified Audit Report, that is, no instances of statutory non-compliance were identified relating to the financial statements. The Auditors have provided the opinion that the financial report of the Town of East Fremantle:

- i. gives a true and fair view of the Town's financial position as at 30 June 2018 and of its performance for the financial year ended 30 June 2018;
- ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- iii. is prepared in accordance with the requirements of the *Local Government Act 1995* Part 6 (as amended) and Regulations under the Act.

Regulations require the auditor, where appropriate, to prepare a management report to accompany the auditor's report. Although there is no legislative requirement for the auditor to prepare a management report unless he or she deems it appropriate, local government may wish to require the auditor to prepare a report on all issues identified during the audit.

**10.1 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION A011118**

Moved Cr A McPhail, seconded Cr Natale

That the Audit Committee:

1. receive the Audit Report and Management Letter for the Year Ended 30 June 2018.
2. note that any issues raised in the Management Letter will be included on the Status Report and reported to the Audit Committee on a standing basis.
3. note the Town's appointed Auditor, Mr Michael St John's, attendance at the Audit Committee to discuss the Audit Report and Management Letter, and any other matters relevant to the scope of Audit.

(CARRIED UNANIMOUSLY)

*Prior to carrying the above resolution, discussion took place on the Management Report in relation to:*

- *Leave liability*
- *Operating expenditure treated as Capital.*

*Incorrect notations against items 2 and 3 were identified in the table contained within the Management Report.*

*The Presiding Member thanked Anderson Munro & Wyllie for the completion of the 2017/18 audit and their service to the Town.*

## 10.2 Local Government Audit Framework, Internal Audit Charter and 2019 Meeting Schedule

<b>File ref</b>	F/AUD1
<b>Prepared by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date:</b>	7 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Proposed Policy – Internal Audit Charter

### Purpose

The Audit Committee is requested to endorse an internal audit charter, work plan and meeting schedule for the 2019 calendar year.

### Executive Summary

This report provides an overview of the local government audit framework. It also recommends an internal audit plan which includes items that are traditionally considered “high-risk”, with items having been identified in external audit management letters and the previous financial management review, as well as subject matter of performance audits undertaken by the Office of Auditor General. The development of an internal audit work plan is also recommended in the internal audit framework detailed in section 7 of the WA Local Government Accounting Manual.

### 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 years and report to the audit committee the results of that review.	Regulation 17 of the <i>Local Government (Audit) Regulations 1996</i>
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

On 24 August 2017, amendments to the *Local Government Act 1995* were passed by State Parliament that enables the Auditor General to audit council finances and performance. The Auditor General will take over responsibility for financial audits on a transitional basis as existing audit contracts expire.

The Town of East Fremantle will fall under the audit remit of the Office of Auditor General from the 2018/19 financial year.

Following commencement of the new legislation, a local government cannot appoint a person to be its auditor. The Auditor General will be able to contract out some or all of the financial audits but all audits will be done under the supervision of the Auditor General.

#### **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.

The role of the external auditor can also be expanded to include an internal audit function, provided that it complements the external audit and does not cloud the objectivity and independence of the external audit (i.e. an external auditor must not audit information prepared by them or their accounting practice). A good example is where local governments decide to use the services of the external auditor to undertake a review of the financial management systems and procedures. This provides the external auditor with greater assurance of systems and procedures used to prepare the annual financial statements, and whether they provide information free of material misstatement.

#### **Consultation**

Chief Executive Officer  
Manager Administration and Finance

#### **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.

### **Policy Implications**

A new Policy – Internal Audit Charter is attached.

### **Financial Implications**

Council has approved a budget of \$140,000 for Strategic and Business Planning. Internal audit activities that are outsourced can be funded under this budget.

### **Strategic Implications**

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

### **Comment**

#### **Internal Audit Charter:**

It is recommended that the Audit Committee endorse the attached Internal Audit Charter to inform a work plan for the 2019 calendar year. The Charter encapsulates a commitment to internal audit activities. Proposed activities include:

1. Engagement of Local Government Insurance Services to assist the Town in identifying potential strategic risks, facilitate the assessment and development of mitigation activities for prioritised strategic risks and provide a documented format for ongoing management and reporting of strategic risks (quote received \$5,280 ex GST);
2. WALGA has been engaged to undertake a Procurement Review including the following:
  - Review the Town's Tender Register to ensure that it complies with legal requirements and best practice;
  - Review templates for RFQs and RFTs against the WALGA templates to ensure consistency (also review the general conditions of contract );
  - Review the award of Tenders for 17/18 contracts - from start to finish (including a review of the form of the final contract);
  - Prepare an RFT advertising template
  - Regulation 11 of the Local Government (Financial Management) Regulations states that a local government is to develop procedures for the authorisation of, and the payment, of accounts. The Town will be reviewing the Credit Card Policy, as well as developing a new payment policy requiring payment of invoices within 30 days of the receipt of invoice or receipt of goods or services as required by Treasurer's Instruction 323;
3. Regulation 19 of the Local Government (Financial Management) Regulations states a local government is to establish and document internal control procedures to ensure control over investments. The control procedures are to enable the identification of the nature and location of all investments and the transactions related to each investment. The Town will be reviewing the Investment Policy, and will bring an item forward discussing Divestment.

**10.2 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION A021118**

Moved Cr White, seconded Cr Natale

That the Audit Committee:

1. recommend to Council the adoption of proposed Policy Internal Audit Charter as per the attached.
2. endorse tri-annual meetings for the Audit Committee, with proposed meeting dates for 2019 as follows:

Date	Time	Place
Tuesday 26 February 2019	6.30pm	Council Chambers
Wednesday 3 July 2019	6.30pm	Council Chambers
Tuesday 26 November 2019	6.30pm	Council Chambers

3. endorse the following work plan for 2019 with items to be presented to the Audit Committee:

Date	Items
Tuesday 26 February 2019	<ul style="list-style-type: none"> <li>- Midyear budget review</li> <li>- Procurement review</li> <li>- Credit Card Policy</li> <li>- Supplier Payments Policy</li> <li>- Compliance Audit Return</li> <li>- Standing status report</li> </ul>
Wednesday 3 July 2019	<ul style="list-style-type: none"> <li>- Interim Audit Management Letter</li> <li>- Draft 19/20 Budget</li> <li>- Strategic Risk Framework and Register</li> <li>- Investment Policy and Divestments</li> <li>- Standing status report</li> </ul>
Tuesday 26 November 2019	<ul style="list-style-type: none"> <li>- Annual Report and meeting with Auditor</li> <li>- Audit Regulation 17 Review</li> <li>- Standing status report</li> </ul>

(CARRIED UNANIMOUSLY)

### 10.3 Local Government Auditing Reforms

<b>File ref</b>	F/AUD1
<b>Prepared by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date:</b>	7 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. A Guide to Local Government Auditing Reforms 2. Local Government Regulations Amendment (Auditing) Regulations 2018

#### **Purpose**

The Audit Committee is requested to note the local government auditing reforms as outlined in this report and the attachments.

#### **Executive Summary**

On 24 August 2017, amendments to the *Local Government Act 1995* were passed by State Parliament that enables the Auditor General to audit Council finances and performance. The reforms will change the way local government audits are conducted.

#### **Background**

The Auditor General will take over responsibility for financial audits on a transitional basis as existing audit contracts expire. The Town of East Fremantle will fall under the audit remit of the Office of Auditor General from the 2018/19 financial year.

Following commencement of the new legislation, a local government cannot appoint a person to be its auditor. The Auditor General will be able to contract out some or all of the financial audits but all audits will be done under the supervision of the Auditor General.

As is currently the case, local governments will be responsible for meeting the costs of financial audits. The Auditor General will determine the fees for a financial audit.

#### **Consultation**

Chief Executive Officer

#### **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*.

#### **Policy Implications**

There are no Council Policies relevant to this item.

#### **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

### Comment

The Department of Local Government has released a 'Guide to Local Government Auditing Reforms'. This is attached for information.

The Guide outlines the following changes to the local government audit framework:

- The new legislation gives the Auditor General the power to conduct performance audits, which may focus on a particular issue or theme, such as procurement practices;
- Local governments will be required to publish the annual report, including audit reports, on their website within 14 days after the report has been adopted by the local government (commencing with their 2017/18 annual report);
- The new legislation requires local governments to examine an audit report it receives and implement appropriate action in respect of the significant matters raised;
- Regulation 5 of the Local Government (Financial Management) Regulations has been amended to require a Financial Management Review no less than once in every three financial years (previously every 4 years);
- Local governments are required to maintain a property register of portable and attractive items valued under \$5,000 in line with State Government agencies as specified in Treasurer's Instruction 410 Record of Assets;
- Local governments will be required to revalue their assets between three and five years (previously every three years);
- Local governments will be required to provide the auditor with a copy of their adopted Long Term Financial Plan, Asset Management Plan, Corporate Business Plan and Strategic Community Plan.
- The Audit Regulation 17 review is required to be undertaken no less than once in every three financial years (previously every two years).

**10.3 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION A031118**

Moved Cr White, seconded Cr Watkins

That the Audit Committee:

1. receive the 'Guide to Local Government Auditing Reforms' outlining legislated changes to the local government audit framework;
2. note that the Town of East Fremantle will be falling under the remit of the Auditor General for external audit commencing the 18/19 financial year (ie this year).

(CARRIED UNANIMOUSLY)

**10.3 COMMITTEE RESOLUTION A041118**

Moved Cr White, seconded Cr Watkins

That the Audit Committee recommend to Council that the CEO write to the Office of the Auditor General (OAG) to clarify the 2018/19 Audit Schedule, the ability to influence the appointment of audit subcontractors, the estimated fee for the OAG/subcontractor service and process for determination of the audit fee.

(CARRIED UNANIMOUSLY)

UNCONFIRMED

## 10.4 Risk Assessment Tool

<b>File ref</b>	F/AUD1
<b>Prepared by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date:</b>	7 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Town of East Fremantle Risk Management Governance Framework

### Purpose

This report recommends that the Audit Committee endorse the inclusion of a 'Risk Implications' heading in all agenda reports, and that the Town's adopted risk matrix be completed for all reports to identify risks. It is recommended that any risk with a risk ranking of 'high' or 'extreme' (ie a risk assessment of greater than 10) be recorded on the Risk Register as these risks have been identified as requiring attention and require periodic monitoring.

### Executive Summary

Council adopted the attached Risk Management Governance Framework at its Ordinary Meeting of 17 March 2017. Appendix A of the Framework details a Risk Assessment Tool, which can be used to assess risk in all items that are being presented to Committees/Council. It is recommended that the table below be completed for all agenda items. This will facilitate risk identification, analysis, evaluation, and monitoring.

Risk	Risk Likelihood (based on history and with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)

Local Government Insurance Services developed the risk assessment tool which is widely used by local governments in Western Australia. The tool is broken down as follows to explain how it is used:

#### Measures of Likelihood

Level	Rating	Description	Frequency	Probability
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year	Greater than 90% chance of occurrence
4	Likely	The event will probably occur in most circumstances	At least once per year	60%-90% chance of occurrence
3	Possible	The event should occur at some time	At least once in 3 years	40%-60% chance of occurrence
2	Unlikely	The event could occur at some time	At least once in 10 years	10%-40% chance of occurrence
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years	Less than 10% chance of occurrence.

Measures of likelihood form part of the risk matrix to determine the 'risk rank' and the 'level of risk'. A level of 1 - 5 is applied based on the likelihood of an event occurring, ranging from rare to almost certain. The likelihood can be determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically such as probability or a frequency over a given time period.

*Measures of Consequence*

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

As defined by the Australian Standard consequence is the outcome of an event affecting corporate objectives. The above identifies outcomes in seven main categories being health, financial impact, service interruption, compliance, reputation, property and environment. A level of 1 - 5 is applied based on the severity of the outcome, ranging from insignificant to catastrophic. Combined with measures of likelihood, measures of consequence form the evaluation of risks in the Risk Matrix (see below).

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	MEDIUM (5)	HIGH (10)	HIGH (15)	EXTREME (20)	EXTREME (25)
Likely	4	LOW (4)	MEDIUM (8)	HIGH (12)	HIGH (16)	EXTREME (20)
Possible	3	LOW (3)	MEDIUM (6)	MEDIUM (9)	HIGH (12)	HIGH (15)
Unlikely	2	LOW (2)	LOW (4)	MEDIUM (6)	MEDIUM (8)	HIGH (10)
Rare	1	LOW (1)	LOW (2)	LOW (3)	LOW (4)	MEDIUM (5)

RISK RANK	LEVEL OF RISK	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
EXTREME	17 - 25	Urgent Attention Required	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council
HIGH	10 - 16	Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Director / CEO
MEDIUM	5 - 9	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
LOW	1 - 4	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager

The risk matrix will determine a risk ranking and level of risk based on the measurement of the likelihood and consequence of a particular event. It is recommended that any event with a risk ranking of 'high' or 'extreme' be recorded in the Town's Risk Register and reported to the Audit Committee on a periodic basis. These events require regular monitoring and risk treatment actions which may involve the following:

- Avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk;
- Taking or increasing risk in order to pursue an opportunity;
- Removing the risk source;
- Changing the likelihood;
- Changing the consequences;
- Sharing the risk with another party or parties (including contracts and risk financing); and
- Retaining the risk by informed decision.

Risk treatments that deal with negative consequences are sometimes referred to as risk mitigation, risk elimination, risk prevention and risk reduction. Risk treatments will be particularly important where existing controls are deemed to be inadequate.

### Background

A Standard designated as AS/NZS ISO 31000:2009 has been prepared on Risk Management. This Standard defines risk assessment as the overall process of risk identification, risk analysis and risk evaluation. The Standard encapsulates the following paragraphs.

All organisations should identify sources of risk, areas of impact, events and their causes and their potential consequences. The aim of this step is to generate a comprehensive list of risks, known as a Risk Register, based on those events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives.

Identification should include risks whether or not their source is under the control of the organisation, even though the risk source or cause may not be evident. Risk identification should include examination of the knock-on effects of particular consequences, including cascade and cumulative effects. As well as identifying what might happen, it is necessary to consider possible causes and scenarios that show what consequences can occur. All significant causes and consequences should be considered.

Organisations should apply risk identification tools and techniques that are suited to its objectives and capabilities, and to the risks faced. People with appropriate knowledge should also be involved in identifying risks. The management of risk should therefore be undertaken with full consideration of the need to justify the resources used in carrying out risk management.

Risk criteria also need to be defined to evaluate the significance of risk. Factors to be considered include the following:

- The nature and types of causes and consequences that can occur and how they will be measured;
- How likelihood will be defined;
- The timeframe (s) of the likelihood and/or consequence (s);
- How the level of risk is to be determined;
- The views of stakeholders;
- The level at which risk becomes acceptable or tolerable.

Risk evaluation always involves the assessment of the likelihood (chance of something happening) and consequence (outcome of an event affecting objectives) of an event.

### Consultation

Chief Executive Officer

### Statutory Environment

Regulation 17 of the *Local Government (Audit) Regulations 1996* states the following:

#### 17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
  - (a) risk management; and
  - (b) internal control; and
  - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

### Policy Implications

The Town of East Fremantle Risk Management Government Framework incorporates a Risk Management Policy.

### Financial Implications

There are no financial implications relevant to this report.

### Strategic Implications

*Strategic Priority 5 – Leadership and Governance*

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

### Comment

The risk management process is to include risk identification, risk analysis, risk evaluation and risk treatment.

For specific risk assessment purposes, the Town has three levels of risk assessment context:

1. Strategic Risks – these risks are associated with achieving the organisations long term objectives. A proposal has been received from Local Government Insurance Services to assist the Town to identify potential strategic risks, facilitate the assessment and development of mitigation activities for prioritised strategic risks, and provide a documented format for ongoing management and reporting of strategic risks.
2. Operational Risks – these risks relate to the Town’s day to day activities, functions, infrastructure and services.
3. Project Risks – project risk has two main components:
  - (i) Direct – refers to the risks that may arise as a result of project activity which may prevent the Town from meeting its objectives.
  - (ii) Indirect – refers to the risks that threaten the delivery of project outcomes.A project governance framework should be developed to categorise those projects where risks are to be recorded.

The inclusion of the risk assessment tool in agenda reports to Committees/Council will facilitate the risk management process with regards to the aforementioned risks.

**10.4 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION A051118**

**Moved Cr Natale, seconded Cr Watkins**

**That the Audit Committee:**

1. recommend to Council that a new heading titled ‘Risk Implications’ be included in the Agenda Report template for all Council and Committee Meetings, and that the Chief Executive Officer ensure that the Risk Assessment and Risk Matrix be completed for all reports. Further, that any item with a risk ranking of greater than ‘10’ categorised as either ‘High’ or ‘Extreme’ Risk, and apparent to be ongoing, be recorded on the Risk Register.
2. request that the Risk Register be presented to the Audit Committee as a standing item.

**(CARRIED UNANIMOUSLY)**

## 10.5 Recurrent Status Report – Risk Management, Internal Controls and Legislative Compliance

<b>File ref</b>	F/AUD1
<b>Prepared by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date:</b>	7 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Status Report

### 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 will become a living 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 a number of matters that should be presented to an Audit Committee for review and monitoring:

#### Risk Management:

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

#### Internal Control Systems:

- Separation of roles and functions, processing and authorisation;
- Control of approval of documents, letters and financial records;



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

Legislative Compliance:

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

**Consultation**

Chief Executive Officer

**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.

**Policy Implications**

There are no Council Policies relevant to this item.

**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

**Comment**

The Chief Executive Officer presented the review of the appropriateness and effectiveness of the Town's systems and procedures in relation to risk management, internal controls and legislative compliance to Council in March 2017. The assessment was undertaken using the Local Government Insurance Services Risk Profile Tool.

The main findings from this review included:

- Finalisation of the Business Continuity Plan
- Development of a Risk Register
- Requirement to undertake 4 yearly Financial Management Review (completed 2017)
- Requirement to develop further policies and procedures with regards to complaints management
- Develop Customer Service Charter
- Develop Annual Staff Training program
- Review the Municipal Heritage Inventory
- Review Procurement Processes/Review Purchasing History (Tender Compliance)
- Develop full set of Asset Management Plans
- Develop Event Management Processes and Procedures
- Update Lease Register
- Develop Annual Playground Inspection Program
- Develop and Implement Disaster Recovery Plan
- Archives Records Management
- Develop Project Management Framework
- Develop Contract Register and Contract Management System

The last Financial Management Review was completed by Anderson Munro and Wyllie in May 2017. The following were the main findings:

- That all balance sheet reconciliations be reviewed and signed by a senior responsible employee (risk rating – medium)
- That procedures be developed to ensure completed purchase orders are cleared from the creditors listing (risk rating – low)
- That the Credit Card Policy be reviewed to ensure compliance with the Department's Operational Guidelines (risk rating – medium)
- That staff leave accruals be managed to reduce liability (risk rating – low)
- That Council take necessary actions to improve its financial ratios, namely the Operating Surplus Ratio and Asset Sustainability Ratio (risk rating – low)
- That Council prepare a Disaster Recovery and Business Continuity Plan (risk rating – high)
- That a Risk Register be presented to the Audit Committee (risk rating – high)

Audit Management Letters have also been reviewed for 2016/17 and 2017/18 with the following issues identified:

- All long service leave application forms are to be retained on the employee's personnel file
- Incorrect payment of long service leave to an employee on two occasions
- Large long service leave balances

The above findings have been incorporated into the attached status report.

**10.5 OFFICER RECOMMENDATION/COMMITTEE RESOLUTION A061118**

**Moved Mayor O'Neill, seconded Cr White**

**That the Audit Committee receives the status report on items relevant to its Terms of Reference.**

(CARRIED UNANIMOUSLY)

11. **MATTERS BEHIND CLOSED DOORS**

Nil.

12. **CLOSURE OF MEETING**

There being no further business, the Presiding Member declared the meeting closed at 8.17pm.

*I hereby certify that the Minutes of the ordinary meeting of the **Audit Committee** of the Town of East Fremantle, held on **7 November 2018**, Minute Book reference **1 to 12** were confirmed at the meeting of the Committee on*

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*Presiding Member*

UNCONFIRMED

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## 12. REPORTS

### 12.1 PLANNING REPORTS

#### 12.1.1 Canning Highway, Shop 21/No. 155 (Lot 9) – Change of Use from Shop to Recreation – Private Use (Pilates Classes) and Signage

<b>Landowner</b>	D Dimitriou
<b>Applicant</b>	A Jennings-Lowe
<b>File Ref</b>	P/CAN155U21
<b>Prepared by</b>	Christine Catchpole, Senior Planning Officer
<b>Supervised by</b>	Andrew Malone, Executive Manager Regulatory Services
<b>Meeting date</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Site Photographs 2. Plans dated 17 August and 31 October 2018

#### **Purpose**

This report considers a development application for a change of use from shop to recreation - private use (Pilates classes) and signage for Shop 21/No. 155 Canning Highway, East Fremantle.

#### **Executive Summary**

The subject commercial tenancy is zoned 'Town Centre'. The applicant is requesting approval for the change of use from a shop to recreation - private use (Pilates classes). The shop was last used by the newsagency which has relocated to a tenancy in Richmond Quarter.

The use presents a car parking shortfall so the proposal raises the following issues which influence the determination of the application:

- Land use; and
- Car parking.

The existing shopping complex has 37 parking bays and the previous shop use is assumed to have been allocated 5 bays. A shortfall of 3 bays will result. It is considered the land use is appropriate for the Town Centre and the parking shortfall can be supported. It is anticipated the clientele will be local people living close by and working in the Town Centre. Furthermore, the stated times of greatest attendance at the classes and the time of day when classes will be held are not identical to the standard retail/commercial trading hours.

Given the parking circumstances and the shortfall the recommendation for approval is subject to no more than 8 clients (Pilates participants) and one staff member working on the site at any one time. It is also recommended, that should the proposed use cease, that a further change of use approval application be required, regardless of whether the use is of a recreation – private nature. This is in order to assess the appropriateness of the use, the car parking requirement and any additional signage requirements. The conditions of approval are only applicable to the Pilates classes use. Cash in lieu of parking is not considered an appropriate or necessary measure to address the parking shortfall in regard to this application.

The application also proposes three new signs for the change of use; a pylon sign for the Highway to be located in the grass verge, two projecting wall signs attached to the tenancy and an illuminated roof sign. The signs are considered acceptable in terms of the dimensions, number and design and are therefore recommended for approval, with the exception of the illumination of the roof sign on the shop tenancy. Any further change to signage in regard to a proposed change of use will require further Council approval.

### **Background**

Zoning: Town Centre

Site area: Shop 21 tenancy - ~88m<sup>2</sup>

### Previous Decisions of Council and/or History of an Issue on Site

Shop 21 was previously occupied by the newsagency which is now located in the Richmond Quarter. The tenancy has been vacant since the newsagency relocated.

### **Consultation**

#### Advertising

The application was advertised to surrounding land owners from 5 to 21 September 2018. No submissions were received. The approval of the strata management company has been obtained.

#### Community Design Advisory Committee

This application was not referred to the Committee. The application is for a change of use for an existing shop tenancy and it not considered to have any significant streetscape or urban design implications. The proposed pylon sign will replace an existing deteriorated and redundant pylon sign and is considered to be an improvement to the complex's signage as it faces Canning Highway. The other signs are not large signs and are considered to have minimal visibility from outside the complex.

### **Statutory Environment**

*Planning and Development Act 2005*

*Town of East Fremantle Local Planning Scheme No. 3 (LPS 3)*

### **Policy Implications**

*Local Planning Policy 3.1.1 – Design Guidelines – Signage 2011*

*Local Planning Policy 3.1.4 – Town Centre Redevelopment Guidelines 2011*

*Fremantle Port Buffer Zone – Area 2*

### **Financial Implications**

Nil

### **Strategic Implications**

The Town of East Fremantle Strategic Community Plan 2017 – 2027 states as follows:

#### Built Environment

*Accessible, well planned built landscapes which are in balance with the Town's unique heritage and open spaces.*

*3.1 Facilitate sustainable growth with housing options to meet future community needs.*

*3.1.1 Advocate for a desirable planning and community outcome for all major strategic development sites.*

*3.1.2 Plan for a mix of inclusive diversified housing options.*

3.2 *Maintaining and enhancing the Town’s character.*

3.2.1 *Ensure appropriate planning policies to protect the Town’s existing built form.*

3.3 *Plan and maintain the Town’s assets to ensure they are accessible, inviting and well connected.*

3.3.1 *Continue to improve asset management practices.*

3.3.2 *Optimal management of assets within resource capabilities.*

3.3.3 *Plan and advocate for improved access and connectivity.*

Natural Environment

*Maintaining and enhancing our River foreshore and other green, open spaces with a focus on environmental sustainability and community amenity.*

4.1 *Conserve, maintain and enhance the Town’s open spaces.*

4.1.1 *Partner with Stakeholders to actively protect, conserve and maintain the Swan River foreshore.*

4.1.2 *Plan for improved streetscapes parks and reserves.*

4.2 *Enhance environmental values and sustainable natural resource use.*

4.2.1 *Reduce waste through sustainable waste management practices.*

4.3 *Acknowledge the change in our climate and understand the impact of those changes.*

4.3.1 *Improve systems and infrastructure standards to assist with mitigating climate change impacts.*

**Site Inspection**

October 2018

**Comment**

Statutory Assessment

The proposal has been assessed against the provisions of Local Planning Scheme No. 3 and the Town’s Local Planning Policies. A summary of the assessment is provided in the following tables.

Legend <i>(refer to tables below)</i>	
A	Acceptable
D	Discretionary
N/A	Not Applicable

Local Planning Scheme No. 3 – Commercial Zones (Town Centre) – Development Standards

General Development Standards	Required	Proposed	Status
Land Use - Zoning Table	Shop: 4 bays Recreation – Private (Pilates Classes)	37 bays available in the common property parking area	D
Building setbacks	Aligned with front property boundary	Existing	N/A
Building height	Overall: 8m Walls: 5.5m	Existing	N/A

General Development Standards	Required	Proposed	Status
Plot ratio	0.5:1.0	Existing	N/A
Design and landscaping	Landscaping plan	N/A	N/A
Car parking and vehicular access (Schedule 4 and 11 of LPS 3)	<p><b>Rate for shop:</b> 1 space for every 20m<sup>2</sup> net lettable area (5 spaces per 100m<sup>2</sup> NLA). Minimum 4.4 spaces ie 5 spaces</p> <p><b>Rate for Indoor Recreation – Health Studio:</b> 1 space for every 10m<sup>2</sup> net floor area i.e. 7.4 bays</p>	<p>5 bays previously assumed for shop use based on existing floor area</p> <p>8 bays required for recreation use ie 3 bay shortfall</p>	D
Location of car parking	On-site shared by commercial strata complex	No bays proposed	D
On-street parking	On-street may be acceptable	No bays proposed	D

The fit-out of the shop tenancy will comprise the installation of a toilet with shower room and a small kitchen area. The tenancy comprises an area of approximately 88m<sup>2</sup>, with approximately 72m<sup>2</sup> available for the Pilates classes.

The applicant has provided the following comments in a letter in support of the application.

*"The tenancy is currently vacant. The new Tenant will be a Pilates Studio. Located in the Town Centre the proposed use for "Recreation - Private" is currently an 'A' use. We request the Town exercises its discretion for approval.*

*The strata tenancies currently share common toilets, however no disabled facilities are currently provided. The new fit-out for Unit 21 will have a new accessible toilet and shower facility.*

*One existing rooftop sign will be replaced and an additional 2 building signs are proposed to optimise exposure with the tenancy not having any street frontage. An existing pylon sign (currently in very poor condition) will be upgraded as the main street advertising sign for the tenancy.*

*The Strata Company Managers have provided their conditional approval of the Change of Use and this approval has been provided in writing.*

*Council Policy LPS 3 for car parking while not specifically stating "Recreation - Private" as a use, details "Indoor Recreation" and specifically "Health Studio". It is this use for which I have based my car parking calculation.*

*Peak usage periods for the Pilates Studio are between 6.00am - 8.00am and 5.00pm - 7.00pm which is outside standard business hours therefore easing the peak parking load on the adjacent tenants within the development which allows for reciprocal car parking rights.*

*With a proposed shortfall of 3 car bays we are proposing to provide 6 bike racks as noted on the enclosed site plan as well as end of trip facilities within the new accessible toilet. There*

*is also a bus stop along Canning Highway within close proximity of the tenancy. I have also included a map showing the larger percentage of residential development within a 400 metre radius of the tenancy for walkable access."*

The applicant has also provided the following information in support of the application:

Operating hours

- Monday - Saturday open. Closed Sundays.
- Group classes are busiest outside typical business hours.  
*eg busiest group class times would be; 6am, 5:30pm, 6:30pm and 7:30pm*
- Other group class times include (but not limited to) 8:30am, 9:30am, 3:30pm and 4:30pm
- Saturday mornings 8am - 11am
- Group classes run for 50 minutes, with a 10 minute gap between classes for change over

Group classes timetable example:

- Monday 6am, 8:30am, 9:30am, 4:30pm, 5:30pm, 6:30pm
- Tuesday 5:30pm, 6:30pm, 7:30pm
- Wednesday 6am, 8:30am, 9:30am, 4:30pm, 5:30pm, 6:30pm
- Thursday 5:30pm, 6:30pm, 7:30pm
- Friday 6am, 8:30am, 9:30am
- Saturday 8am, 9am, 10am

Private sessions:

- (1 on 1) may run between the group class times.
- Max two - just one instructor to teach a group class, possibly a cross over with another instructor in the studio to teach private sessions.
- They are 'Reformer' classes which means numbers are limited to the amount of 'Reformers' in the studio. The studio will hopefully have 8 x 'Reformers' eventually, however might start with just 6. The studio can also host private sessions (1 on 1).

Other measures proposed

- Install bike racks in forecourt.
- Discount offer to the clients in the apartments/neighbouring streets that walk to class.

*Given that May Street Larder is open from 6:30am - 3pm, most of the busiest group class times are actually outside this time with a small cross over of the 6am class and the few 8:30am /9:30am time slots.*

**Land Use: Recreation – Private (Pilates classes)**

The subject site is zoned 'Town Centre'. Approval is sought for a private recreation use which is classified as an 'A' (ie advertised) use within the Zoning Table of LPS 3. The proposed use has been assessed as per the relevant Council planning requirements under LPS 3. No additional car parking other than that available within the complex is being provided on-site. The parking situation will be addressed below, along with the proposed land use.

The proposed use of the tenancy for a recreation use is considered appropriate in the Town Centre. The proposed use is believed to meet the objectives and intent of the Town Centre zone and the Town Centre Redevelopment Guidelines "to provide for a range of commercial shopping, civic and



*community facilities to meet the day to day needs of the community and which will contribute towards the vibrancy of the Town". Furthermore, the use of the premises for a purpose that will generate more pedestrian traffic in the area is considered to be a benefit to the area in general.*

Whilst the proposed land use is supported it is considered important that if another change of use is proposed, whether it is another recreation, shop or other use, that a development approval application is required to be submitted to assess the appropriateness of the use in this location and the specific car parking requirements that would apply to another use.

#### Clause 5.8.5 Car Parking and Vehicular Access

Car parking in respect of development in the Commercial Zones is to be provided in accordance with the standards set out in Schedule 10 of the Scheme and the specifications in Schedule 11 of the Scheme. Where there are no standards for a particular use or development, the local government is to determine what standards are to apply. In its determination of the requirements for a particular use or development which is not listed in Schedule 10 of the Scheme, the local government is to take into consideration the likely demand for parking generated by the use or development.

#### Clause 5.8.6 Location of Car Parking

Required car parking is to be provided on the site of the development for which it is required, or subject to the local government's approval, off-site in the immediate vicinity of the development site. In considering a proposal for off-site parking, applicants will need to demonstrate to the satisfaction of the local government that any off-site parking areas will continue to be available for use in conjunction with the development at such times as it might reasonably be required.

#### Clause 5.8.7 On-Street Parking

The local government may accept immediately adjacent on-street car parking as satisfying part or all of the car parking requirements for development, provided such allocation does not prejudice adjacent development or adversely affect the safety or amenity of the locality.

#### Clause 5.8.8 Cash-in-lieu of Parking

The local government may accept or require cash-in-lieu of all or a proportion of required car parking, based on the estimated cost of providing the requisite parking, including any associated access and manoeuvre facilities. Cash-in-lieu of parking shall be paid into a trust fund and used to provide public parking in the vicinity of the development site(s) in relation to which any cash-in-lieu contributions have been received.

#### Car parking shortfall

LPS 3 defines a shop as follows:

*"recreation – private" means premises used for indoor or outdoor leisure, recreation or sport which are usually not open to the public without charge.*

Under Schedule 10 of LPS 3 the parking requirement for a recreation use of this nature is most closely categorised as 'Indoor Recreation – Health Studio':

*"1 space for every 10m<sup>2</sup> net floor area."*

Based on the above the provision of 8 bays is required for the recreation use. Five (5) bays in the complex's parking area (total of 37 bays) were assumed available for the previously approved shop use. So Council will be considering a three bay shortfall with respect to this application. No further

parking can be provided on the site, however, nearby street parking is accessible on Silas and May Street.

In considering this application Council must first decide whether it is to relax the parking requirement or not. Under Clause 5.6.1, Council may approve the application even if it does not meet Scheme requirements, however, it can only do so if the following criteria are considered to be met.

For Council to consider varying the parking requirements it is required to be satisfied that the proposed development complies firstly with the provisions of clause 5.6.2 of the Scheme which states as follows:

*In considering an application for planning approval under this clause, where, in the opinion of the local government, the variation is likely to affect any owners or occupiers in the general locality or adjoining the site which is the subject of consideration for the variation, the local government is to —*

- (a) consult the affected parties by following one or more of the provisions for advertising uses under clause 9.4 (now set out in cl. 64 of the Deemed Provisions); and*
- (b) have regard to any expressed views prior to making its determination to grant the variation,*

and clause 5.6.3(b) which states:

*The power conferred by this clause may only be exercised if the local government is satisfied that:*

- (a) approval of the proposed development would be appropriate having regard to the criteria set out in clause 67 (Deemed Provisions); and*
- (b) the non-compliance will not have an adverse effect upon the occupiers or users of the development, the inhabitants of the locality or the likely future development of the locality.*

Secondly the relevant matters pertaining to clause 67 (Deemed Provisions – matters to be considered by local government) of LPS 3, which are listed below, must also be taken into account:

- (a) the aims, objectives and provisions of the Scheme;*
- (c) the requirements of orderly and proper planning;*
- (o) the preservation of the amenity of the locality;*
- (q) whether the proposed means of access to and egress from the site are adequate and whether adequate provision has been made for the loading, unloading, manoeuvring and parking of vehicles;*
- (r) the amount of traffic likely to be generated by the proposal, particularly in relation to the capacity of the road system in the locality and the probable effect on traffic flow and safety;*
- (t) the amount of traffic likely to be generated by the development, particularly in relation to the capacity of the road system in the locality and the probable effect on traffic flow and safety; and*
- (u) the availability and adequacy for the development of the following —*
  - (i) public transport services;*
  - (ii) public utility services;*
  - (iii) storage, management and collection of waste;*
  - (iv) access for pedestrians and cyclists (including end of trip storage, toilet and shower facilities);*
  - (v) access by older people and people with disability;*

Notwithstanding the car bay shortfall it is considered unlikely the use will generate a large customer base from outside the immediate area. Patrons will most likely be local people from the surrounding area and visitors to the Town Centre who can use parking in the complex and on the streets. Given the location of the tenancy within a business area, proximity to public transport and the modest

nature of the proposal, the parking currently available in the Town Centre is considered sufficient for the proposed use. The applicant has also proposed to provide 6 bike racks at the entry to the tenancy to assist in encouraging patrons to use alternative transport. A class discount incentive will also be offered to those opting to not travel by car. The bike racks are supported and this will be imposed as a condition of approval to assist in addressing the car parking shortfall.

If Council was not of the view that the parking shortfall should be supported for the above reasons then a contribution of cash in lieu of parking is an option for Council to consider for the applicant to address the shortfall. However, this is not considered an appropriate mechanism and would be an unviable option for the business operators in this circumstance due to the nature and scale of the proposed business.

#### Proposed Signage

##### Roof sign

- 750H x 2400mmW x 100mmD
- Illuminated signage panel
- Height off ground – 2740mm
- Height above gutter – 200mm

##### Pylon sign

- 5mH (overall height) x 2.0mW
- Sign height from the ground i.e. pole height 4.2m
- Replacement of existing pylon sign on Canning Highway

##### Horizontal projecting wall sign (2 signs)

- 450mmW x 4.40mH
- Black aluminium frame
- Internally illuminated

All signs are coordinated in terms of colour, lettering and styling – black and white contrasting lettering and backgrounds containing the letter 'H' or the word 'Hybrid'.

#### Local Planning Scheme No. 3

The following clauses of the Scheme apply:

##### **5.9 Advertising Signs**

*5.9.2 Advertising signs are to be designed and constructed having due regard to any relevant local government Policy.*

*5.9.3 In its determination of any application for erection or display of an advertising sign for which planning approval is required, the local government is to take into consideration the likely impact of the proposal on the safety and amenity of the area.*

##### **67 Matters to be considered by Local Government (Deemed Provision clause)**

*In considering an application for development approval the local government is to have due regard to the following matters to the extent that, in the opinion of the local government, those matters are relevant to the development the subject of the application:–*

- (m) *the compatibility of a use or development with its setting including the relationship of the development to development on adjoining land or on land in the locality including but not limited to, the likely effect of the height, bulk, scale, orientation and appearance of the proposal;*
- (n) *the amenity of the locality, including (ii), the character of the locality; and*
- (w) *the history of the site where the development is to be located.*

In the main it is considered the proposed signs have been designed having due regard to the Town's Local Planning Policy and the relevant sections of Clause 5.9 and 67 of the Local Planning Scheme.

#### **Local Planning Policy – Design Guidelines - Signage**

Council has adopted the Local Planning Policy 3.1.3 – Signage Design Guidelines pursuant to clause 2.4 of LPS No. 3. The policy clarifies the range and extent of signage that is allowable.

Under Clause 2.3.2 of the Scheme, Council must have regard to a Policy but is not bound by any provision of a Policy and may vary or disregard a Policy provision where it is considered that it is not inconsistent with the Scheme provisions to do so.

Clause (1) of the above Guidelines requires that each sign must comply with Clauses 2 and 6. Whilst the signage complies with Clause (2) (General Requirements) the proposal does not comply with the "Acceptable Solution (Permitted)" provisions of the Policy, therefore, the signs must be considered under the "Alternative Performance Criteria" of the Guidelines as outlined below for wall signs.

#### Roof Sign

(To be considered under the 'Alternative Performance Criteria' {Discretionary})

- *Maximum distance between bottom of sign and roof or parapet 300mm.*
- *Maximum depth 750mm.*
- *Maximum length 4500mm.*
- *Message may be on a maximum of two faces.*
- *Limit of one Roof Sign per site.*
- *May not be illuminated.*

The roof sign proposed complies with the exception of the sign being illuminated. In this circumstance the illumination of the sign on the roof is not supported. It is not considered necessary for the sign to be illuminated as the Pilates classes do not commence past early evening hours. There is a considerable number of signs within the complex and adjacent to the road reserve related to the commercial complex at 155 Canning Highway. The proposed pylon sign and the projecting wall signs are also proposed to be illuminated. Considering the number of signs in the general area, adding to the illuminated signs is considered to contribute to the visual clutter and over use of signs resulting in their usefulness being diminished through obstruction by other signs. This in turn creates competition for each business to increase the amount of signage. The Town does not wish to encourage that approach to signage in the Town Centre.

#### Horizontal Projecting Wall Sign

(Does not comply with the 'Acceptable Solutions' because there is more than one sign on the site so 'Alternative Performance Criteria' apply)

- (i) *Maximum depth 500mm.*

- (ii) *Maximum width 300mm.*
- (iii) *Maximum length 2700mm.*
- (iv) *Limit of one such sign per building/site unless part of an approved signs regime.*
- (v) *Shall not be approved if there is a vertical projecting wall sign on the same site.*

The two projecting wall signs proposed for the site are near the entry to the tenancy on each side of the entry forecourt. The signs do not exceed the above dimensions, however, the proposed signage will not comply with points (iv) and (v). This is considered supportable on the basis that the signs will be part of an approved signs regime for the tenancy and will have minimal visual impact. It is difficult to comply with point (v) because other tenancies in this complex have already installed signs on various parts of the complex.

Elements of the above 'Alternative Performance Criteria' that refer to compliance with an approved signs regime are considered to be satisfied in that the applicant has sought Council approval for all proposed signage for the site in the one application and therefore the signs are considered to be part of an overall approved signs regime. The combined impact of these two signs is not considered to have a detrimental visual impact on the surrounding area and is an acceptable approach to signage given this tenancy is located internally, at the rear of the complex and is not visible from all car parking areas in the complex. The signage on the two frontages of the tenancy will help new clients locate the premises.

#### Pylon sign

(The 'Acceptable Solution' for a pylon sign requires the sign be considered under the following 'Alternative Performance Criteria' provisions of the Policy)

- (i) *Total height should not exceed 5m.*
- (ii) *Total area of each sign face should not exceed 6m<sup>2</sup>.*
- (iii) *Double sided signs should be identical in dimension and both sides should be less than 300mm apart.*
- (iv) *Only one pole or pylon sign per site (land parcel).*
- (v) *May be internally illuminated.*

The pylon/pole sign is 5.0 metres in overall height above the ground and is located on private property. It will be approximately the same height as the existing sign, illuminated and clearly visible from Canning Highway. The overall area of the signage is ~1.5m<sup>2</sup>. Main Roads WA (MRWA) have provided comments specifically in regard to the pylon sign and have requested it be set back 3 metres from Canning Highway. The applicant has submitted an amended plan demonstrating this setback can be achieved and the Town is satisfied with the location proposed. The pylon sign complies with the 'Alternative Performance Criteria' under the Design Guidelines for Signage. It does not impede sight lines for traffic and is considered to be a significant improvement on previous signage. It is therefore supportable as a replacement for the existing pylon sign, subject to MRWA and sight line conditions.

#### **Conclusion**

It is considered the amount of parking that may be generated by the proposal can be accommodated in the complex's parking area. It is more than likely the customer base will be local residents and employees in the immediate area and working in the Town Centre. Therefore, the proposed use is considered to not result in any greater demand on public parking or negatively impact the orderly and proper planning of the area, provided that conditions are imposed which limits the number of clients and staff working on site at any one time. The parking shortfall is therefore considered supportable with these limitations. If a different use was proposed it is considered necessary that a fresh planning

approval application be submitted so that the suitability of the use and the parking implications can be assessed. A condition of approval in this regard is therefore recommended to advise the owners and prospective owners of this requirement. In light of the above, the proposal for a private recreation use (Pilates classes) is considered acceptable and is recommended to be supported with a 3 bay parking shortfall subject to the conditions outlined below.

In the main the proposed signage complies with the Town's Signage Design Guidelines policy and is supported by MRWA, subject to conditions. The proposed signage is replacing existing signage. Discretionary approval under the 'Alternative Performance Criteria' of the Signage Design Guidelines policy, in respect to the proposed horizontal projecting wall signs, is recommended and the pylon and roof sign are compliant with the exception of illumination of the roof sign which is not supported. The application is consistent with Clauses 5.9 and 67 (Deemed Provisions) of the Scheme, with the exception of the roof sign noted above and is therefore recommended for conditional approval. Planning conditions have been imposed to reflect MRWA requirements and address sight lines, graffiti and vandalism, as well as any proposed change to the signage for the premises.

#### **12.1.1 OFFICER RECOMMENDATION**

**That Council grant development approval and exercise its discretion in regard to the following:**

- (i) Clause 5.8.5 – Car parking of Local Planning Scheme No. 3 to allow an on-site car parking shortfall of three (3) bays; and**
- (ii) Clause 6 – Signage Requirements (Horizontal Projecting Wall Signs) of Local Planning Policy 3.1.1 - Signage Design Guidelines to allow more than one horizontal projecting wall sign,**

**for a change of use from Shop to Recreation – Private (Pilates classes) and Signage at Shop 21 No. 155 (Lot 9) Canning Highway, East Fremantle, as indicated on the plans date stamped received 17 August and 31 October 2018 subject to the following conditions:**

- (1) The hours of operation for the Pilates classes are limited to 6.00am to 8.30pm Monday to Friday and Saturday 7.30am to 12pm.**
- (2) No classes are to be held on a Sunday or Public Holidays without further approval of the Council.**
- (3) No more than one (1) staff member and eight (8) clients can attend the premises at any one time.**
- (4) The installation of six (6) bike racks at the entry to the tenancy. The location and design of the bike racks to be to the satisfaction of the Chief Executive Officer and approved prior to installation.**
- (5) The bike racks to be installed prior to commencement of the Pilates classes.**
- (6) No illumination of the roof sign.**
- (7) Compliance with Main Roads WA conditions of approval (as stated in MRWA correspondence date stamped received by the Town on 7 August 2018) which states:**
  - (i) The proposed pylon sign is to be moved back 3 metres from the Canning Highway road reservation as to not fall within the land required for future road widening as set out in Land Protection Plan 201232-0158 enclosed.**
  - (ii) The sign and sign structure is to be placed on private property and shall not over hang or encroach upon the road reserve.**
  - (iii) As the sign is illuminated, it must be of a low-level not exceeding 300cd/m<sup>2</sup>, not flash, pulsate or chase.**
  - (iv) The device shall not contain fluorescent, reflective or retro reflective colours or materials.**

- (v) No other unauthorised signing is to be displayed.
- (vi) Main Roads agreement is to be obtained prior to any future modifications.

**Advice Note:**

Further to condition (i), the property is affected by a future road widening requirement additional to the existing MRS reservation for Canning Highway which is subject to future MRS amendment. As such to protect this future requirement, Main Roads requests that the pylon signage proposed to be adjacent to the Canning Highway road reservation is moved back to sit outside of this requirement.

- (8) Compliance with Australian Standards in regard to sight lines for the pylon sign.
- (9) The change of use approval is for Private Recreation (Pilates classes) only. If any other use or other recreation use is proposed then a further development approval application will be required to be submitted for Council's consideration as to the suitability of the use and parking availability/requirements in the Town Centre.
- (10) The premises must be inspected by Town's Environmental Health Officer prior to opening.
- (11) All signage proposed being in accordance with the correspondence, elevations and accompanying notations and plans in regard to signage dimensions, wording, materials and graphics submitted with the application and date stamped received 17 August and 31 October 2018 and subject to compliance with Main Roads WA conditions of approval other than where varied by Council and in compliance with conditions of this approval.
- (12) Any change to the type, design, location or illumination of the signage regime being the subject of a further development approval application for Council's consideration.
- (13) All signage to be kept clean and free of graffiti and vandalism at all times and any such graffiti or vandalism to be remedied within 24 hours to the satisfaction of the Chief Executive Officer.
- (14) No other unauthorised signage is to be displayed.
- (15) The works are to be constructed in conformity with the drawings and written information in relation to use accompanying the application for planning approval other than where varied in compliance with the conditions of this planning approval or with Council's further approval.
- (16) With regard to the plans submitted with respect to the building permit application, changes are not to be made in respect of the plans which have received planning approval, without those changes being specifically marked for Council's attention.
- (17) The proposed use is not to be commenced until all conditions attached to this planning approval have been finalised to the satisfaction of the Chief Executive Officer in consultation with relevant officers.
- (18) This planning approval to remain valid for a period of 24 months from date of this approval.

**Footnote:**

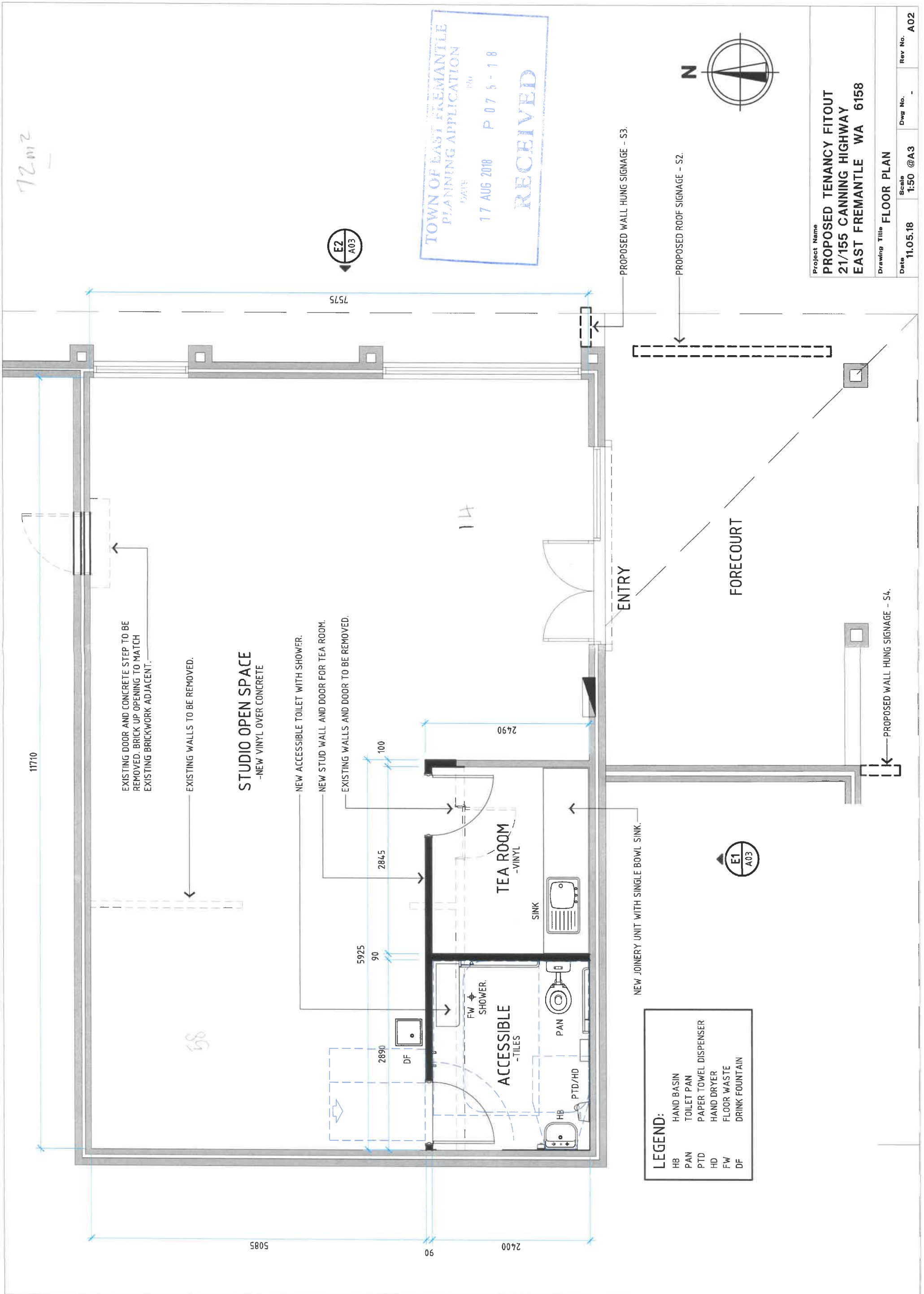
*The following are not conditions but notes of advice to the applicant/owner:*

- (i) *This decision does not include acknowledgement or approval of any unauthorised development which may be on the site.*
- (ii) *A copy of the approved plans as stamped by Council are attached and the application for a building permit is to conform with the approved plans unless otherwise approved by Council.*









72m2

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14

**LEGEND:**

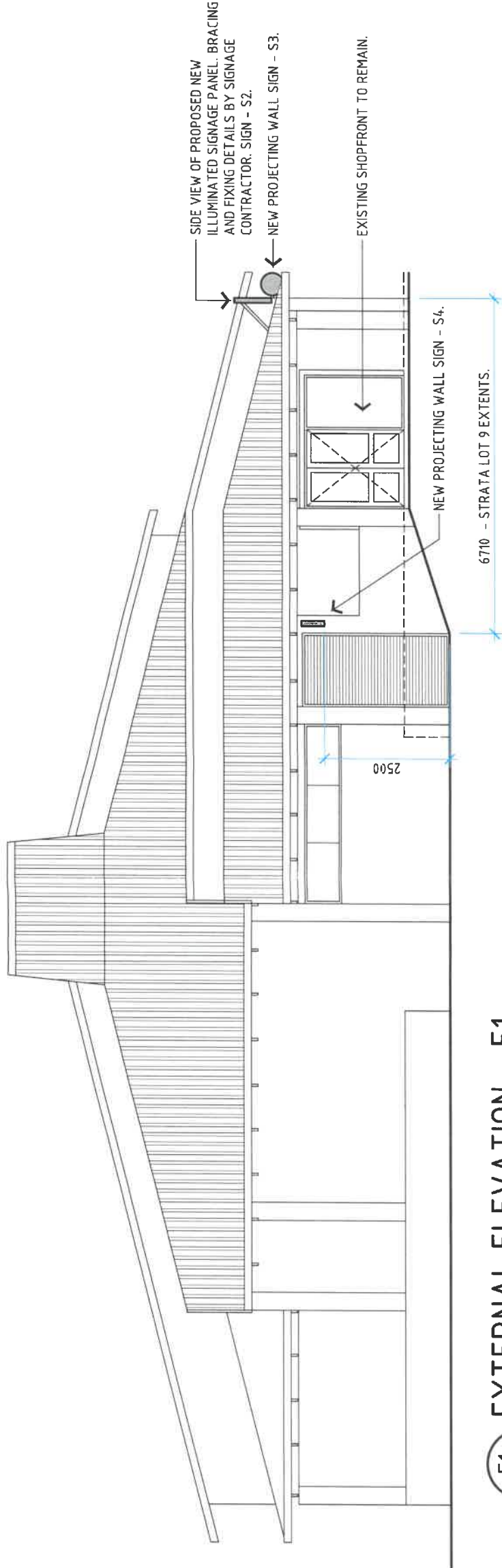
HB	HAND BASIN
PAN	TOILET PAN
PTD	PAPER TOWEL DISPENSER
HD	HAND DRYER
FW	FLOOR WASTE
DF	DRINK FOUNTAIN

TOWN OF EAST FREMANTLE  
PLANNING APPLICATION  
DATE 17 AUG 2018 P 07 5 - 18  
RECEIVED

Project Name  
**PROPOSED TENANCY FITOUT**  
21/155 CANNING HIGHWAY  
EAST FREMANTLE WA 6158

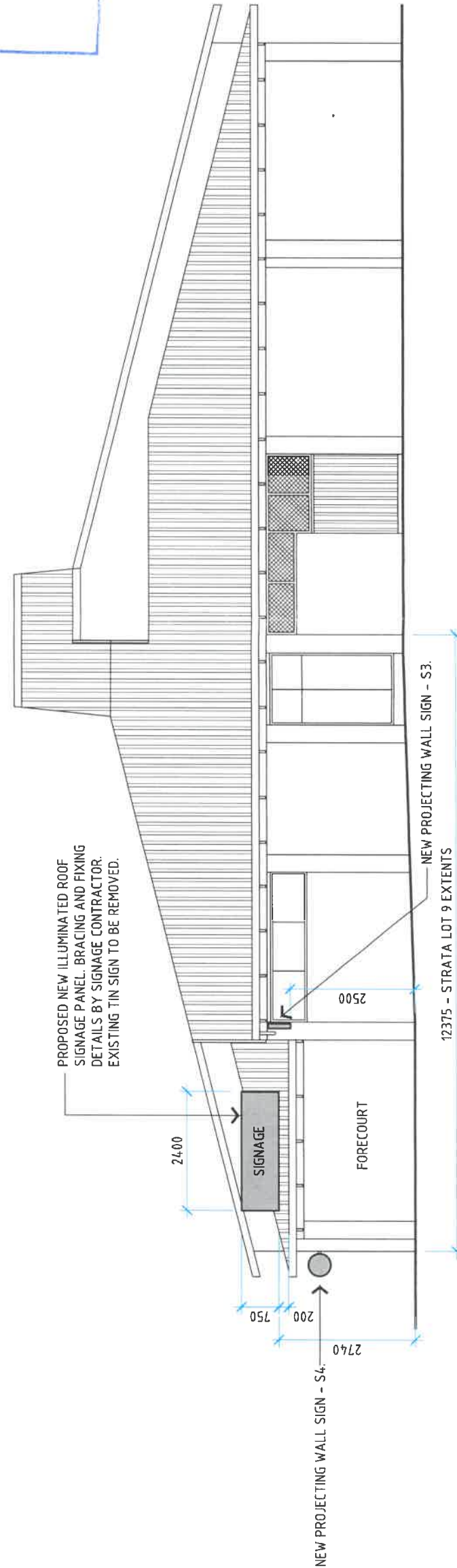
Drawing Title  
**FLOOR PLAN**

Date 11.05.18 Scale 1:50 @A3 Dwg No. - Rev No. A02



**E1**  
A02  
SCALE 1:100  
**EXTERNAL ELEVATION - E1**

TOWN OF EAST FREMANTLE  
PLANNING APPLICATION  
No  
DATE 17 AUG 2018 P 07 5 - 1 8  
**RECEIVED**

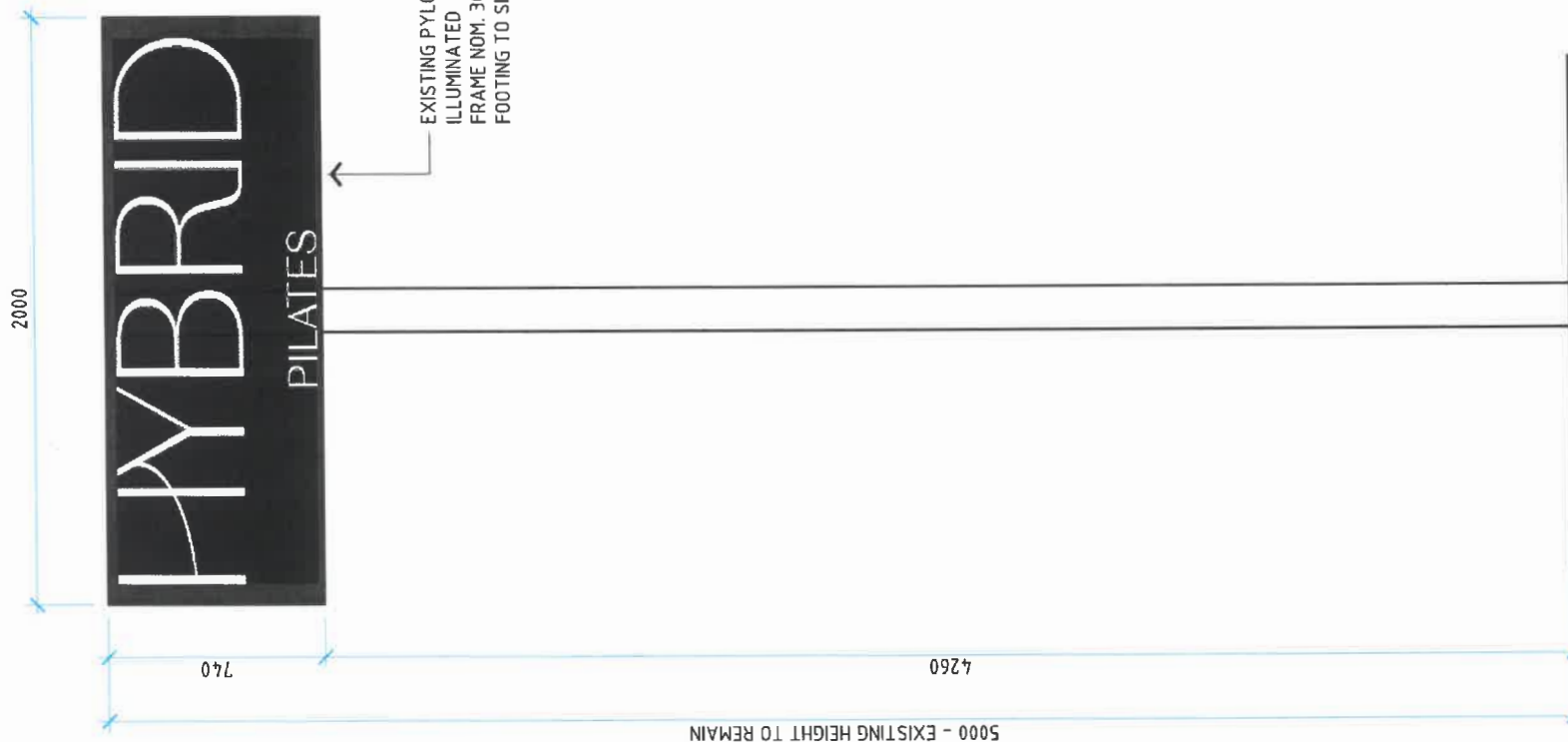


**E2**  
A02  
SCALE 1:100  
**EXTERNAL ELEVATION - E2**

Project Name  
**PROPOSED TENANCY FITOUT  
21/155 CANNING HIGHWAY  
EAST FREMANTLE WA 6158**

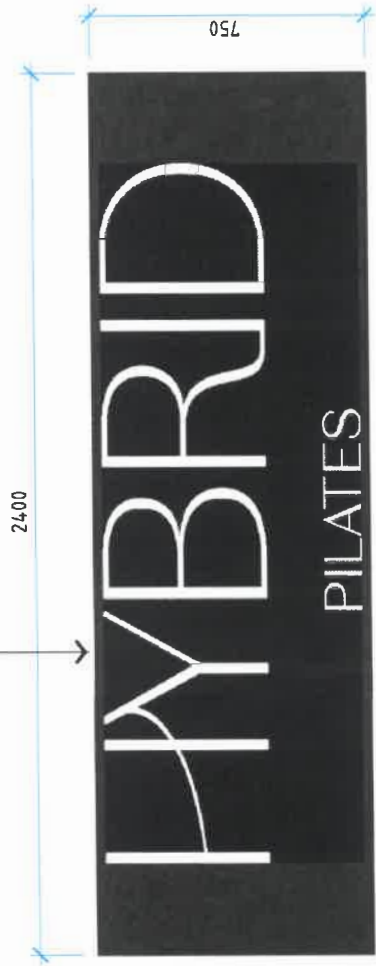
Drawing Title  
**ELEVATIONS E1 AND E2**

Date 11.05.18  
Scale 1:100 @ A3  
Dwg No. -  
Rev No. A03

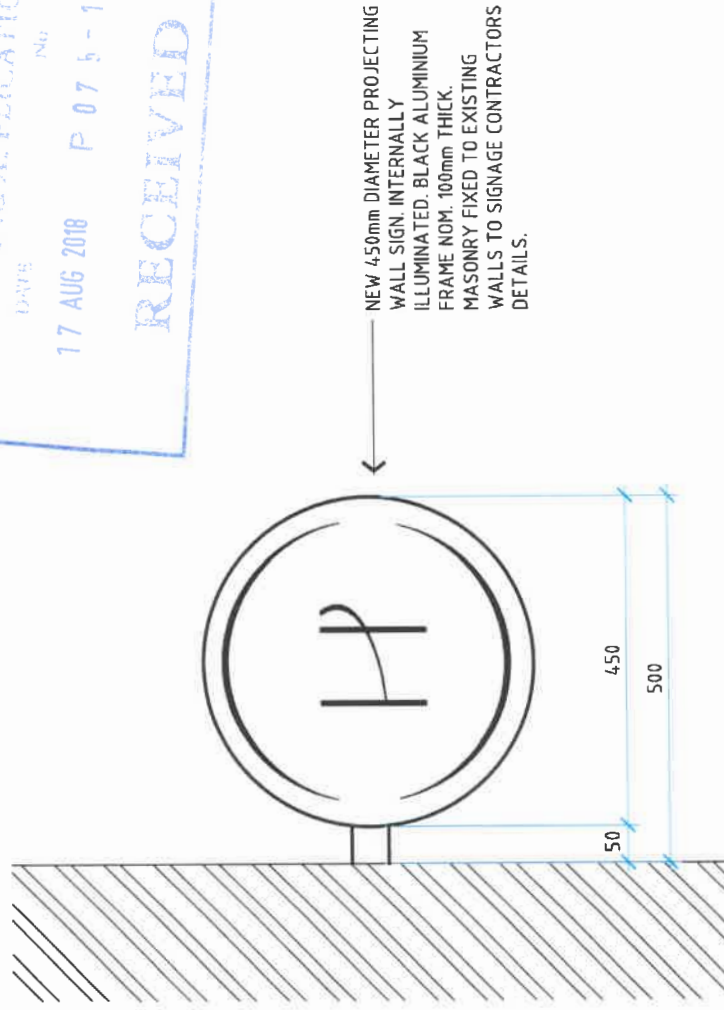


**PYLON ELEVATION - S1**  
SCALE 1:25

NEW ROOF SIGN. INTERNALLY ILLUMINATED. BLACK ALUMINIUM FRAME NOM. 100mm THICK. ROOF FIXING TO SIGNAGE CONTRACTORS DETAILS.



**ROOF SIGN - S2**  
SCALE 1:20



**PROJECTING WALL SIGNAGE - S3 AND S4**  
SCALE 1:10

Project Name		PROPOSED TENANCY FITOUT	
21/155 CANNING HIGHWAY		EAST FREMANTLE WA 6158	
Drawing Title		SIGNAGE DETAILS	
Date	Scale	Dwg No.	Rev No.
11.05.18	NOTED @A3	-	A04



## 12.2 FINANCE REPORTS

### 12.2.1 Monthly Financial Report (Containing the Statement of Financial Activity) – October 2018

<b>Applicant</b>	Not Applicable
<b>File ref</b>	F/FNS2
<b>Prepared by</b>	Terry Paparone, Manager Administration and Finance
<b>Supervised by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Meeting Date:</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Monthly Financial Report for the Period Ended 31 October 2018

#### Purpose

The purpose of this report is to present to Council the Monthly Financial Report (containing the Statement of Financial Activity) for the month ended 31 October 2018.

#### Executive Summary

A new Monthly Financial Report template has been developed to provide an overview of key financial activity. Two Statements of Financial Activity have been prepared, one by program and the other by nature and type. Both of these Statements provide a projection of the closing surplus position as at 30 June 2019.

#### Background

The Town of East Fremantle financial activity reports use a materiality threshold to measure, monitor and report on financial performance and position of the Town.

As part of the adopted 2018/19 Budget, Council adopted the following thresholds as levels of material variances for financial reporting.

*In accordance with regulation 34 (5) of the Local Government (Financial Management) Regulations 1996, and AASB 1031 Materiality, the level to be used in statements of financial activity in 2018/19 for reporting material variances shall be:*

- (a) 10% of the amended budget; or*
- (b) \$10,000 of the amended budget*

*whichever is greater. In addition, that the material variance limit be applied to total revenue and expenditure for each Nature and Type classification and capital income and expenditure in the Statement of Financial Activity.*

The monthly Financial Report for the period ended 31 October 2018 is appended and includes the following:

- Statement of Financial Activity by Program
- Statement of Financial Activity by Nature and Type
- Notes to the Statement of Financial Activity including:
  - Statement of capital acquisitions and capital funding
  - Significant Accounting Policies
  - Explanation of Material Variances
  - Net Current Funding Position
  - Cash and Investments

- Budget amendments
- Receivables
- Cashed Back Reserves
- Capital Disposals
- Rating Information
- Information on Borrowings
- Grants and Contributions

The attached Monthly Financial Reports are prepared in accordance with the amended *Local Government (Financial Management) Regulations 1996*; together with supporting material to provide Council with easy to understand financial information covering activities undertaken during the financial year.

**Consultation**

Nil.

**Statutory Environment**

Section 6.4 of the *Local Government Act 1995* and Regulation 34 of the *Local Government (Financial Management) Regulations 1996* detail the form and manner in which a local government is to prepare its Statement of Financial Activity.

**Policy Implications**

Significant Accounting Policies are adopted by Council on an annual basis. These policies are used in the preparation of the statutory reports submitted to Council.

**Financial Implications**

Material variances are disclosed in the Statement of Financial Activity.

There are no proposed changes to the current budget forecast.

The statement of financial activity is to be supported by such information as is considered relevant by the local government containing:

- an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets; and
- an explanation of each of the material variances; and
- supporting information as is considered relevant by the local government.

**Strategic Implications**

The matter being put to the Council is not likely to have a direct impact on the strategies of the Council.

The Town of East Fremantle Strategic Community Plan 2017 – 2027 states as follows:

***STRATEGIC PRIORITY 5: Leadership and Governance***

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

**Site Inspection**

Not applicable.

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**Comment**

The following is a summary of headline numbers from the attached financial reports:

	<b>Budget</b>	<b>October Actuals</b>
<b>Opening Surplus</b>	<b>782,857</b>	<b>785,889</b>
Operating Income	10,430,366	8,940,696
Operating Expenditure	(12,130,190)	(3,593,179)
Capital Expenditure	(2,980,169)	(160,839)
Capital Income	307,479	57,591
Net Transfers from Reserves	867,277	(11,649)
Non-Cash Items	2,722,380	827,217
<b>Closing Surplus</b>	<b>0</b>	<b>6,845,726</b>
Unrestricted Cash		5,173,913
Rates Receivables		3,025,289
Restricted Cash		2,094,283

- Rates were levied in the month of July;
- Year to date budgets have been entered into the financial system. All variances between year to date actuals and the year to date budget are attributable to timing differences, and are further explained in Note 2 of the Monthly Financial Report.
- The capital program has commenced with \$161k in expenditure as at end of October. Major expenditures relate to the John Tonkin project (\$40k) and plant replacement of operational vehicles (\$84k).
- 66% of rates outstanding were collected by the end of October, meaning that the Town has a significant unrestricted cash position, with majority of these funds placed in short term deposits, ranging in term from one to four months.

The Statements of Financial Activity have been updated to include two additional columns; being the annual budget entered in the financial system (SynergySoft) and the amended budget in the financial system. The Annual Budget (Synergy) column confirms that the budgets entered into the financial system reconcile to the adopted budget (rounding of \$3). The amended budget captures all budget variations that have approved by Council since the original budget adoption.

**12.2.1 OFFICER RECOMMENDATION**

**That Council:**

- 1. receives the Monthly Financial Report (Containing the Statement of Financial Activity) for the month ended 31 October 2018.**
- 2. notes the Amended Budget – Synergy column in the Statements of Financial Activity, forecasting a small deficit of (\$27,329) as at 30 June 2019.**
- 3. notes the municipal surplus of \$6,845,726, which comprises of \$5,173,913 in unrestricted cash, as at 31 October 2018.**



**TOWN OF EAST FREMANTLE**  
**MONTHLY FINANCIAL REPORT**  
**(Containing the Statement of Financial Activity)**  
**For the Period Ended 31 October 2018**

**LOCAL GOVERNMENT ACT 1995**  
**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

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**Town of East Fremantle  
Information Summary  
For the Period Ended 31 October 2018**

## Key Information

### Report Purpose

This report is prepared to meet the requirements of *Local Government (Financial Management) Regulations 1996, Regulation 34*.

### Overview

Summary reports and graphical progressive graphs are provided on pages 2 - 3.

### Statement of Financial Activity by reporting program

Is presented on page 6 and shows a surplus as at 31 October 2018 of \$6,845,726.

### Items of Significance

The material variance adopted by the Town of East Fremantle for the 2018/19 year is \$10,000 or 10% whichever is the greater. The following selected items have been highlighted due to the amount of the variance to the budget or due to the nature of the revenue/expenditure. A full listing and explanation of all items considered of material variance is disclosed in Note 2.

	%				
	Collected /	Annual		YTD Budget	YTD Actual
	Completed	Budget			
<b>Significant Projects</b>					
Public Toilet - Glasson Park	0%	\$ 180,000	\$ -	\$ -	\$ -
Road Resurfacing Program	2%	\$ 538,500	\$ 22,052	\$ 10,284	\$ 10,284
Footpath Program	11%	\$ 348,000	\$ 8,208	\$ 40,000	\$ 40,000
Carpark Projects	2%	\$ 705,000	\$ 8,200	\$ 14,153	\$ 14,153
<b>Grants, Subsidies and Contributions</b>					
Commonwealth Home Support Programme	47%	\$ 828,170	\$ 414,084	\$ 391,650	\$ 391,650
Roads to Recovery Non-Operating Grant	0%	\$ 147,726	\$ -	\$ -	\$ -
	40%	\$ 975,896	\$ 414,084	\$ 391,650	\$ 391,650
Rates Levied	100%	\$ 7,819,800	\$ 7,787,800	\$ 7,807,966	\$ 7,807,966

*% Compares current ytd actuals to annual budget*

### Financial Position

	Current Year
Adjusted Net Current Assets	\$ 6,845,726
Cash and Equivalent - Unrestricted	\$ 5,173,913
Cash and Equivalent - Restricted	\$ 2,094,283
Receivables - Rates	\$ 3,025,289
Receivables - Other	\$ 291,232
Payables	\$ 1,004,731

*% Compares current ytd actuals to prior year actuals at the same time*

Note: The Statements and accompanying notes are prepared based on all transactions recorded at the time of preparation and may vary due to transactions being processed for the reporting period after the date of

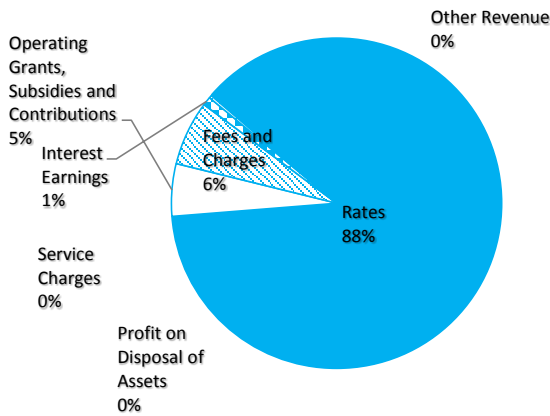
### Preparation

Prepared by: Terry Paparone

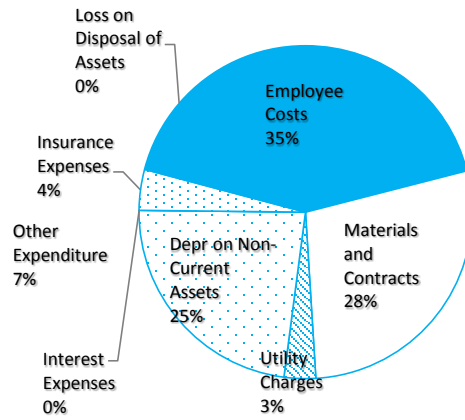
Reviewed by: Peter Kocian

Date prepared: 5 November 2018

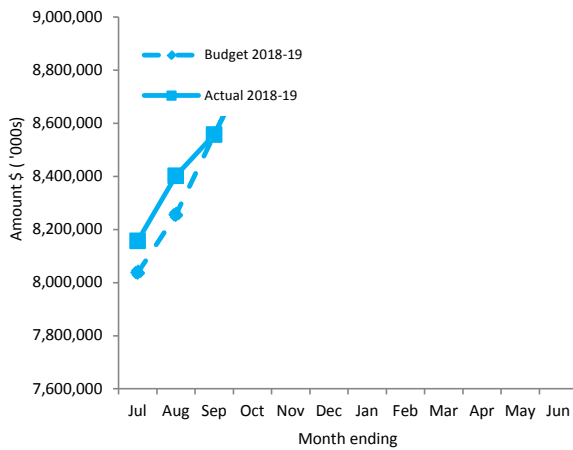
Operating Revenue



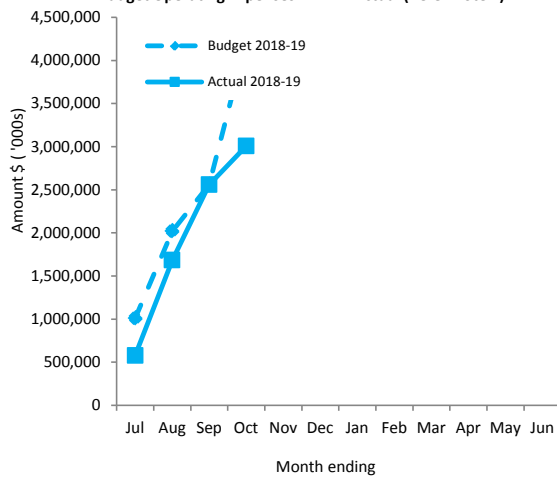
Operating Expenditure



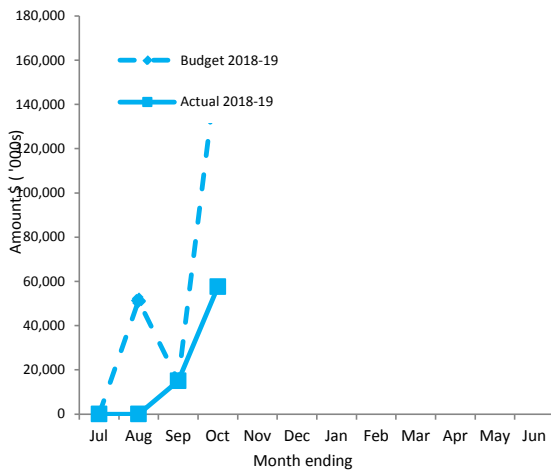
Budget Operating Revenues -v- Actual (Refer Note 2)



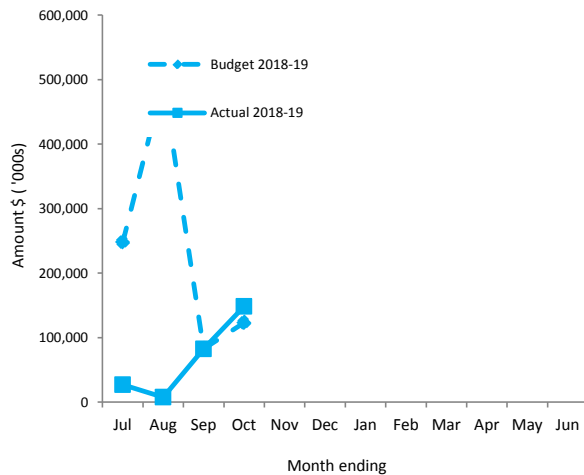
Budget Operating Expenses -v- YTD Actual (Refer Note 2)



Budget Capital Revenue -v- Actual (Refer Note 2)



Budget Capital Expenses -v- Actual (Refer Note 2)



This information is to be read in conjunction with the accompanying Financial Statements and Notes.

TOWN OF EAST FREMANTLE  
STATEMENT OF FINANCIAL ACTIVITY  
(Statutory Reporting Program)  
For the Period Ended 31 October 2018

	Note	Annual Budget - Hardcoded	Annual Budget - Synergy	Amended Budget - Synergy	Amended YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
<b>Opening Funding Surplus(Deficit)</b>	3	\$ 782,857	782,857	782,857	\$ 782,857	\$ 785,889	\$ 3,032	% 0%	
<b>Revenue from operating activities</b>									
Governance		20,500	20,500	20,500	6,664	<b>6,269</b>	(395)	(6%)	
General Purpose Funding - Rates	9	7,819,800	7,819,800	7,819,800	7,787,800	<b>7,807,966</b>	20,166	0%	
General Purpose Funding - Other		371,766	371,766	371,766	161,273	<b>149,902</b>	(11,371)	(7%)	
Law, Order and Public Safety		29,180	29,180	29,180	27,980	<b>13,279</b>	(14,701)	(53%)	▼
Health		14,577	14,577	14,577	9,017	<b>12,609</b>	3,592	40%	
Education and Welfare		912,422	912,422	912,422	440,924	<b>421,341</b>	(19,583)	(4%)	
Housing		80,080	80,080	80,080	26,692	<b>28,505</b>	1,813	7%	
Community Amenities		210,000	210,000	210,000	117,178	<b>129,096</b>	11,918	10%	▲
Recreation and Culture		389,324	389,324	389,324	119,484	<b>209,253</b>	89,769	75%	▲
Transport		444,000	444,000	444,000	107,664	<b>115,728</b>	8,064	7%	
Economic Services		107,200	107,200	107,200	36,064	<b>26,074</b>	(9,990)	(28%)	
Other Property and Services		31,517	31,517	31,517	5,504	<b>20,676</b>	15,172	276%	▲
		<b>10,430,366</b>	<b>10,430,366</b>	<b>10,430,366</b>	<b>8,846,244</b>	<b>8,940,696</b>			
<b>Expenditure from operating activities</b>									
Governance		(1,151,546)	(1,151,547)	(1,151,547)	(474,993)	<b>(375,647)</b>	99,346	21%	▲
General Purpose Funding		(97,763)	(97,763)	(97,763)	(32,588)	<b>(36,858)</b>	(4,270)	(13%)	
Law, Order and Public Safety		(154,617)	(154,617)	(154,617)	(53,587)	<b>(41,348)</b>	12,239	23%	▲
Health		(197,651)	(197,651)	(197,651)	(67,607)	<b>(61,258)</b>	6,349	9%	
Education and Welfare		(1,057,823)	(1,057,823)	(1,057,823)	(379,649)	<b>(450,353)</b>	(70,704)	(19%)	▼
Housing		(55,630)	(55,630)	(55,630)	(19,332)	<b>(13,022)</b>	6,310	33%	▲
Community Amenities		(2,792,901)	(2,792,902)	(2,792,902)	(940,990)	<b>(698,508)</b>	242,482	26%	▲
Recreation and Culture		(3,024,758)	(3,024,757)	(3,024,757)	(1,034,244)	<b>(1,142,198)</b>	(107,954)	(10%)	▼
Transport		(3,297,255)	(3,297,251)	(3,297,251)	(1,092,020)	<b>(715,152)</b>	376,868	35%	▲
Economic Services		(127,963)	(127,963)	(127,963)	(42,652)	<b>(17,921)</b>	24,731	58%	▲
Other Property and Services		(172,283)	(172,283)	(172,283)	(87,995)	<b>(40,914)</b>	47,081	54%	▲
		<b>(12,130,190)</b>	<b>(12,130,187)</b>	<b>(12,130,187)</b>	<b>(4,225,657)</b>	<b>(3,593,179)</b>			
<b>Operating activities excluded from budget</b>									
Add back Depreciation		2,695,133	2,695,133	2,695,133	898,384	<b>830,213</b>	(68,171)	(8%)	
Adjust (Profit)/Loss on Asset Disposal	8	27,247	27,247	27,247	0	<b>(2,996)</b>	(2,996)		
<b>Amount attributable to operating activities</b>		<b>2,722,380</b>	<b>2,722,380</b>	<b>2,722,380</b>	<b>898,384</b>	<b>827,217</b>			
<b>Investing Activities</b>									
Non-operating Grants, Subsidies and Contributions	11	147,726	147,726	147,726	0	<b>0</b>	0		
Proceeds from Disposal of Assets	8	159,753	159,753	159,753	159,753	<b>57,591</b>	(102,162)	(64%)	▼
Land and Buildings		(328,885)	(328,885)	(418,885)	(56,052)	<b>(8,545)</b>	47,507	85%	▲
Infrastructure Assets - Roads		(538,500)	(538,500)	(492,500)	(22,052)	<b>(10,284)</b>	11,768	53%	▲
Infrastructure Assets - Public Open Space		(213,000)	(213,000)	(196,332)	(24,648)	<b>10,000</b>	34,648	141%	▲
Infrastructure Assets - Footpaths		(348,000)	(348,000)	(348,000)	(8,208)	<b>(40,000)</b>	(31,792)	(387%)	▼
Infrastructure Assets - Drainage		(50,000)	(50,000)	(50,000)	0	<b>0</b>	0		
Infrastructure Assets - Other		(105,000)	(105,000)	(105,000)	(4,104)	<b>(3,303)</b>	801	20%	▲
Infrastructure Assets - Carparks		(705,000)	(705,000)	(705,000)	(8,200)	<b>(14,153)</b>			
Plant and Equipment		(671,784)	(671,784)	(671,784)	0	<b>(91,554)</b>	(91,554)		▼
Furniture and Equipment		(20,000)	(20,000)	(20,000)	0	<b>(2,999)</b>	(2,999)		
<b>Amount attributable to investing activities</b>		<b>(2,672,690)</b>	<b>(2,672,690)</b>	<b>(2,700,022)</b>	<b>36,489</b>	<b>(103,248)</b>			
<b>Financing Activities</b>									
Transfer from Reserves	7	1,020,289	1,020,289	1,020,289	0	<b>0</b>	0		
(Transfer to Reserves)	7	(153,012)	(153,012)	(153,012)	0	<b>(11,649)</b>	(11,649)		▼
<b>Amount attributable to financing activities</b>		<b>867,277</b>	<b>867,277</b>	<b>867,277</b>	<b>0</b>	<b>(11,649)</b>			
<b>Closing Funding Surplus(Deficit)</b>	3	<b>0</b>	<b>3</b>	<b>(27,329)</b>	<b>6,338,317</b>	<b>6,845,726</b>			
<b>Check against Net Current Assets</b>						<b>6,845,726</b>			<b>0</b>

Indicates a variance between Year to Date (YTD) Budget and YTD Actual data as per the adopted materiality threshold. Refer to Note 2 for an explanation of the reasons for the variance.

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

TOWN OF EAST FREMANTLE  
STATEMENT OF FINANCIAL ACTIVITY  
(By Nature or Type)  
For the Period Ended 31 October 2018

	Note	Annual Budget - Hardcoded	Annual Budget - Synergy	Amended Budget - Synergy	Amended YTD Budget	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
		\$	\$	\$	\$	\$	\$	%	
<b>Opening Funding Surplus (Deficit)</b>	3	782,857	782,857	782,857	782,857	785,889	3,032	0%	
<b>Revenue from operating activities</b>									
Rates	9	7,819,800	7,819,800	7,819,800	7,787,800	7,807,966	20,166	0%	
Operating Grants, Subsidies and Contributions	11	1,165,936	1,216,936	1,216,936	450,025	459,516	9,491	2%	
Fees and Charges		1,175,630	1,124,630	1,124,630	507,883	564,722	56,839	11%	▲
Interest Earnings		192,000	192,000	192,000	86,000	75,920	(10,080)	(12%)	▼
Other Revenue		77,000	77,000	77,000	14,536	23,167	8,631	59%	
Profit on Disposal of Assets	8	0	0	0	0	9,405			
		<b>10,430,366</b>	<b>10,430,366</b>	<b>10,430,366</b>	<b>8,846,244</b>	<b>8,940,696</b>			
<b>Expenditure from operating activities</b>									
Employee Costs		(3,683,695)	(3,683,695)	(3,683,695)	(1,227,884)	(1,243,318)	(15,434)	(1%)	
Materials and Contracts		(4,464,706)	(4,464,703)	(4,464,703)	(1,488,332)	(1,006,607)	481,725	32%	▲
Utility Charges		(310,950)	(310,950)	(310,950)	(103,656)	(110,098)	(6,442)	(6%)	
Depreciation on Non-Current Assets		(2,695,133)	(2,695,133)	(2,695,133)	(898,384)	(830,213)	68,171	8%	
Insurance Expenses		(251,449)	(251,449)	(251,449)	(251,449)	(142,359)	109,090	43%	▲
Other Expenditure		(697,010)	(697,010)	(697,010)	(255,952)	(254,175)	1,777	1%	
Loss on Disposal of Assets	8	(27,247)	(27,247)	(27,247)	0	(6,409)			
		<b>(12,130,190)</b>	<b>(12,130,187)</b>	<b>(12,130,187)</b>	<b>(4,225,657)</b>	<b>(3,593,179)</b>			
<b>Operating activities excluded from budget</b>									
Add back Depreciation		2,695,133	2,695,133	2,695,133	898,384	830,213	(68,171)	(8%)	
Adjust (Profit)/Loss on Asset Disposal	8	27,247	27,247	27,247	0	(2,996)	(2,996)		
<b>Amount attributable to operating activities</b>		<b>2,722,380</b>	<b>2,722,380</b>	<b>2,722,380</b>	<b>898,384</b>	<b>827,217</b>			
<b>Investing activities</b>									
Non-operating Grants, Subsidies and Contributions	11	147,726	147,726	147,726	0	0	0		
Proceeds from Disposal of Assets	8	159,753	159,753	159,753	159,753	57,591	(102,162)	(64%)	▼
Land and Buildings		(328,885)	(328,885)	(418,885)	(56,052)	(8,545)	47,507	85%	▲
Infrastructure Assets - Roads		(538,500)	(538,500)	(492,500)	(22,052)	(10,284)	11,768	53%	▲
Infrastructure Assets - POS		(213,000)	(213,000)	(196,332)	(24,648)	10,000	34,648	141%	▲
Infrastructure Assets - Footpaths		(348,000)	(348,000)	(348,000)	(8,208)	(40,000)	(31,792)	(387%)	▼
Infrastructure Assets - Drainage		(50,000)	(50,000)	(50,000)	0	0	0		
Infrastructure Assets - Other		(105,000)	(105,000)	(105,000)	(4,104)	(3,303)	801	20%	▲
Infrastructure Assets - Carparks		(705,000)	(705,000)	(705,000)	(8,200)	(14,153)			
Plant and Equipment		(671,784)	(671,784)	(671,784)	0	(91,554)	(91,554)		▼
Furniture and Equipment		(20,000)	(20,000)	(20,000)	0	(2,999)	(2,999)		
<b>Amount attributable to investing activities</b>		<b>(2,672,690)</b>	<b>(2,672,690)</b>	<b>(2,700,022)</b>	<b>36,489</b>	<b>(103,248)</b>			
<b>Financing Activities</b>									
Transfer from Reserves	7	1,020,289	1,020,289	1,020,289	0	0	0		
(Transfer to Reserves)	7	(153,012)	(153,012)	(153,012)	0	(11,649)	(11,649)		▼
<b>Amount attributable to financing activities</b>		<b>867,277</b>	<b>867,277</b>	<b>867,277</b>	<b>0</b>	<b>(11,649)</b>			
<b>Closing Funding Surplus (Deficit)</b>	3	<b>0</b>	<b>3</b>	<b>(27,329)</b>	<b>6,338,317</b>	<b>6,845,726</b>	<b>507,409</b>	<b>8%</b>	
<b>Check against Statement by Program</b>						<b>6,845,726</b>			
						<b>0</b>			

Indicates a variance between Year to Date (YTD) Budget and YTD Actual data as per the adopted materiality threshold.

Refer to Note 2 for an explanation of the reasons for the variance.

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

TOWN OF EAST FREMANTLE  
STATEMENT OF CAPITAL ACQUISITIONS AND CAPITAL FUNDING  
For the Period Ended 31 October 2018

## Capital Acquisitions

	YTD Actual New /Upgrade (a)	YTD Actual (Renewal Expenditure) (b)	Amended YTD Budget (d)	Amended Annual Budget	YTD Actual Total (c) = (a)+(b)	Variance (d) - (c)
	\$	\$	\$	\$	\$	\$
Land and Buildings	8,545	0	56,052	328,885	8,545	(47,507)
Infrastructure Assets - Roads	0	10,284	22,052	538,500	10,284	(11,768)
Infrastructure Assets - POS	(10,000)	0	24,648	213,000	(10,000)	(34,648)
Infrastructure Assets - Footpaths	40,000	0	8,208	348,000	40,000	31,792
Infrastructure Assets - Drainage	0	0	0	50,000	0	0
Infrastructure Assets - Other	3,303	0	4,104	105,000	3,303	(801)
Infrastructure Assets - Carparks	14,153	0	8,200	705,000	14,153	5,953
Plant and Equipment	91,554	0	0	671,784	91,554	91,554
Furniture and Equipment	2,999	0	0	20,000	2,999	2,999
<b>Capital Expenditure Totals</b>	<b>150,555</b>	<b>10,284</b>	<b>123,264</b>	<b>2,980,169</b>	<b>160,839</b>	<b>37,575</b>
<b>Capital acquisitions funded by:</b>						
Capital Grants and Contributions					198,726	
Borrowings					0	
Other (Disposals & C/Fwd)					116,253	
Council contribution - Cash Backed Reserves:						
Vehicle, Plant and Equipment Reserve					135,531	
Office Equipment Reserve					9,383	
Arts and Sculpture Reserve					45,000	
Waste Reserve					200,000	
Commerical Precinct Development Reserve						
Council contribution - operations					2,275,276	
<b>Capital Funding Total</b>			<b>0</b>	<b>0</b>	<b>2,980,169</b>	

**Note 1: Significant Accounting Policies****(a) Basis of Accounting**

This statement comprises a special purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this statement are presented below and have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has also 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**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**(b) The Local Government Reporting Entity**

All Funds through which the Council controls resources to carry on its functions have been included in this statement. In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. All monies held in the Trust Fund are excluded from the statement, but a separate statement of those monies appears at Note 12.

**(c) Rounding Off Figures**

All figures shown in this statement are rounded to the nearest dollar.

**(d) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

**(e) Goods and Services Tax**

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.

**(f) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**(g) Trade and Other Receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(h) Inventories****General**

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Land Held for Resale**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed. Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point. Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

**(i) Fixed Assets**

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

**Note 1: Significant Accounting Policies****(j) Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation rates and periods are:

<b>Asset</b>	<b>Years</b>
Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
bituminous seals	20 years
asphalt surfaces	25 years
Gravel Roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years

**(k) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**(l) Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

*(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)*

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Shire has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Shire expects to pay and includes related on-costs.

*(ii) Annual Leave and Long Service Leave (Long-term Benefits)*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the project unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Shire does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(m) Interest-bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**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.

**(n) Provisions**

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one of item included in the same class of obligations may be small.



**Note 1: Significant Accounting Policies****(o) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council 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 even if not expected to be realised in the next 12 months except for land held for resale where it is held as non current based on Council's intentions to release for sale.

**(p) Nature or Type Classifications****Rates**

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears and service

**Operating Grants, Subsidies and Contributions**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

**Non-Operating Grants, Subsidies and Contributions**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**Profit on Asset Disposal**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure

**Fees and Charges**

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

**Service Charges**

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations 1996 identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**Interest Earnings**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**Other Revenue / Income**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

**Employee Costs**

All costs associate with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

**Materials and Contracts**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

**Utilities (Gas, Electricity, Water, etc.)**

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

**Insurance**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**Loss on asset disposal**

Loss on the disposal of fixed assets.

**Depreciation on non-current assets**

Depreciation expense raised on all classes of assets.

**Interest expenses**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

**Other expenditure**

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

## Note 1: Significant Accounting Policies

## (r) Program Classifications (Function/Activity)

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

**KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS**

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Town's Community Vision, and for each of its broad activities/programs.

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available assisting elected members and ratepayers on matters which do not concern specific council services but are strategic in nature.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the allocation to services.	Rating, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to ensure bushfire prevention, animal control and community safety.	Supervision and enforcement of various local laws and acts relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, food quality testing, pest control, noise control, waste disposal compliance and child health services.
<b>EDUCATION AND WELFARE</b>	To provide assistance to senior citizens welfare and home and community care.	Provision and maintenance of home and community care programs including meals on wheels, in home care, home maintenance, senior outings, respite and school holiday programs.
<b>HOUSING</b>	To assist with housing for staff and the community.	Provision and maintenance of residential rental properties.
<b>COMMUNITY AMENITIES</b>	To provide community amenities and other infrastructure as required by the community.	Rubbish collection, recycling and disposal, joint maintenance of SMRC waste management facility, administration of Town Planning Schemes, heritage protection and townscapes, maintenance of urban stormwater drainage and protection of the environment.
<b>RECREATION AND CULTURE</b>	To plan, establish and efficiently manage sport and recreation infrastructure and resources which will help the social well being and health and community.	The provision and maintenance of various community infrastructure including public halls, recreation grounds, sports pavillions, playgrounds, parks, gardens, beaches and the joint operation of the City of Fremantle Library.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport infrastructure to the community.	Construction and maintenance of streets, roads, footpaths, depots, cycleways, street trees, parking facilities, traffic control, cleaning and lighting of streets.
<b>ECONOMIC SERVICES</b>	To help promote the Town and improve its economic wellbeing.	The regulation and provision of tourism, area promotion activities and building control.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control plant and depot operations, and to provide other property services not included elsewhere.	Private works operation, plant operating costs, depot operations and unclassified property functions.

**Note 2: Explanation of Material Variances**

The material variance thresholds are adopted annually by Council as an indicator of whether the actual expenditure or revenue varies from the year to date budget materially.

The material variance adopted by Council for the 2018/19 year is \$10,000 or 10% whichever is the greater.

Reporting Program	Var. \$	Var. %	Var.	Timing/ Permanent	Explanation of Variance
<b>Operating Revenues</b>	\$	%			
Law, Order and Public Safety	(14,701)	53%		Timing	
Community Amenities	11,918	10%		Timing	Fees and Charges raised in October. YTD Budget indicates cash flow timing November
Recreation and Culture	89,769	75%		Timing	
Other Property and Services	15,172	276%		Timing	Recoverable Works raised and paid. Will be offset in December.
<b>Operating Expense</b>					
Governance	99,346	21%		Timing	Timing issues regarding fixed costs, including 2nd instalment of insurance premiums not received/paid.
Law, Order and Public Safety	12,239	23%		Timing	
Education and Welfare	(70,704)	(19%)		Timing	Variances relate to HACC business unit. This a fully funded program and has a contra impact on budget bottom line.
Housing	6,310	33%		Timing	
Community Amenities	242,482	26%		Timing	Rubbish Disposal invoices for October not received/paid.
Recreation and Culture	(107,954)	(10%)		Timing	Depreciation Allocation.
Transport	376,868	35%		Timing	Depreciation Allocation.
Economic Services	24,731	58%		Timing	
Other Property and Services	47,081	54%		Timing	
<b>Capital Revenues</b>					
Proceeds from Disposal of Assets	(102,162)	(64%)		Timing	Plant replacement program is underway with 3 vehicles replaced
<b>Capital Expenses</b>					
Land and Buildings					All capital works are budgeted to substantively commence in November. Year to date budgets and actuals will start to reconcile once projects are underway
Infrastructure Assets - Roads					
Infrastructure Assets - POS					
Infrastructure Assets - Footpaths					
Infrastructure Assets - Drainage					
Infrastructure Assets - Other					
Infrastructure Assets - Carparks					
Plant and Equipment					
Furniture and Equipment					

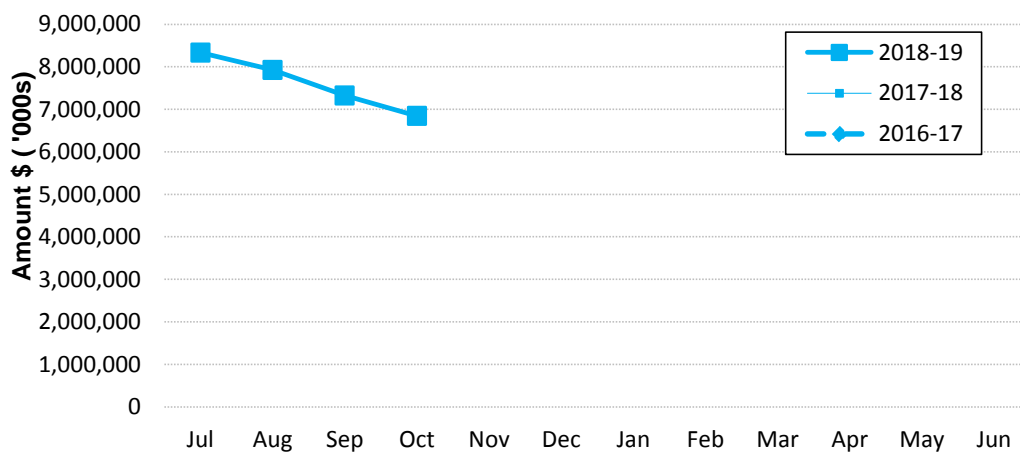
**TOWN OF EAST FREMANTLE**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 3: Net Current Funding Position**

Positive=Surplus (Negative=Deficit)

		Last Years Closing	Current
	Note	30 June 2018	31 Oct 2018
		\$	\$
<b>Current Assets</b>			
Cash Unrestricted	4	1,396,010	5,173,913
Cash Restricted - Reserves	4	2,082,634	2,094,283
Receivables - Rates	6	191,475	3,025,289
Receivables - Other	6	161,691	291,232
Interest / ATO Receivable/Trust		(0)	(32,118)
Inventories		0	0
		3,831,810	10,552,600
<b>Less: Current Liabilities</b>			
Payables		(359,978)	(1,004,731)
Provisions		(603,309)	(607,859)
		(963,287)	(1,612,590)
Less: Cash Reserves	7	(2,082,634)	(2,094,283)
<b>Net Current Funding Position</b>		<b>785,889</b>	<b>6,845,726</b>

**Note 3 - Liquidity Over the Year**



**Comments - Net Current Funding Position**

TOWN OF EAST FREMANTLE  
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
 For the Period Ended 31 October 2018

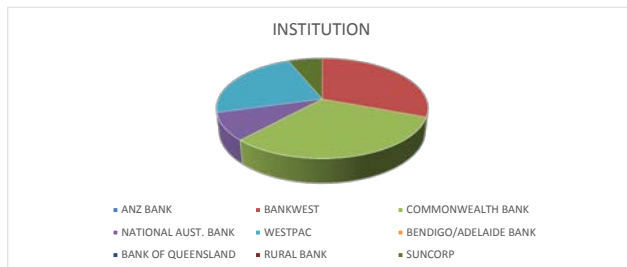
Note 4: Cash and Investments

	Unrestricted	Restricted	Trust	Total Amount	Institution	Risk Rating (LT)	Interest Rate	Maturity Date
	\$	\$	\$	\$				
(a) <b>Cash Deposits</b>								
Municipal Bank Account	539,212			539,212	CBA	AA-	1.45%	At Call
Reserve Bank Account		105		105	CBA	AA-		At Call
Trust Bank Account			26,488	26,488	CBA	AA-		At Call
Cash On Hand	1,100			1,100	Petty Cash/Till Float		Nil	On Hand
(b) <b>Term Deposits</b>								
Municipal	705,154			705,154	NAB	AA-	2.68%	19-Feb-19
	625,922			625,922	BANKWEST	AA-	2.65%	07-Jan-19
	451,058			451,058	BANKWEST	AA-	2.65%	21-Jan-19
	301,467			301,467	BANKWEST	AA-	2.67%	05-Mar-19
	350,000			350,000	BANKWEST	AA-	2.58%	06-Nov-18
	450,000			450,000	BANKWEST	AA-	2.61%	26-Nov-18
	300,000			300,000	BANKWEST	AA-	2.55%	14-Nov-18
	500,000			500,000	SUNCORP	A+	2.65%	04-Dec-18
	600,000			600,000	WESTPAC	AA-	2.65%	10-Dec-18
	350,000			350,000	WESTPAC	AA-	2.68%	05-Feb-19
Trust			780,711	780,711	CBA	AA-	2.15%	19-Nov-18
Reserves		917,939		917,939	WESTPAC	AA-	2.70%	05-Mar-19
Reserves		1,176,240		1,176,240	CBA	AA-	2.75%	07-Feb-19
<b>Total</b>	<b>5,173,913</b>	<b>2,094,283</b>	<b>807,200</b>	<b>8,075,395</b>				
<b>Less Cash on Hand</b>	<b>(1,100)</b>			<b>(1,100)</b>				
	<b>5,172,813</b>			<b>8,074,295</b>				

Comments/Notes - Investments and Cash Deposits

(LT) RISK RATING	PORTFOLIO	\$	%
AAA	MAX 100%		
AA	MAX 100%	\$7,574,295	93.81%
A (DIVESTMENT)	MAX 80%	\$500,000	6.19%
		<b>\$8,074,295</b>	<b>100.00%</b>

INSTITUTION	\$	%	(LT) RISK
ANZ BANK			AA-
BANKWEST	\$2,478,447	30.70%	AA-
COMMONWEALTH BANK	\$2,522,756	31.24%	AA-
NATIONAL AUST. BANK	\$705,154	8.73%	AA-
WESTPAC	\$1,867,939	23.13%	AA-
BENDIGO/ADELAIDE BANK			BBB+
BANK OF QUEENSLAND			BBB+
RURAL BANK			BBB+
SUNCORP	\$500,000	6.19%	A+
	<b>\$8,074,295</b>	<b>100.00%</b>	





TOWN OF EAST FREMANTLE  
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY

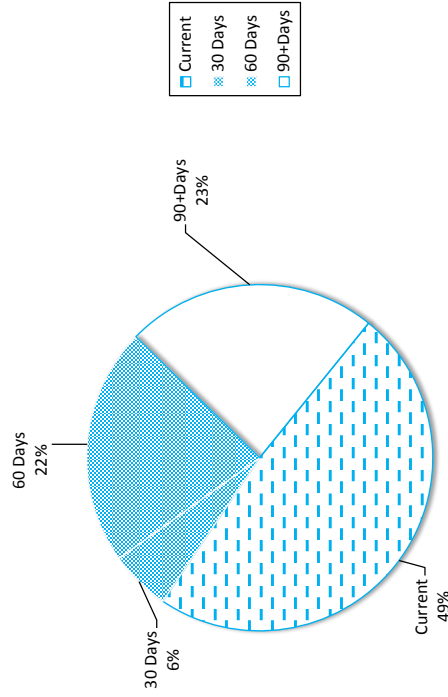
Note 6: Receivables

Receivables - Rates Receivable	31 Jul 2018	30 June 2018	Current	30 Days	60 Days	90+Days	Total
Opening Arrears Previous Years	\$ 191,475	\$ 150,429	\$ 103,086	\$ 12,028	\$ 47,078	\$ 22,866	185,057
Opening Balance Deferred Rates	28,590						88,564
Rates, ESL and Service Charges Levied this year	9,267,890	8,861,717				27,000	27,000
Interim Rates Billing 2018/19 (GL 1030510)	8,886						
Interim Rubbish Billing 2018/19 (G/11100810)	6,000						
Less Collections to date	(6,222,897)	(8,670,242)					
Equals Current Outstanding (as per TB)	3,053,880	191,475					
Less Deferred Rates	(28,590)						
<b>Net Rates Collectable</b>	<b>3,025,289</b>	<b>191,475</b>				<b>49,866</b>	<b>300,621</b>
% Collected	65.59%	96.21%					

**Total Receivables General Outstanding**

Amounts shown above include GST (where applicable)

**Note 6 - Accounts Receivable (non-rates)**



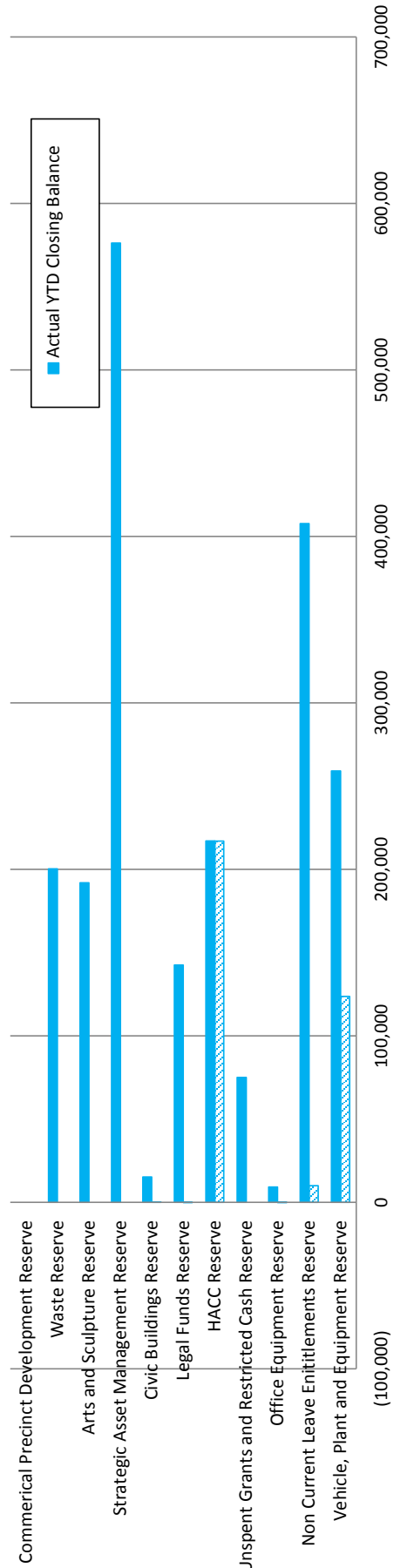
Comments/Notes - Receivables Rates

**TOWN OF EAST FREMANTLE**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
 For the Period Ended 31 October 2018

**Note 7 : Cash Backed Reserve**

Name	Opening Balance	Amended Budget Interest Earned		Actual Interest Earned		Amended Budget Transfers In (+)		Actual Transfers In (+)		Amended Budget Transfers Out (-)		Actual Transfers Out (-)		Amended Budget Closing Balance		Actual YTD Closing Balance	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Vehicle, Plant and Equipment Reserve	259,150									(135,531)				123,619		259,150	
Non Current Leave Entitlements Reserve	407,665									(397,665)				10,000		407,665	
Office Equipment Reserve	9,121									(9,121)				(0)		9,121	
Unspent Grants and Restricted Cash Reserve	75,000									(75,000)				0		75,000	
HACC Reserve	217,037													217,037		217,037	
Legal Funds Reserve	142,480									(142,480)				(0)		142,480	
Civic Buildings Reserve	15,183									(15,183)				0		15,183	
Strategic Asset Management Reserve	564,668	58,012	7,865	58,012	7,865	58,012	11,649	58,012	11,649						576,317		
Arts and Sculpture Reserve	192,022			45,000		45,000	0	45,000	0	(45,000)						192,022	
Waste Reserve	200,308									(200,309)				0		200,308	
Commerical Precinct Development Reserve	0			50,000		50,000	0	50,000	0							0	
	<b>2,082,634</b>	<b>58,012</b>	<b>7,865</b>	<b>153,012</b>	<b>7,865</b>	<b>153,012</b>	<b>11,649</b>	<b>153,012</b>	<b>11,649</b>	<b>(1,020,289)</b>		<b>0</b>	<b>350,656</b>		<b>2,094,283</b>		

**Note 7 - Year To Date Reserve Balance to End of Year Estimate**





**TOWN OF EAST FREMANTLE**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 8: Disposal of Assets**

Asset Number	Asset Description	YTD Actual			Amended Budget		
		Net Book Value	Proceeds	Profit (Loss)	Net Book Value	Proceeds	Profit (Loss)
		\$	\$	\$	\$	\$	\$
	<b>Plant and Equipment</b>						
PEMV259	CEO Vehicle				26,000	20,000	(6,000)
PEMV260	EMRS Vehicle				15,000	15,000	0
PEMV256	Parks Vehicle	29,000	22,591	(6,409)	15,000	15,000	0
PEMV252	Ranger Vehicle	12,278	20,000	7,722	14,000	14,000	0
PEMV242	Mitsubishi Rosa Bus				44,000	44,000	0
PE271	Verge Mower	13,317	15,000	1,683	13,000	11,753	(1,247)
PE269	Loader				60,000	40,000	(20,000)
		<b>54,595</b>	<b>57,591</b>	<b>9,405</b>	<b>187,000</b>	<b>159,753</b>	<b>0</b>
				<b>(6,409)</b>			<b>(27,247)</b>

End of Month  
September 2018  
Note 9

TOWN OF EAST FREMANTLE  
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY

RATE TYPE	Number of Properties	Rate in \$	Rateable Value \$	YTD Actual			Amended Budget				
				Rate Revenue \$	Interim Rates \$	Back Rates \$	Rate Revenue \$	Interim Rate \$	Back Rate \$	Total Revenue \$	
<b>Differential General Rate</b>											
Residential GRV	3,002	0.068310	90,581,990	6,200,606	8,886		6,187,656	40,000			6,227,656
Commercial GRV	121	0.103738	12,433,188	1,295,748			1,289,794				1,289,794
<b>Sub-Totals</b>	<b>3,123</b>	<b>Minimum</b>	<b>103,015,178</b>	<b>7,496,354</b>	<b>8,886</b>	<b>0</b>	<b>7,477,450</b>	<b>40,000</b>	<b>0</b>	<b>0</b>	<b>7,517,450</b>
<b>Minimum Payment</b>											
Residential GRV	265	1,080.00	3,563,980	285,120			286,200				286,200
Commercial GRV	10	1,615.00	135,755	16,150			16,150				16,150
<b>Sub-Totals</b>	<b>275</b>		<b>3,699,735</b>	<b>301,270</b>	<b>0</b>	<b>0</b>	<b>302,350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>302,350</b>
<b>Amount from General Rates</b>	<b>3,398</b>		<b>106,714,913</b>	<b>7,797,624</b>	<b>8,886</b>	<b>0</b>	<b>7,779,800</b>	<b>40,000</b>	<b>0</b>	<b>0</b>	<b>7,819,800</b>
<b>Totals</b>											<b>7,819,800</b>

Comments - Rating Information

**TOWN OF EAST FREMANTLE**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 October 2018**

**Note 10: Information on Borrowings**  
 (a) Debenture Repayments

Particulars	01 Jul 2018	New Loans		Principal Repayments Amended		Principal Outstanding Amended		Interest Repayments Amended	
		Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>Governance</b>		\$	\$						
<b>Housing</b>									
<b>Recreation and Culture</b>									
		0	0	0	0	0	0	0	0

All debenture repayments were financed by general purpose revenue.

(b) New Debentures

No new debentures were raised during the reporting period.

TOWN OF EAST FREMANTLE  
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
 For the Period Ended 31 October 2018

Note 11: Grants and Contributions

Grant Provider	Purpose of Grant	Acquittal Date	Acquittal Requirement	Type	Amended Budget Operating Capital	YTD Budget	Annual Budget (d)	Expected (d)+(e)	YTD Actual Revenue
<b>General Purpose Funding</b>									
Grants Commission - General	United - General Purpose	NA	NA	Operating	79,220	19,805	79,220	79,220	20,914
Grants Commission - Roads	United - Road	NA	NA	Operating	40,546	10,136	40,546	40,546	8,565
<b>Education and Welfare</b>									
Home and Community Care Program	Commonwealth Home Support Programme			Operating	828,170	414,084	828,170	828,170	391,650
Recycling Grant	Better Bins Program			Operating	51,000	0	51,000	51,000	0
<b>Recreation and Culture</b>									
Club Development Grant	Department Sport and Rec			Operating	40,000	0	40,000	40,000	0
Minor Grants - Rec and Culture	Various			Operating	40,000	0	40,000	40,000	21,489
<b>Transport</b>									
Roads To Recovery Grant - Cap	Road Renewal			Non-operating	0	147,726	147,726	147,726	0
Direct Grant	Direct Grant	31-Oct	Audited Annual Report	Operating	6,000	6,000	6,000	6,000	16,899
Street Lighting Subsidy	Street Lighting Subsidy	July	GST Free Invoice	Operating	4,800	0	4,800	4,800	0
Stirling Bridge Verge Maintenance Agreement	Stirling Highway Verge Maint. Agreement	September	GST inc. Invoice	Operating	7,200	0	7,200	7,200	0
Developer Contribution Carparking	Transfer from Trust			Operating	120,000	0	120,000	120,000	0
<b>TOTALS</b>					<b>1,216,936</b>	<b>450,025</b>	<b>1,364,662</b>	<b>1,364,662</b>	<b>459,516</b>
<b>SUMMARY</b>									
Operating	Operating Grants, Subsidies and Contributions				1,216,936	0	1,216,936	1,216,936	459,516
Operating - Tied	Tied - Operating Grants, Subsidies and Contributions				0	0	0	0	0
Non-operating	Non-operating Grants, Subsidies and Contributions				0	147,726	147,726	147,726	0
<b>TOTALS</b>					<b>1,216,936</b>	<b>147,726</b>	<b>1,364,662</b>	<b>1,364,662</b>	<b>459,516</b>
<b>Pending Grants:</b>									
Grant Provider	Purpose of Grant	Date Applied	Expected Date of Outcome	Type	Amount Applied	Required Co Contribution			
					\$	\$			



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### 12.2.2 Accounts for Payment – October 2018

<b>File ref</b>	F/FNS2
<b>Prepared by</b>	Terry Paparone, Manager Finance & Administration
<b>Supervised by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Meeting Date</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Monthly List of Payments – October 2018

#### **Purpose**

For Council to receive the monthly list of accounts paid.

#### **Executive Summary**

To endorse the list of payments made under delegated authority for the month of October 2018.

It is therefore recommended that Council receives the Lists of Accounts paid for the period 1 October to 31 October 2018, as per the summary table.

#### **Background**

The Chief Executive Officer has delegated authority to make payments from the Municipal and Trust Accounts in accordance with budget allocations.

The Town provides payments to suppliers by electronic funds transfer, cheque or credit card. Attached is an itemised list of all payments made under delegated authority during the said period.

#### **Consultation**

Nil.

#### **Statutory Environment**

Regulation 13: *Local Government (Financial Management) Regulations 1996 (as amended)*

#### **Policy Implications**

Policy 4.2.4 Purchasing Policy

#### **Financial Implications**

Accounts for Payment are sourced from budget allocations.

All amounts quoted in this report are inclusive of GST.

#### **Strategic Implications**

The Town of East Fremantle Strategic Community Plan 2017 – 2027 states as follows:

#### **STRATEGIC PRIORITY 5: Leadership and Governance**

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

#### **Site Inspection**

Not applicable.

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**Comment**

The attached itemised list of payments is prepared in accordance with Regulation 13 of the amended *Local Government (Financial Management) Regulations 1996*.

**12.2.2 OFFICER RECOMMENDATION**

That the list of accounts paid for the period 1 October to 31 October 2018 be received, as per the following summary table:

OCTOBER 2018		
Voucher No	Account	Amount
5184 – 5195	Municipal (Cheques)	19,426.26
EFT26521 – EFT26694	Electronic Transfer Funds	\$619,049.32
Payroll	Electronic Transfer Funds	\$278,269.30
Superannuation	Electronic Transfer Funds	\$44,193.02
Credit Card	Corporate Credit Card	\$1,193.76
	<b>Total Payments</b>	<b>\$962,131.66</b>

**TOWN OF EAST FREMANTLE**

List of Accounts paid by the Chief Executive for October 2018 & submitted for the information of the Council Meeting to be held on 20 November 2018

Cheque	Payment Date	Supplier	Description	Inv Amount	Cheque
				\$	\$
<b>CHEQUES</b>					
5184	03/10/2018	TOEF	ADMIN PETTY CASH RECOUP 30/09/18	92.75	92.75
5185	03/10/2018	OFFICE OF STATE REVENUE	REFUND OF DUPLICATE ESL CLAIM	190.21	190.21
5186	11/10/2018	WATER CORPORATION	WATER USAGE AND SERVICE CHARGES VARIOUS LOCATIONS	12,105.18	12,105.18
5187	18/10/2018	TOEF	PETTY CASH RECOUP- ADMIN,PLANNING, RANGERS	218.25	218.25
5192	31/10/2018	TOEF	RESPIRE CENTRE PETTY CASH RECOUP 18/10/18	423.60	423.60
5193	31/10/2018	WATER CORPORATION	WATER USAGE AND SERVICES CHARGES VARIOUS LOCATIONS	5,949.23	5,949.23
5194	31/10/2018	OFFICE OF STATE REVENUE	PENSIONER REBATE REVERSED, ESL REVERSED	196.04	196.04
5195	31/10/2018	DEPARTMENT OF MINES INDUSTRY REGULATION AND SAFETY	DANGEROUS GOODS LICENCE RENEWAL	251.00	251.00
			<b>CHEQUE TOTAL</b>	\$ 19,426.26	\$ 19,426.26
<b>EFTs</b>					
		<b>Supplier</b>	<b>Description</b>	<b>Inv Amount</b>	<b>EFT</b>
EFT26521	03/10/2018	AUSTRALIAN TAXATION OFFICE	GST PAYABLE SEPTEMBER 18	30,702.00	30,702.00
EFT26522	03/10/2018	AUSTRALIAN SERVICES UNION	PAYROLL DEDUCTION - SEPTEMBER 18	51.80	51.80
EFT26523	03/10/2018	CHILD SUPPORT AGENCY	PAYROLL DEDUCTION - SEPTEMBER 18	287.85	287.85
EFT26524	03/10/2018	CONSTRUCTION TRAINING FUND	CONSTRUCTION TRAINING FUND COLLECTED AUGUST 18	231.18	231.18
EFT26525	03/10/2018	BUNNINGS	VARIOUS HARDWARE MATERIALS	368.55	
				92.11	460.66
EFT26526	03/10/2018	MAYOR JIM O'NEILL	MAYORAL ALLOWANCE, SITTING FEES & ICT ALLOWANCE FOR OCTOBER 18	4,416.68	4,416.68
EFT26527	03/10/2018	TELSTRA	CEO MOBILE PHONE 16/08/18 - 15/09/18	56.00	56.00
EFT26528	03/10/2018	SYNERGY	POWER SUPPLY WAUHOP PARK 22/06/18 - 17/08/18	686.50	686.50
EFT26529	03/10/2018	ZIPFORM PTY LTD	COSTS ASSOCIATED WITH PRINTING AND SENDING FINAL NOTICES	1,380.36	1,380.36
EFT26530	03/10/2018	HAVILAH LEGAL	ATTENDANCE AT COURT - PARKING INFRINGEMENT	459.80	459.80
EFT26531	03/10/2018	FRANK GILMOUR PEST CONTROL	PEST CONTROL AT TRICOLORE CAR PARK	660.00	660.00
EFT26532	03/10/2018	CR. JENNY HARRINGTON	SITTING FEES & ICT ALLOWANCE FOR OCTOBER 18	1,542.00	1,542.00
EFT26533	03/10/2018	WOOLWORTHS	CATERING ITEMS - 6/9/18	89.95	
				205.92	
			RESPITE CENTRE GROCERIES - 3/9/2018	108.30	
			RESPITE CENTRE GROCERIES - 24/9/18	165.80	569.97
EFT26534	03/10/2018	CR. CLIFF COLLINSON	SITTING FEES FOR OCTOBER 18	1,292.00	1,292.00
EFT26535	03/10/2018	CR. DEAN NARDI	SITTING FEES & ICT ALLOWANCE FOR OCTOBER 18	1,542.00	1,542.00
EFT26536	03/10/2018	FOODWORKS	COMMUNITY EVENTS, ADMIN, MEETING, WORKS CONSUMABLES FOR SEPTEMBER 2018	352.99	352.99
EFT26537	03/10/2018	OFFICEWORKS	5 X VEHICLE FIRST AID KITS FOR HACC	110.40	
			COPY OF ARCHIVE SEARCH PLANS & OTHER GENERAL COPYING FOR REGULATORY SERVICES DEPARTMENT - SEPTEMBER 2018	16.75	
			COPY OF ARCHIVE SEARCH PLANS & OTHER GENERAL COPYING FOR REGULATORY SERVICES DEPARTMENT - SEPTEMBER 2018	25.00	
			OFFICE STATIONERY ORDERED SEPTEMBER	342.65	494.80
EFT26538	03/10/2018	MACKAY URBAN DESIGN	PREPARE 3D MODELS, PHOTOS, WRITTEN RATIONALE & ADVICE - AMENDMENT NO. 15	4,950.00	
			AMENDMENT NO 14 : 3D MODELING	2,200.00	7,150.00
EFT26539	03/10/2018	THE TURBAN INDIAN RESTURANT	CATERING 1/10/18	153.10	153.10
EFT26540	03/10/2018	LOCAL GOVERNMENT PLANNERS ASSOCIATION	STAFF ATTENDANCE AT DESIGN EXCELLENCE AND DISCRETION BREAKFAST FORUM	160.00	160.00
EFT26541	03/10/2018	LANDGATE	GRV INTERIM VALUATIONS SCHEDULE G2018/16 DATED 25/08/18 - 07/09/18 & G2018/15 DATED 11/08/18 - 24/08/18	614.47	614.47
EFT26542	03/10/2018	CR. MICHAEL MCPHAIL	DEPUTY MAYORAL ALLOWANCE, SITTING FEES & ICT ALLOWANCE FOR OCTOBER 18	2,062.84	2,062.84
EFT26543	03/10/2018	CR. TONY WATKINS	SITTING FEES & ICT ALLOWANCE FOR OCTOBER 18	1,542.00	1,542.00
EFT26544	03/10/2018	REDS PRODUCTIONS PTY LTD	1 X RANGER RED WILDLIFE DISPLAY FOR CENTRE BASED RESPIRE	175.00	175.00
EFT26545	03/10/2018	CR. ANDREW MCPHAIL	SITTING FEES & ICT ALLOWANCE FOR OCTOBER 18	1,542.00	1,542.00
EFT26546	03/10/2018	CR. ANDREW WHITE	SITTING FEES & ICT ALLOWANCE FOR OCTOBER 18	1,542.00	1,542.00
EFT26547	03/10/2018	CR. TONY NATALE	SITTING FEES & ICT ALLOWANCE FOR OCTOBER 18	1,542.00	1,542.00
EFT26548	03/10/2018	COASTLINE MOWERS	BRUSHCUTTER CORD, AUTOFEED BRUSHCUTTER HEADS, CAPS, EYELETS, LOW PROFILE BARS, CHAINS, BAR OIL	1,203.35	1,203.35
EFT26549	03/10/2018	SUEZ RECYCLING & RECOVERY PTY LTD	COMMERCIAL REFUSE & RECYCLING WASTE COLLECTION, DOMESTIC RECYCLING & REFUSE WASTE COLLECTION, LITTER BIN , PARKS & RESERVES, PRIORITY BINS AUGUST 18	28,815.37	28,815.37
EFT26550	03/10/2018	WENDY COOKE	REIMBURSEMENT OF COSTS - VARIOUS ITEMS	572.26	572.26
EFT26551	03/10/2018	THE PAMPHLETEERS	EAST FREMANTLE'S GEORGE STREET FESTIVAL: OCTOBER LETTERBOX DELIVERY OF 39,975 DL FLYERS TO 17 SUBURBS AS LISTED ON QUOTE	2,998.13	2,998.13
EFT26552	03/10/2018	BUSINESS INSIGHTS ASIA PACIFIC PTY LTD (BIAP)	STAFF ATTENDANCE HR LEADERSHIP SUMMIT	489.50	489.50
EFT26553	03/10/2018	PERTH COFFEE EXPRESS	EAST FREMANTLE OVAL PRECINCT PROJECT - COMMUNITY DESIGN FORUM CATERING	240.00	240.00
EFT26554	03/10/2018	NATHAN KARNOVSKY	RATES REFUND	1,010.47	1,010.47
EFT26555	03/10/2018	ANGELO LOI	REFUND OF DUPLICATE PARKING FEES PAID	12.00	12.00
EFT26556	03/10/2018	SHARON CHALWELL	50% REFUND OF APPLICATION FEES, APPLICATION CANCELLED	560.00	560.00
EFT26557	18/10/2018	AUSTRALIA POST	POSTAGE SEPTEMBER 2018	733.25	733.25
EFT26558	18/10/2018	CONSTRUCTION TRAINING FUND	CONSTRUCTION TRAINING FUND COLLECTED SEPTEMBER 18	948.87	948.87
EFT26559	18/10/2018	BUNNINGS	VARIOUS HARDWARE & TREES	663.23	663.23
EFT26560	18/10/2018	BUDGET RENT A CAR	EMERGENCY VEHICLE RENTALS FOR CENTRE BASED RESPIRE - 2018/2019	358.60	358.60
EFT26561	18/10/2018	OFFICEMAX AUSTRALIA LTD	OFFICE STATIONERY ORDERED ON 16.08.2018	293.18	293.18
EFT26562	18/10/2018	BENARA NURSERIES	PLANTS FOR ROUNDABOUTS	732.16	732.16
EFT26563	18/10/2018	BOORAGOON TYRE SERVICE	SUPPLY AND FIT NEW TYRES TO PARKS TRUCK	1,060.00	1,060.00
EFT26564	18/10/2018	COMMUNITY NEWSPAPERS	ADVERTISEMENT EF OVAL PRECINCT REVITALISATION, MULTIPLE ADVERTISEMENTS	3,248.87	3,248.87



EFT26565	18/10/2018	PEEL ENGRAVING & IM-PRESS	PURCHASE 7 STAMPS	514.80	514.80
EFT26566	18/10/2018	IMPRINT PLASTIC	NAME BADGES - STAFF X 2	29.70	29.70
EFT26567	18/10/2018	MCLEODS	PROFESSIONAL DEVELOPMENT BRIEFING ELECTED MEMBERS	4,408.80	
			LEGAL ADVICE LEASE OF RESERVE	580.31	4,989.11
EFT26568	18/10/2018	MELVILLE TOYOTA	MECHANICAL SERVICE FOR TWO TOYOTA VEHICLES	909.43	909.43
EFT26569	18/10/2018	TELSTRA	NEXT G DIGITAL HANDSET FOR DEPOT & INTERNET USAGE	391.26	
			HACC LANDLINE USAGE CHARGES FROM 26/08/2018-27/09/2018	124.67	515.93
EFT26570	18/10/2018	WORK CLOBBER	RANGER UNIFORM	108.00	108.00
EFT26571	18/10/2018	SYNERGY	POWER SUPPLY VARIOUS LOCATIONS	1,444.30	1,444.30
EFT26572	18/10/2018	SWAN LOCK	DEPOT NEW DOOR LOCKS AND KEYS	415.00	415.00
EFT26573	18/10/2018	WA RANGERS ASSOCIATION	STAFF ATTENDANCE - WA RANGERS ASSOCIATION DEVELOPMENT CONFERENCE	550.00	550.00
EFT26574	18/10/2018	BUILDING COMMISSION	BUILDING SERVICES LEVY COLLECTED SEPTEMBER 18	946.88	946.88
EFT26575	18/10/2018	LOCAL GOVERNMENT PROFESSIONALS AUSTRALIA WA	STAFF ATTENDANCE - LG PROFESSIONAL WORKPLACE CULTURE WORKSHOP	55.00	55.00
EFT26576	18/10/2018	HAVILAH LEGAL	SERVICE OF DOCUMENTS	71.50	71.50
EFT26577	18/10/2018	WALGA	STAFF ATTENDANCE - WALGA PEOPLE AND CULTURE SEMINAR 2018	600.00	
			LONG SERVICE LEAVE LIABILITY FORMER STAFF MEMBER	1,749.99	2,349.99
EFT26578	18/10/2018	KENNARDS HIRE	HIRE OF CAGE TRAILER 14/8/18 TO 24/8/18	504.00	504.00
EFT26579	18/10/2018	DEPARTMENT OF FIRE AND EMERGENCY SERVICES	2018/19 ESL ON COUNCIL OWNED PROPERTIES	14,088.36	14,088.36
EFT26580	18/10/2018	JTAGZ PTY LTD	DOG REGISTRATION TAGS 2021 EXPIRY	242.00	242.00
EFT26581	18/10/2018	LIME FLOWERS	FLOWERS - STAFF RETIREMENT	80.00	80.00
EFT26582	18/10/2018	STRATA GREEN	SAFETY GLASSES AND EARMUFFS	1,307.50	1,307.50
EFT26583	18/10/2018	VISIMAX SAFETY PRODUCTS	WA RANGER DOOR DECALS FOR REPLACEMENT RANGER VEHICLE	43.70	43.70
EFT26584	18/10/2018	WOOLWORTHS	RESPIRE CENTRE GROCERIES - 1/10/18	101.31	
			CATERING - 15/10/18	177.86	
			RESPIRE CENTRE GROCERIES - 8/10/18	108.85	
			RESPIRE CENTRE GROCERIES - 15/10/2018	147.88	535.90
EFT26585	18/10/2018	EF CROQUET CLUB	REIMBURSEMENT OF COMMUNITY GRANT ROUND 1 2018-2019	1,000.00	1,000.00
EFT26586	18/10/2018	THE PAPER COMPANY OF AUSTRALIA	A4 COPY PAPER X 100 REAMS	423.50	423.50
EFT26587	18/10/2018	KONICA MINOLTA BUSINESS SOLUTIONS	KONICA MINOLTA COPY CHARGERS SEPTEMBER 2018	37.04	37.04
EFT26588	18/10/2018	OFFICEWORKS	COLOUR PRINTING FOR HACC	12.42	12.42
EFT26589	18/10/2018	FOCUS NETWORKS	ADDITIONAL CHARGES - SUPPORT SERVICES OUTSIDE NORMAL SERVICE SCOPE AUGUST 2018	1,151.15	
			ADDITIONAL CHARGES - SUPPORT SERVICES OUTSIDE NORMAL SERVICE SCOPE SEPTEMBER 2018	693.55	
			FOCUS NETWORKS EMAIL PROTECTION SERVICE, MANAGED RECOVERY SERVICE, HOSTED ANTI-VIRUS CORPORATE SEPT 18	1,633.50	
			FOC MANAGED FIREWALL SERVICE (1 YEAR)	495.00	
			MANAGED PROACTIVE SERVICE - MONTHLY COMPUTER AUGUST 2018, MONTHLY MICROSOFT/ LINUX SERVER AUGUST 2018, MONTHLY SERVER INFRASTRUCTURE AUGUST 2018, APPLICATION AUGUST 2018, NETWORK DEVICE AUGUST 2018	3,729.00	
			MANAGED PROACTIVE SERVICE - MONTHLY COMPUTER SEPTEMBER 2018, MANAGED PROACTIVE SERVICE - MONTHLY MICROSOFT/ LINUX SERVER JULY 18- JUNE19, MANAGED PROACTIVE SERVICE - MONTHLY SERVER INFRASTRUCTURE JULY 18- JUNE19, MANAGED PROACTIVE SERVICE - APPLICATION JULY 18- JUNE19, MANAGED PROACTIVE SERVICE - NETWORK DEVICE SEPTEMBER 2018	3,729.00	11,431.20
EFT26590	18/10/2018	THE TURBAN INDIAN RESTURANT	CATERING - 9 OCTOBER 2018	271.25	271.25
EFT26591	18/10/2018	INCLUSIVE BUILDING CONSULTANTS	BUILDING SURVEYOR SERVICES AUGUST & SEPTEMBER 18	1,584.00	1,584.00
EFT26592	18/10/2018	WORLD DIESEL	MECHANICAL SERVICE FOR TOYOTA HILUX UTE	614.50	614.50
EFT26593	18/10/2018	VOCUS COMMUNICATIONS	SESSION INITIATION PROTOCOL (SIP) LINES/ SERVICES CHARGES FOR VOICE OVER INTERNET PROTOCOL (VOIP) 1/8/2018-31/08/2018	967.82	967.82
EFT26594	18/10/2018	JOHN HUGHES FORD	TRADE IN OF 2X OLD FORD RANGER & SUPPLY OF 2X NEW FORD RANGER 2019.	14,566.35	14,566.35
EFT26595	18/10/2018	MARKET CREATIONS	CORPORATE STYLE GUIDE & BRANDING ARTWORK FOR CORPORATE DOCUMENTS	1,716.00	
			WEBSITE USER EXPERIENCE AUDIT	2,654.00	4,370.00
EFT26596	18/10/2018	MOORE STEPHENS	STRATEGIC RESOURCING PLAN - COMBINED LONG TERM FINANCIAL AND ASSET MANAGEMENT PLAN	1,969.00	1,969.00
EFT26597	18/10/2018	HUBBLES YARD	CATERING 18 & 25 SEPTEMBER 2018	605.00	605.00
EFT26598	18/10/2018	APARC AUSTRALIAN PARKING & REVENUE CONTROL	MONTHLY CHARGES FOR PARKING MACHINES INLCUDING LICENCE AND COMMUNICATION COSTS	165.00	165.00
EFT26599	18/10/2018	SIMPLEPAY SOLUTIONS	SIMPLE PAY CREDIT CARD TRANSACTIONS FOR LEEUWIN BOAT RAMP FROM AUGUST 2018	171.82	171.82
EFT26600	18/10/2018	KEYS BROS	STORAGE OF SURPLUS FURNITURE	325.00	325.00
EFT26601	18/10/2018	APPARATUS GROUP	ART CONSULTANCY SERVICES - TOWN HALL ART	1,584.00	1,584.00
EFT26602	18/10/2018	LIFTRITE HIRE AND SALES	200 HOUR SERVICE ON KOBELCO SK17SR EXCAVATOR	604.92	604.92
EFT26603	18/10/2018	LIONS CLUB OF EAST FREMANTLE	COMMUNITY ASSISTANT GRANT REIMBURSEMENT	861.00	861.00
EFT26604	18/10/2018	MAD HAT MEDIA	EAST FREMANTLE'S GEORGE STREET FESTIVAL - ADDITIONAL ARTWORK FOR CALICO BAGS	242.00	242.00
EFT26605	18/10/2018	SUEZ RECYCLING & RECOVERY PTY LTD	SUPPLY SERVICE OF 2 X 3.0M3 BINS	266.95	266.95
EFT26606	18/10/2018	AMBIUS (RENTOKIL INITIAL PTY LTD)	PLANT HIRE FOR TOWN HALL 27/10/2018-26/11/2018	263.12	263.12
EFT26607	18/10/2018	DI MIMI	CATERING 11/09/2018	400.40	400.40
EFT26608	18/10/2018	XTREME BOUNCE PARTY HIRE	GEORGE STREET FESTIVAL 2018, PROVISION OF PIRATE BOUNCY CASTLE SLIDE COMBO	605.00	605.00
EFT26609	18/10/2018	GRA PARTNERS	AMENDMENT 14 & 15 STRATEGIC STAKEHOLDER & COMMUNICATOINS ADVICE	12,100.00	12,100.00
EFT26610	18/10/2018	GEORGE HOWLETT	PUBLIC ART PANEL - CONCEPT DESIGN FOR EXTERNAL VINYL ARTWORK FOR CNR PETRA STREET / CANNING HIGHWAY	500.00	500.00
EFT26611	18/10/2018	ADLER BUSINESS GIFTS	150 x TOEF BRANDED PENS	312.40	312.40
EFT26612	18/10/2018	SHRED-X	240 LITRE BIN EXCHANGE FOR SEPTEMBER 2018	60.72	60.72
EFT26613	18/10/2018	EASY ACCESS LIFT	TOWN HALL LIFT EMERGENCY KEY SUPPLIED AND POSTAGE	107.80	107.80
EFT26614	18/10/2018	PEDERSENS EVENT HIRE	EAST FREMANTLE OVAL PRECINCT PROJECT EQUIPMENT HIRE	592.02	592.02
EFT26615	18/10/2018	RENTWA	RENTAL VEHICLE FOR HACC. 18/9/18 AND 19/9/18	228.80	228.80

EFT26616	18/10/2018	PSN EVENTS	STAFF ATTENDANCE - CONFERENCE - 2018 SMART CITIES ROADSHOW	326.70	326.70
EFT26617	18/10/2018	ANDREA LISEWSKI	RATE REFUND	8,443.72	8,443.72
EFT26618	18/10/2018	MONIQUE TOM	REFUND OF HIRING FEE/ EVENT CANCELLED	176.10	176.10
EFT26619	18/10/2018	ANDREA ONAMADE	PERFORMANCE - NATIONAL ANTHEM AT CITIZENSHIP CEREMONY	150.00	150.00
EFT26620	19/10/2018	WALGA	STAFF ATTENDANCE BREAKFAST SEMINAR	50.00	50.00
EFT26621	29/10/2018	CALTEX	FUEL USE AUGUST 18	4,825.98	4,825.98
EFT26622	31/10/2018	ENVIRONMENTAL HEALTH AUSTRALIA	STAFF ATTENDANCE AT DAY ONE OF ENVIRONMENTAL HEALTH CONFERENCE 31 OCTOBER 2018	410.00	410.00
EFT26623	31/10/2018	AUSTRALIAN SERVICES UNION	PAYROLL DEDUCTIONS OCTOBER	51.80	51.80
EFT26624	31/10/2018	CHILD SUPPORT AGENCY	PAYROLL DEDUCTIONS OCTOBER	289.08	289.08
EFT26625	31/10/2018	BOC LIMITED	CONTAINER SERVICE APRIL, AUGUST, & SEPTEMBER 18	133.44	133.44
EFT26626	31/10/2018	CITY OF COCKBURN	TIP FEES AUGUST & SEPTEMBER 97 X PASSES	6,370.00	6,370.00
EFT26627	31/10/2018	EAST FREMANTLE BOWLING CLUB	18/19 SPONSORSHIP - EF BOWLING CLUB - FIRST CONTRIBUTION	5,500.00	5,500.00
EFT26628	31/10/2018	FREMANTLE HERALD	ADVERTISING - EF OVAL PROJECT 1/2 PAGE AD 01/09/18	1,151.30	1,151.30
EFT26629	31/10/2018	GLYDE IN COMMUNITY GROUP	2ND QUARTER PAYMENT 18/19 ANNUAL GRANT	23,100.00	23,100.00
EFT26630	31/10/2018	IT VISION	DEVELOPMENT OF SPECIFICATIONS - ARCHIVING PLANNING AND BUILDING PLANS	4,125.00	4,125.00
EFT26631	31/10/2018	MELVILLE TOYOTA	MECHANICAL SERVICE AND SUPPLY AND FIT LEFT HAND REAR TAIL LIGHT FOR HIACE VAN	600.17	600.17
EFT26632	31/10/2018	SWAN YACHT CLUB	DEPOSIT FOR CENTRE BASED RESPITE CLIENT CHRISTMAS PARTY BOOKING. 12TH DECEMBER 2018	200.00	200.00
EFT26633	31/10/2018	O'CONNOR LAWNMOWER & CHAINSAW CENTRE	SERVICE WHIPPER SNIPPER AND PARTS	397.30	397.30
EFT26634	31/10/2018	CANNON HYGIENE AUSTRALIA PTY LTD	SANITARY UNIT SERVICE - JOHN TONKIN PARK - LAUNCH RAMP 24/10/18 - 23/04/19	219.32	219.32
EFT26635	31/10/2018	TELSTRA	RESPITE CENTRE PHONE	111.22	
			CEO MOBILE PHONE 16/09/18 - 15/10/18,	61.53	
			TOWN HALL PHONE & DATA LINES	59.84	232.59
EFT26636	31/10/2018	WORK CLOBBER	2 x HARDHATS & 3 FLUORESCENT VESTS FOR PLANNING/BUILDING SERVICES STAFF	92.40	
			VARIOUS UNIFORM - DEPOT STAFF	978.31	1,070.71
EFT26637	31/10/2018	SYNERGY	POWER SUPPLY VARIOUS LOCATIONS	30,135.40	30,135.40
EFT26638	31/10/2018	ZIPFORM PTY LTD	COSTS ASSOCIATED WITH ISSUING 2018/19 - SECOND INSTALMENT RATE NOTICES	2,295.24	2,295.24
EFT26639	31/10/2018	YOUNGS PLUMBING SERVICE	HENRY JEFFERY OVAL TOILET MAINTENANCE	151.80	151.80
EFT26640	31/10/2018	FASTA COURIERS	COURIER COSTS SEPTEMBER	278.01	278.01
EFT26641	31/10/2018	ALCHEMY TECHNOLOGY	ALCHEMY PROPOSAL 3128 - CHSP CARE RELATIONSHIP AND CARER SUPPORT MODULE / 1 DAY ON SITE TRAINING.	2,516.38	2,516.38
EFT26642	31/10/2018	STEANN PTY LTD	BULK VERGE GREENWASTE COLLECTION 10/09/18 - 14/09/18	18,492.46	
	18/09/2018	STEANN PTY LTD	CLEAR GREEN WASTE FROM BUND 13/09/18 - 14/09/18	1,980.00	20,472.46
EFT26643	31/10/2018	EF CRICKET CLUB	REIMBURSEMENT OF COSTS OF REPLACING BROKEN WINDOW AT EAST FREMANTLE CRICKET CLUB	640.00	640.00
EFT26644	31/10/2018	GHD PTY LTD	REVITALISATION OF EAST FREMANTLE OVAL PRECINCT - SEPTEMBER	62,524.22	62,524.22
EFT26645	31/10/2018	KOOL LINE ELECTRICAL & REFRIGERATION	TRICOLORE CHANGE ROOM SWITCHBOARD UPGRADE	1,711.50	
			GLYDE-IN COMMUNITY CENTRE - AIR CON SERVICE	324.50	
			GLYDE-IN COMMUNITY CENTRE - CHECK SWITCHBOARD	940.00	
			GEORGE STREET PEDESTRIAN TUNNEL REPAIR	745.00	
			DEPOT ROLLER SHUTTER REPAIR	1,235.00	
			TOWN HALL SERVER ROOM AC LEAK REPAIR	185.00	
			REPAIR LIGHTING AT EF TENNIS CLUB	1,096.25	
			REPAIR LIGHTING AT EAST FREMANTLE TENNIS CLUB	775.00	
			REPAIR TOWN HALL SERVER ROOM A/C LEAK	475.00	
			REPAIRS TO HOT WATER UNIT - TRICOLORE	315.00	7,802.25
EFT26646	31/10/2018	SOUTHERN METROPOLITAN REGIONAL COUNCIL	MSW GATE FEES FOR SEPTEMBER 2018	52,383.38	
			MSW GATE FEES FOR OCTOBER 18 1/10/2018-15/10/2018	29,045.72	
			GREEN WASTE FEES FOR SEPTEMBER 18	8,044.39	
			GREEN WASTE FEES FOR SEPTEMBER 18 / TRAILER PASS X 3	90.00	
			MRF GATE FEES FOR SEPTEMBER 18 - MIXED RECYCLABLES	5,217.55	94,781.04
EFT26647	31/10/2018	LOCAL GOVERNMENT PROFESSIONALS AUSTRALIA WA	STAFF ATTENDANCE - TRAINING - FINANCE FOR NON-FINANCIAL PEOPLE	335.00	335.00
EFT26648	31/10/2018	WALGA	PROCUREMENT REVIEW	5,559.84	5,559.84
EFT26649	31/10/2018	SATELLITE SECURITY SERVICES	GPRS MONITORING - 01/09/18 - 31/12/18	989.94	
			SECURITY CODE DOWNLOAD FOR DOVENBY HOUSE AT STAFF	50.00	1,039.94
EFT26650	31/10/2018	PETRACLEAN	FULL CLEAN OF DOVENBY HOUSE - 20/09/18	1,221.00	
			CLEANING SERVICES - TOWN HALL, DEPOT, SUMPTON GREEN, TRICOLORE AUGUST 18	6,814.69	
			CLEANING SERVICES - TOWN HALL, DEPOT, SUMPTON GREEN, TRICOLORE SEPTEMBER 18	7,206.40	15,242.09
EFT26651	31/10/2018	KERB DOCTOR	CROSSOVER WORKS	440.00	440.00
EFT26652	31/10/2018	WOOLWORTHS	RESPITE CENTRE GROCERIES - 22/10/2018	126.48	
			RESPITE CENTRE GROCERIES - 29/10/2018	204.43	
			CATERING 24/10/2018	42.25	
			CATERING 22/10/2018	45.39	418.55
EFT26653	31/10/2018	JOHN PAPAS TRAILERS	REPAIRS TO CAGE TRAILER	380.00	380.00
EFT26654	31/10/2018	CONCEPT MEDIA	EAST FREMANTLE'S GEORGE STREET FESTIVAL - ADVERTISING (HAVE-A-GO NEWS)	324.50	324.50
EFT26655	31/10/2018	CARRINGTON'S TRAFFIC SERVICES	TRAFFIC CONTROL SERVICES AT PETRA ST / PRESTON PT RD ROUNDABOUT ON 12TH SEPT 2018	902.00	902.00
EFT26656	31/10/2018	JAYBRO CIVIL & SAFETY PRODUCTS	SUPPLY OF 700MM TRAFFIC CONE WITH REFLECTIVE COLLAR	1,650.00	
			SIGN WITH STAND	968.00	2,618.00
EFT26657	31/10/2018	KONICA MINOLTA BUSINESS SOLUTIONS	KONICA MINOLTA PHOTOCOPIER CONTRACT (4374610) 13/09/18 - 12/10/18	504.85	504.85
EFT26658	31/10/2018	SUNNY SIGN COMPANY	SUPPLY STICKERS FOR LEEUWIN BOAT RAMP PARKING SIGNS	195.80	
			SUPPLY OF STREET SIGNS AND FITTINGS	366.52	562.32
EFT26659	31/10/2018	T-QUIP	REPAIRS TO DECK ON TORO 360	225.61	225.61
EFT26660	31/10/2018	FOCUS NETWORKS	1 YEAR VMWARE SUPPORT RENEWAL NOVEMBER 18	3,691.60	
			2018-2019 FOCUS NETWORKS EMAIL PROTECTION SERVICE	1,711.27	
			ADDITIONAL CHARGES - SUPPORT SERVICES OUTSIDE NORMAL	693.55	6,096.42
EFT26661	31/10/2018	ADCO SERVICES	EMERGENCY REPAIRS TO FIRE DAMAGED OFFICE - EAST FREMANTLE	748.00	



			<i>Description</i>	<i>Inv Amount</i>	<i>EFT</i>
			PAYROLL P/E 10/10/18	\$ 147,233.40	\$ 147,233.40
			PAYROLL P/E 24/10/18	\$ 131,035.90	\$ 131,035.90
			<b>PAYROLL TOTALS</b>	<b>\$ 278,269.30</b>	<b>\$ 278,269.30</b>
			<b>GRAND TOTAL</b>	<b>\$ 962,131.66</b>	<b>\$ 962,131.66</b>



### 12.2.3 Application for Rates Exemption

<b>Applicant:</b>	Southern Cross Care (WA) Inc.
<b>File ref:</b>	F/RAT1
<b>Prepared by:</b>	Jessica Melia, Rates Officer
<b>Supervised by:</b>	Peter Kocian, Executive Manager Corporate Services
<b>Meeting Date:</b>	20 November 2018
<b>Voting requirements:</b>	Simple Majority
<b>Documents tabled:</b>	Nil
<b>Attachments:</b>	1. Application for Rates Exemption, Southern Cross Care (WA) Inc, 15 Wolsely Road.

#### Purpose

The purpose of this report is for Council to consider a rate exemption against the property owned by Southern Cross Care (WA) Inc. as the land is being used for “charitable purposes” and qualifies for a rates exemption under section 6.26 (2) (g) of the *Local Government Act 1995*.

#### Executive Summary

Southern Cross Care (WA) Inc. is a Public Benevolent Institution, registered with Australian Charities and Not-for-Profits Commission, whose objectives include providing care, support services and facilities to aged persons, persons with a mental illness or disability and disadvantaged and marginalised persons in the State of Western Australian.

Southern Cross Care (WA) Inc has applied for a Rates Exemption for the amount tabled below:

Description	Levies	Total
General Rates	\$36,308.30	\$36,308.30
<b>Total</b>		<b>\$36,308.30</b>

#### Background

15 Wolsely Road East Fremantle is the site of the former Kaleeya Hospital and was purchased by Southern Cross Care (WA) Inc. in November 2014 to be redeveloped into an aged care service and health facility. The land was not exempt from rates during the construction phase of the aged care service and health facility, and would not be considered land used for “charitable purposes” pursuant to Section 6.26 (2) (g) of the *Local Government Act 1995* until occupied by residents, and in use as an aged care facility. The facility was completed on 7 June 2018 and residents have been occupying the premises from 2 July 2018.

Land used “exclusively for charitable purposes” is defined as non-rateable land under section 6.26 (2) (g) of the *Local Government Act 1995*. Whilst the Act stipulates that where an organisation or individual uses land for charitable purposes, the owners of the land are exempted from paying local government rates, the Act does not provide a clear definition of what constitutes a charitable purpose.

The definition of charitable purposes was introduced by the Statute of Elizabeth enacted by the English Parliament in 1601 and the Judgement Lord Macnaghten in *Commissioners for the Special Purpose of Income Tax v Pemsel*. The preamble to the Act contained a list of purposes or activities that was, in effect, a list of purposes or activities that the State believed were of general benefit to society, and to which the State wanted to encourage private contributions. The list has formed the foundation of the modern definition of charitable purposes, which has developed through case law.

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The definition of charitable purposes is summarised as follows:

- Trust for the relief of poverty
- Trusts for the advancement of education
- Trusts for the advancement of religion; and
- Trusts for other purposes beneficial to the community.

Each local government has the responsibility to assess and decide on applications from organisations seeking an exemption from paying rates. The types of land uses generally considered to be of a charitable nature include community-housing, accommodation for the aged, people with disabilities, disadvantaged persons etc.

An applicant is required to evidence their right to an exemption of rates under Section 6.26 of the *Local Government Act 1995* by providing information upon which the Local Government can make an objective assessment as to their eligibility. In the case of a charitable land use, Section 6.26(2) (g) of the Act does not establish an 'as of right' entitlement to a rate exemption on the basis of a claimant organisation's structure, purpose, objectives or the apparent land use.

The land used by Southern Southern Cross Care (WA) Inc. was acquired for the purpose of establishing an aged care service and health facility; however a rates exemption was not applicable prior to the completion of the facility and until residents were occupying the site. Based on the above, Southern Southern Cross Care (WA) Inc have their right to an exemption of rates pursuant of Section 6.26 of the *Local Government Act 1995*, and have provided the Town with the required documentation to be approved for a rates exemption for the 2018/19 and 2019/20 financial years.

#### **Application process**

An applicant applying to the Town for Rates Exemption must apply in writing, complete the Town's application for exemption and provide any supporting documentation according to the checklist on the form. The following documents are required to be submitted for consideration:

- Application for Rates Exemption
- Copy of Lease, if property is leased
- Building plans, detailing leased areas
- Certificate of Incorporation
- Certificate of Tax Exemption
- Copies of two years' worth of financial statements
- A statement detailing the nature of the organisation, income received from the organisation, details of any commercial activities and how profit is utilised and distributed by the company.
- Copy of the organisations constitution

#### **Making a Determination**

Once the application is returned, consideration is then given to determining whether non-rateable status applies, or is to be declined. Local Governments may do this in two different ways.

1. The Local Government may delegate authority for a Rate Exemption application to be determined by the Chief Executive Officer (or sub-delegated to the Executive Manager Corporate Services).
2. Local Governments may require an application to be referred to Council together with an Officer Recommendation to either approve or decline the request.

If the application is refused, the applicant will need to be notified in writing of the decision. Where the application is refused, the applicant may object under s. 6.76 of the *Local Government Act 1995* to the rate record of the local government in question, on the basis that the land or part of the land was not rateable land. Further, the applicant has the right to appeal a decision made under s. 6.76 to the State Administrative Tribunal (SAT).

Properties exempt from Local Government rates are not exempt from ESL (Emergency Services Levy). Regulation 5 of the *Fire and Emergency Services Regulations 1998* specifies land that is exempt for the ESL.

### Statutory Environment

Section 6.26 (2) of the *Local Government Act 1995* states in part:

(2) *The following land is not rateable land —*

**(g) land used exclusively for charitable purposes;**

### Policy Implications

Council has recently established a policy specifically for Charitable Rate Exemptions, which provides guidance to all applicants who may wish to apply for a rates exemption.

For Council to approve a rate exemption for Southern Cross Care (WA) Inc. the land must exclusively be used for Charitable Purposes defined by the Charitable Uses Act 1601.

Under the Rate Exemption Policy, should Council approve the request from Southern Cross Care (WA) Inc for a Rates Exemption, Southern Cross Care (WA) Inc will be required to reapply for a Rates Exemption every two years.

### Financial Implications

The calculated general rates for each of the properties for the 2018/19 year are as follows:

Property	Annual rates levied
15 Wolsely Road, East Fremantle	\$36,308.30

Should the application for Rates Exemption be refused the applicant may appeal the decision. The appeal would be heard by the State Administrative Tribunal (SAT) and would require the attendance of relevant staff members and could incur potential legal costs. Previous findings of decisions resulting in Rates Exemption applications taken to SAT indicate that if the rateable land in question is proved to be of public benefit the cases were found in favour of the defendant.

Where a rate exemption is provided, the property owner is still required to meet charges associated with ESL and waste collection services. In this instance, fees related to waste collection is not applicable as the facility has contracted a third party waste collection service.

### Strategic Implications

#### **Strategic Priority 1 – Social – A socially connected, inclusive and safe community**

##### **1.1 Facilitate appropriate local services for the health and wellbeing of the community**

- 1.1.1 Facilitate or partner to ensure a range of quality services are provided at a local level
- 1.1.2 Strengthen the sense of place and belonging through inclusive community interaction and participation.



**Strategic Priority 3 – Built environment – Accessible, well planned built landscapes which are in balance with the Town’s unique heritage and open space.**

**3.1 Facilitate sustainable growth with housing options to meet future community needs**

- 3.1.1 Advocate for a desirable planning and community outcome for all major strategic development sites.
- 3.1.2 Plan for a mix of inclusive diversified housing options.

**3.2 Maintaining and enhancing the Town’s character**

- 3.3.1 Continue to improve asset management practices

**3.3 Plan and maintain the Town’s assets to ensure they are accessible, inviting and well connected.**

- 3.3.1 Continue to improve asset management practices
- 3.3.2 Optimal management of assets within resource capabilities
- 3.3.3 Plan and advocate for improved access and connectivity

**12.2.3 OFFICER RECOMMENDATION**

**That Council:**

1. pursuant to section 6.26(g) of the *Local Government Act 1995*, approve the application for rates exemption submitted by Southern Cross Care (WA) Inc, for the property at 15 Wolsely Road, East Fremantle (Assessment A51790).
2. note, pursuant to the Rates Exemption Policy (No 4.2.9), the exemption will remain in place for two financial years being 2018/19 (effective from the date of occupation 2 July) and 2019/20.



## Southern Cross Care

*live life your way*

Southern Cross Care (WA) Inc. is a Public Benevolent Institution, registered with the Australian Charities and Not-for-profits Commission, whose objects include providing care, support, services and facilities to aged persons, persons with a mental illness or disability and disadvantaged and marginalised person in the State of Western Australia or elsewhere on a not for profit basis according to need but regardless of age, gender, marital status, religion, disability, ethnicity or national origin.

To support SCC's objects, SCC provides a range of services including:

- Residential Aged Care including specialist Dementia care
- Home Care services to enable those who require assistance to remain at home
- Independent living villages
- Affordable housing
- Mental health services
- Health and wellness education to the community on matters affecting the wellbeing of those persons SCC supports and cares for
- Research into all health and wellness matters
- Providing opportunities for people living with disabilities to participate in all aspects of community life

SCC operates on a not for profit basis. SCC's main income sources are aged and health related government funding and subsidies as well as client contributions. Any profits generated from SCC's operations are re-invested so that SCC can continue to provide services in accordance with its objects of caring for Western Australians who are aged, those with mental illness or disability and those who are disadvantaged and marginalised.

*Live Life With Respect, Integrity, Compassion & Excellence*



EAST FREMANTLE WA 6158  
PO BOX 1097  
FREMANTLE WA 6959  
TELEPHONE: (08) 9339 9339  
FAX: (08) 9339 9339

This application form is for those organisations seeking rates exemption under Section 6.26 of the *Local Government Act 1995*. All sections of the form must be completed and all additional documentation attached as requested. Failure to do so may result in the rejection of your application. A formal written response will be issued once the application has been processed. All rates must be paid as assessed until such time as a decision has been reached.

**1. Property Owner Details**

- a) Rates Assessment Number: A51790
- b) Property Owner's Name(s): Southern Cross Care (WA) Inc
- c) Property Address: 15 Wolsely Road  
East Fremantle, WA  
6158
- d) Owner's Postal Address: 15 Rowe Avenue  
Rivervale, WA  
6103
- e) Owner's Phone Number: (Ph): \_\_\_\_\_  
(Mbl): \_\_\_\_\_
- f) Owner's Email Address: \_\_\_\_\_

**2. Rates Exemption Applicant Details**

- a) Name of Organisation: Southern Cross Care (WA) Inc
- b) Contact Person: Daniel Adithya
- c) Position: Accountant
- d) Postal Address: PO Box 76  
Burswood, WA  
6100

e) Phone Number:

(Ph): 9282 9908

(Mbl):

f) Email Address:

Dadithya@scross.wa.org.au

g) Is the organisation the owner of the property?

Yes  No

h) Does the organisation lease the property?

Yes  No

If Yes, please provide a copy of the lease agreement showing that the lessee is responsible for the payment of rates.

i) Does the organisation occupy the whole of the building?

Yes  No

j) Is the exemption claimed over the whole of the property?

Yes  No

If No, please provide a copy of the floor plans showing the areas leased and/or areas claiming exemption.

k) Is the organisation claiming a rate exemption on this property under Section 6.26 of the Local Government Act 1995?

Yes  No

If Yes, under what sub-section is the claim made? (Please refer to Appendix A)

Subsection g

l) Is the organisation rate exempt under an Act other than the Local Government Act 1995?

If Yes, under which Act is the organisation is rate exempt?

Yes  No

3. Organisation Information

a) Is the organisation an incorporated body as per the Association Incorporated Act 1987?

If Yes, please attach your Certificate of Incorporation.

Yes  No

b) Is the organisation considered "not-for-profit"?

If Yes, please state the purpose of the organisation:

Yes  No

Southern Cross Care (WA) Inc. provides affordable home care services and nursing home to elderly, people with disabilities and mental health issue in Perth Metro and Regional

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c) Does the organisation receive a tax exemption from the Australian Taxation Office?

If Yes, please attach tax exemption certificates.

Yes  No

d) Please attach a copy of the organisation's constitution.

e) Does the organisation receive income from operations located at the property address?

If Yes, please attach a detailed statement listing the type of operations and a breakdown of income received from these operations.

Yes  No

f) Are commercial activities being conducted at the property address?

If Yes, please attach a detailed statement of any commercial activities carried out at the property address.

Yes  No

g) Does the organisation make a profit from its operations?

If Yes, please attach a detailed statement of how profit is utilised or distributed by the organisation.

Yes  No

h) Please attach a copy of 2 years' audited financial statements.

**4. Checklist for document attachments**

Please tick

a) Copy of the lease if property is leased

b) Building floor plans detailing leased areas

c) Certificate of incorporation

d) Copies of tax exemption certification from the ATO

e) Copy of the organisation's constitution

f) Copies of two years' audited financial statements

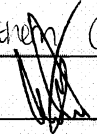
g) A statement detailing the nature of the organisation's operations

This statement is to include the type of operations, any income received from these operations, details of any commercial activities and how profit is utilised and distributed by the company.

h) Please include any other details that may assist with the approval of your application.

**5. Declaration**

I declare that the answers, information and documentation provided in this rates exemption application are true and correct to the best of my knowledge. I am authorised by the organisation to execute this document.

Name: Chong Keng Low  
 Position: Business Manager  
 Organisation: Southern Cross Care (WA) Inc  
 Signature:   
 Date: 12/10/18

**OFFICE USE ONLY**

Rates exemption application approved? Yes  No

Effective date of exemption: \_\_\_\_\_

Reason: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Are rubbish bin charges to be levied? Yes  No

	No. Bins	\$/Bin	Effective Date
Rubbish Bin 240L			
Recycling Bin 240L			

The decision to approve/deny a rates exemption under Section 6.26 \_\_\_ of the *Local Government Act 1995* has been made under delegated authority (Delegation No. 12.8)

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
 Name of signatory: \_\_\_\_\_  
 Position: \_\_\_\_\_

Southern Cross Care (WA) Inc.

# *Consolidated Financial Report*

*for the year ended 30 June 2018*

# *Southern Cross Care (WA) Inc.*

## *Consolidated financial report - 30 June 2018*

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# Financial Update

**This year the broader SCC Group, which includes Southern Cross Care (WA) Inc (SCC) branded residential aged care homes, retirement living and mental health businesses, Southern Plus health and wellness services, and our affordable housing offering Southern Cross Housing Ltd. (SCH), performed well despite the challenging environment of the aged care industry.**

Government reforms continue to occur in the aged care sector, particularly legislative changes that have resulted in staged deregulation, increased compliance and reduced government funding. At the same time, with an ageing population with complex care and health needs, the demand for SCC to deliver contemporary aged care services and products has never been greater.

Consequently, the SCC Group has responded to the need to offset revenue uncertainty through maintaining a strong balance sheet, continuing to streamline and optimise our operational processes, investing in technology, carefully reviewing our costs and investments and entering into strategic partnerships and alliances to undertake key development projects.

Going forward, in response to the ever-changing landscape of the aged care sector, we remain committed to identifying opportunities for new revenue streams and to improving efficiencies whilst maintaining the best possible care and services to our clients and residents.

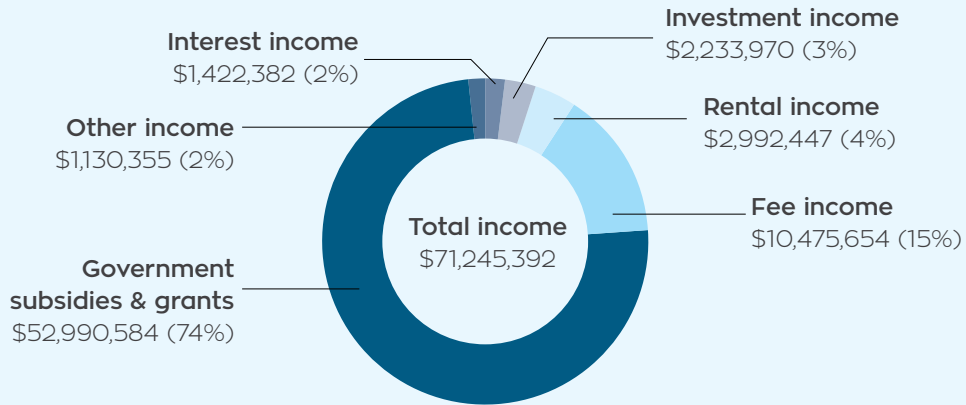
Our affordable housing offering provided by SCH, continues to demonstrate our commitment to supporting vulnerable West Australians by providing affordable housing and accommodation solutions in addition to the necessary health and wellness services they may need. We are pleased to report that this year, SCH's financial performance is delivering on our stated objectives.

As part of our strategy, this year we continued to indentify and acquire sites for future development that support our commitment to provide contemporary aged care accommodation and health and wellness services. In June 2018 we officially opened Southern Plus East Fremantle, a significant initiative that was delivered on time and within budget. With our various strategic partners, this year we commenced our developments in Currabine, Ridgewood and SCC's Foley Retirement Village, in addition to our newly announced developments in Armadale and Ballajura. In the future, we look forward to realising the benefits of our financial investment in these developments, while also indentifying opportunities for further developments across Perth.

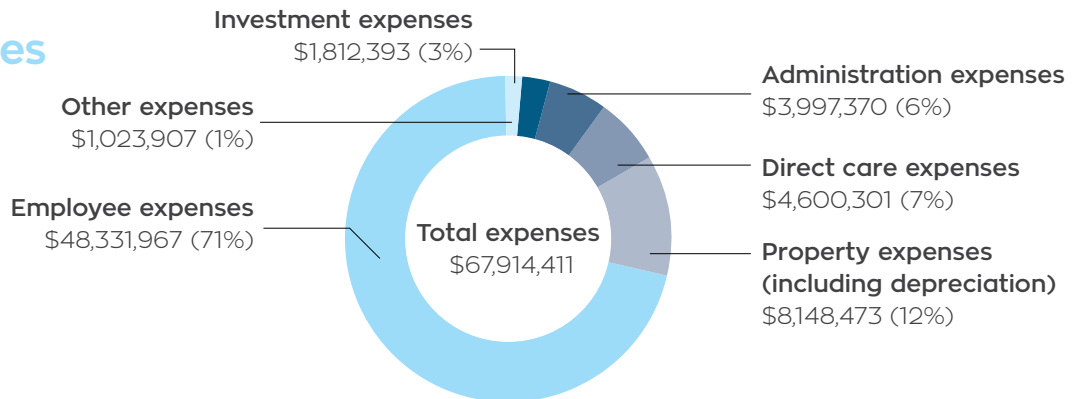
With a strong balance sheet that this year included an increase in our total assets, and a clear strategy for future growth and investment, the SCC Group is well placed to continue delivering the best possible care, support and accommodation to our clients and residents.

# Consolidated Financial Result 2017-18

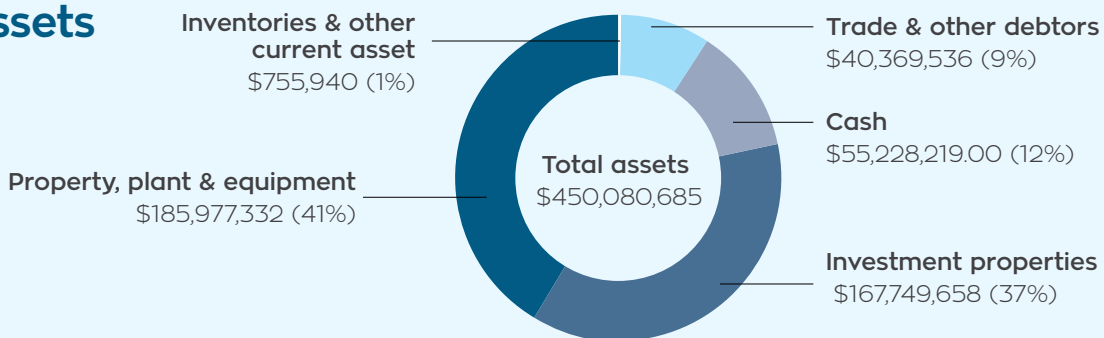
## Income



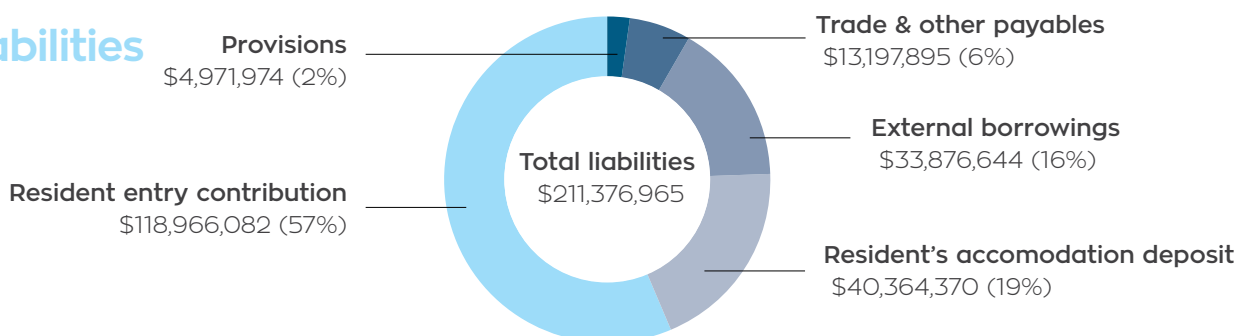
## Expenses



## Assets



## Liabilities



# Southern Cross Care (WA) Inc. Auditor's Independence Declaration 30 June 2018



## *Auditor's Independence Declaration*

As lead auditor for the audit of Southern Cross Care (WA) Inc. for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Southern Cross Care (WA) Inc. and the entity it controlled during the period.

A handwritten signature in black ink, appearing to read 'WPM', is written above the printed name of the auditor.

William P R Meston  
Partner  
PricewaterhouseCoopers

Perth  
27 September 2018

---

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# *Southern Cross Care (WA) Inc.*

## *Consolidated financial report*

### *30 June 2018*

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These consolidated financial statements are the consolidated financial statements of the consolidated entity consisting of Southern Cross Care (WA) Inc. and its controlled entity, Southern Cross Housing Ltd. The consolidated financial statements are presented in Australian currency.

Southern Cross Care (WA) Inc. is an Association Incorporated by the Associations Incorporation Act 2015 in Australia. Its registered office and principal place of business is:

Southern Cross Care (WA) Inc.  
15 Rowe Avenue  
Rivervale WA 6103

The consolidated financial statements were authorised for issue by the directors on 27 September 2018. The directors have the power to amend and reissue the consolidated financial statements.

# Southern Cross Care (WA) Inc.

## Consolidated statement of comprehensive income

### For the year ended 30 June 2018

	Notes	2018 \$	Restated 2017 \$
<b>Revenue</b>	3	<b>71,245,392</b>	97,688,110
Fair value movement in value of independent living units (ILUs)	5	(1,812,393)	-
Fair value movement in deferred management fees		-	(1,147,570)
Employee expenses	4	(48,331,967)	(50,465,122)
Depreciation expenses	4	(3,839,878)	(3,486,898)
Finance costs	4	(37)	(93)
Domestic expenses		(481,932)	(489,190)
Energy expenses		(998,370)	(1,059,568)
Food expenses		(1,773,785)	(1,851,861)
Property expenses		(3,310,225)	(2,716,838)
Resident care expenses		(772,382)	(751,333)
Direct travelling expenses		(1,387,012)	(1,466,552)
Information and communication technology expenses		(999,434)	(1,054,134)
Insurance expenses		(420,926)	(435,027)
Plant & equipment rental expenses		(185,190)	(160,807)
Professional services expenses		(2,576,973)	(2,293,207)
Other expenses		(1,023,907)	(1,106,981)
<b>Profit before income tax</b>		<b>3,330,981</b>	29,202,929
Income tax expense	1(n)	-	-
<b>Profit for the year</b>		<b>3,330,981</b>	29,202,929
<b>Total comprehensive income for the year</b>		<b>3,330,981</b>	29,202,929
Profit is attributable to:			
Owners of Southern Cross Care (WA) Inc. and it's controlled entity		<b>3,330,981</b>	29,202,929
Total comprehensive income for the year is attributable to:			
Owners of Southern Cross Care (WA) Inc. and its controlled entity		<b>3,330,981</b>	29,202,929

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Southern Cross Care (WA) Inc.

## Consolidated balance sheet

### As at 30 June 2018

	Notes	2018 \$	Restated 2017 \$	Parent Restated 2016 \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6	55,228,219	55,351,427	40,772,348
Trade and other receivables	7	40,369,536	45,881,298	47,341,179
Inventories	8	102,291	50,587	65,062
Other current assets	9	653,649	1,167,155	738,791
<b>Total current assets</b>		<b>96,353,695</b>	<b>102,450,467</b>	<b>88,917,380</b>
<b>Non-current assets</b>				
Property, plant and equipment	11	179,890,140	162,455,544	101,517,863
Investment properties	12	167,749,658	172,593,341	172,610,448
Inventories		6,087,192	6,087,192	6,275,455
<b>Total non-current assets</b>		<b>353,726,990</b>	<b>341,136,077</b>	<b>280,403,766</b>
<b>Total assets</b>		<b>450,080,685</b>	<b>443,586,544</b>	<b>369,321,146</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	13	13,167,083	9,759,315	7,965,023
Provisions	14	4,689,508	4,526,031	4,795,565
Borrowings	15	160,460,219	165,359,830	153,860,919
<b>Total current liabilities</b>		<b>178,316,810</b>	<b>179,645,176</b>	<b>166,621,507</b>
<b>Non-current liabilities</b>				
Provisions	16	282,466	340,725	5,854,287
Borrowings	17	32,777,689	28,227,904	26,543,495
Deferred income		-	-	704,454
<b>Total non-current liabilities</b>		<b>33,060,155</b>	<b>28,568,629</b>	<b>33,102,236</b>
<b>Total liabilities</b>		<b>211,376,965</b>	<b>208,213,805</b>	<b>199,723,743</b>
<b>Net assets</b>		<b>238,703,720</b>	<b>235,372,739</b>	<b>169,597,403</b>
<b>EQUITY</b>				
Reserves		39,928,512	39,928,512	39,928,512
Retained earnings		198,775,208	195,444,227	129,668,891
<b>Total equity</b>		<b>238,703,720</b>	<b>235,372,739</b>	<b>169,597,403</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

# Southern Cross Care (WA) Inc.

## Consolidated statement of changes in equity

### For the year ended 30 June 2018

	Retained earnings \$	Asset revaluation reserve \$	Total equity \$
<b>Balance at 1 July 2016</b>	129,668,891	39,928,512	169,597,403
Profit and comprehensive income for the year	25,628,379	-	25,628,379
Retained earnings of controlled entity on consolidation	36,572,407	-	36,572,407
Correction of error	3,574,550	-	3,574,550
<b>Balance at 30 June 2017 (Restated)</b>	<b>195,444,227</b>	<b>39,928,512</b>	<b>235,372,739</b>
<b>Balance at 1 July 2017 (Restated)</b>	195,444,227	39,928,512	235,372,739
Profit and comprehensive income for the year	3,330,981	-	3,330,981
<b>Balance at 30 June 2018</b>	<b>198,775,208</b>	<b>39,928,512</b>	<b>238,703,720</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Southern Cross Care (WA) Inc.

## Consolidated statement of cash flows

### For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from fees, subsidies and other income		73,256,408	67,079,005
Payments to suppliers and employees		(61,258,170)	(64,755,090)
		<u>11,998,238</u>	<u>2,323,915</u>
Interest received		1,398,074	1,148,362
Interest paid		(184,898)	(95,993)
<b>Net cash inflow from operating activities</b>	28(a)	<u>13,211,414</u>	<u>3,376,284</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(3,028,615)	(2,703,742)
Proceeds from sale of property, plant and equipment		212,255	534,394
Payments for investment properties		(966,903)	-
Cash receipts from independent living units sales		8,412,500	9,455,000
Cash payment of independent living units obligations		(5,751,985)	(5,956,412)
Refund of independent living units, that are bought back by SCC		(409,757)	(131,500)
Payment for work in progress		(18,439,923)	(6,918,781)
<b>Net cash (outflow) from investing activities</b>		<u>(19,972,428)</u>	<u>(5,721,041)</u>
<b>Cash flows from financing activities</b>			
Borrowing on residential care facility		4,787,927	2,689,761
Receipts of accommodation bonds	21(c)	18,072,803	17,565,632
Payment of accommodation bonds		(16,078,384)	(6,543,069)
Repayment of borrowings - Inter-Congregational Aged Care and Commercial Bill		(144,540)	(144,540)
<b>Net cash inflow from financing activities</b>		<u>6,637,806</u>	<u>13,567,784</u>
<b>Net (decrease) increase in cash and cash equivalents</b>			
		(123,208)	11,223,027
Cash and cash equivalents at the beginning of the financial year		55,351,427	40,772,348
Cash and cash equivalents adjustment on current year consolidation		-	3,356,052
<b>Cash and cash equivalents at the end of the financial year</b>	6	<u>55,228,219</u>	<u>55,351,427</u>
Non-cash investing and financing activities	28(b)	-	26,057,273

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# *Southern Cross Care (WA) Inc.*

## *Notes to the consolidated financial statements*

### *30 June 2018*

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# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018

## 1. Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **Basis of preparation**

These general purpose consolidated financial statements have been prepared in accordance with *Australian Charities and Not-for-profits Commission Act 2012*, *Associations Incorporations Act 2015*, and the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Urgent Issues Group Interpretations.

These accounts represent the consolidated financial report for Southern Cross Care (WA) Inc. and its controlled entity (The Group).

The consolidated financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). A statement of compliance with International Financial Reporting Standards cannot be made due to the Group applying for the not for profit sector specific requirement contained in AIFRS. The Department of Health & Ageing ("Department") provides a Conditional Adjustment Payment ("CAP") to the Group. To continue to receive this funding the Department requires that we prepare a general purpose consolidated financial report, treat residential aged care as a reportable business unit and have the consolidated financial report audited by a registered company auditor. The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

The Group's principal activity is the provision of health and community services to the aged Western Australian population. Southern Cross Care (WA) Inc. is incorporated in Western Australia under the *Associations Incorporations Act 2015* and registered with the Australian Charities and Not-for-profits Commission under the *Australian Charities and Not-for-profits Commission Act 2012*, with its registered office at 15 Rowe Avenue, Rivervale WA 6103.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the consolidated financial report. The accounting policies have been consistently applied, unless otherwise stated.

### **Reporting basis and conventions**

The consolidated financial report has been prepared on a going concern basis (refer to note 21(c)) using accrual accounting and is based on historical cost modified by the revaluation of selected non current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### **Significant accounting judgments, estimates and assumptions**

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The 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 are discussed below:

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 1. Summary of significant accounting policies (continued)

### Basis of preparation (continued)

#### *Investment properties*

The Group has certain assets classified as Investment Properties for the purposes of AASB 140 Investment Properties, principally independent living units and associated land held for development purposes. These assets are carried at amounts which represent fair value as at the balance date. The fair value has been determined by the Directors in conjunction with its executive team and Southern Plus Real Estate Agency Limited. In accordance with AASB 13 fair value hierarchy, Level 2 inputs have been used in determining the fair value. The inputs include observed transactions for similar property assets sold in the active independent living unit market, and minor adjustments for factors including the condition and location of properties, and volume and level of activity in the entity's properties compared to other sites. It is reasonably possible, based on observing historical adjustments and based on the nature of the active market in which investment properties belong, that outcomes within the next annual reporting period that are different to current assumptions could require a material adjustment to the carrying amount of the assets affected.

No impairment has been recognised for 30 June 2018 (2017: \$nil).

#### *Preparation on consolidated accounts*

The Board makes judgements regarding the preparation and presentation of its financial statements in order to ensure that the information presented is most relevant to the economic decision making needs of the users. The decision has been made to consolidate related entity Southern Cross Housing Limited (SCHL) for the financial period commencing 1 July 2016 onwards.

In the 2017 financial year, SCHL received a significant number of housing transfers from the Department of Housing for the first time since its inception. The quantum of rental income being produced by the current property portfolio is now material to the financial statements of SCCWA. Additionally, management fees charged by SCCWA to SCHL have increased during FY2017 and will continue to do so as the portfolio grows. As a result of the increased activities in SCHL, SCCWA now has the ability to significantly affect the amount of its returns from SCHL should it choose to. Therefore on balance, the criteria of control can be met and SCHL will be consolidated into the financial statements of SCCWA in accordance with AASB 10 Consolidated Financial Statements. Adjustments to the carrying amounts as a result of the consolidation have been disclosed in the financial statements and any relevant notes to the financial statements.

#### **(a) Revenue recognition for subsidies**

Government subsidies are recognised at fair value in the period once there is a high probability the subsidy conditions are met. Fair value is determined in accordance with Federal Government regulated rates for each subsidy category.

#### **(b) Provisions**

Management judgement is applied when determining the value of provisions required in each period. Management has analysed and assessed the costs required to meet the present obligations and accounted for the cost at fair market value to the best estimates of information available.

#### **(c) Subsidies provisions**

The subsidies provision is constituted from funds historically provided by Commonwealth Departments towards the cost of certain fixed assets.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 1. Summary of significant accounting policies (continued)

##### (d) Revenue recognition

Revenue is recognised for the major business activities as follows:

###### (i) Bond retention

The bond retention income accrues monthly as revenue over a five-year period from the date of admission.

###### (ii) Interest revenue

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

###### (iii) Deferred Management Fees ("DMF") for Independent Living Units ("ILUs")

DMF's from independent living units residents are based on contractual retentions applied to the estimated ingoing contribution which would be payable by a new resident at balance date.

##### (e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in current liabilities as deferred income and are credited to the consolidated statement of comprehensive income on receipt of the assets.

##### (f) Principles of consolidation and equity accounting

###### (i) Controlled Entity

A controlled entity is an entity (including structured entity) over which the Association has control. The Association controls an entity when the Association is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The controlled entity is fully consolidated from the date on which control is transferred to the Association. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of the controlled entity have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements incorporate the assets and liabilities of the controlled entity of Southern Cross Care (WA) Inc. ('Association' or 'parent entity') as at 30 June 2018 and the results of the controlled entity for the year then ended. Southern Cross Care (WA) Inc. and its controlled entity together are referred to in this financial report as the Group or the consolidated entity.

##### (g) Investment properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair value of investment properties are included as revenue in the consolidated statement of comprehensive income in the year in which they arise.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 1. Summary of significant accounting policies (continued)

### (g) Investment properties (continued)

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on de-recognition of an investment property are recognised in the consolidated statement of comprehensive income in the year of de-recognition.

The Group makes a determination, on a property by property basis, as to whether a property should be considered an investment property. Factors taken into account include:

- Whether the property generates cash flows largely independent of other services provided to the residents of the properties;
- Whether the property is held for long term capital appreciation rather than for short term sale in the ordinary course of business; and
- The probable future use of the land that is not currently generating cash flows.

The independent living units infrastructure is included in the balance of investment properties as it was not practical to separate the infrastructure values from the independent living unit value and the effect is immaterial. Investment properties are not depreciated as they are restated to fair value annually. Independent living units that are held for resale and the independent living units infrastructure are classified as investment properties.

### (h) Property, plant and equipment

#### (i) Property

Land and buildings are shown at deemed cost, less subsequent depreciation for buildings. Deemed cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year which they are incurred.

#### (ii) Plant and equipment

Plant and equipment are measured on the historical cost basis less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

#### (iii) Depreciation

Land is not depreciated. The depreciable amount of all fixed assets including buildings are depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset are:

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 1. Summary of significant accounting policies (continued)

##### (h) Property, plant and equipment (continued)

###### (iii) Depreciation (continued)

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
- Buildings	3%
- Plant & equipment	10% - 20%
- Computer equipment	20% - 33 1/3%
- Furniture and fittings	5% - 20%
- Motor vehicles	15% - 33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains and losses are included in the consolidated statement of comprehensive income. When revalued assets are sold, it is the Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

##### (i) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at their lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

##### (j) Cash and cash equivalents

For the purpose of this consolidated statement of cash flows, cash includes cash and cash equivalents on hand, at banks and on deposit.

##### (k) Trade receivables

Trade receivables are generally due for settlement within 30 days with the exception of bond receivables. In accordance to the Aged Care Act 1997, bonds are receivable by up to 6 months upon entry to a facility. They are presented as current assets unless collections are not expected for more than 12 months after the reporting date. Trade receivables are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful debt is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses as profit or loss.

##### (l) Inventories

Stores are stated at the lower of cost and net realisable value and are assigned on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 1. Summary of significant accounting policies (continued)

##### (m) Employee benefits

###### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the reporting year in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

###### (ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the year in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are estimated base on prior year's movements.

##### (n) Income tax

In accordance with the provisions of the Income Tax Assessment Act 1997, the Group is exempt from income tax. It is a charitable organisation and a public benevolent institution and is therefore exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997.

##### (o) Business unit reporting

The Group operates primarily in the provision of aged care services. A portion of funding received from the government in relation to providing aged care services is from the Department of Health and Ageing. Funding received by the Department of Health and Ageing requires disclosure of residential aged care operational results.

##### (p) Borrowings

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

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### (q) Borrowing costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 1. Summary of significant accounting policies (continued)

##### (q) Borrowing costs (continued)

All other finance costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

##### (r) Resident Loans (Entry Contribution Loans) for Independent Living Units (ILUs), Accommodation Bonds and Refundable Accommodation Deposit (RAD) for Residential Care Facilities (RCFs)

Resident loans and accommodation bonds are treated as non interest bearing liabilities at fair value through the statement of comprehensive income. They are classified as current liabilities because the Association does not have an unconditional right to defer settlements for greater than twelve months.

Resident loans are measured at the principal amount less accrued annual loan reduction, plus the resident's share of capital gains based on the market value of the underlying property at balance date. Fair value movement of the resident loans are recognised in the statement of comprehensive income in the period the revaluation occurred.

Accommodation bonds are measured at the principal amount less retention amounts. The net amounts of accommodation bonds are repayable on demand and its fair value is no less than the amount payable on demand.

The care recipient admitted residential facilities from 1 July 2014 with accommodation bonds are known as 'refundable accommodation deposits' (RAD). The balance of the deposit is refunded when the resident leaves the residential facilities.

##### (s) Financial instruments

###### *Recognition and derecognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Financial assets are derecognised when the rights to receive cash flows from the financial assets have been expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership. Subsequent to initial recognition these instruments are measured as set out below.

###### *Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. They are included in current assets except for those with maturities greater than 12 months after the reporting year which are classified as non current assets.

###### *Financial liabilities*

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

##### (t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.



# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 1. Summary of significant accounting policies (continued)

##### (u) 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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the consolidated balance sheet are shown inclusive of GST. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the consolidated balance sheet.

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

##### (v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

###### (i) AASB 9 *Financial Instruments* (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduced new rules for hedging and a new impairment model for financial assets. When adopted, the standard consolidates classification of financial assets into three categories only, being amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL). The standard is not expected to have a material impact on the classification or measurement of the Group's financial assets or financial liabilities, which are already classified at amortised cost. The standard will affect in particular the Group's disclosures for classification and measurement of financial assets measured at amortised cost, and credit risk disclosures.

Mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its operative date.

###### (ii) AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2019)

The AASB has issued a new standard for the recognition of revenue. AASB 15 replaces AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The impact of the new standard has not yet been assessed by the Group.

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its operative date.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 1. Summary of significant accounting policies (continued)

##### (v) New accounting standards and interpretations (continued)

###### (iii) AASB 16 Leases (effective from 1 January 2019)

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases, however as at the reporting date, the Group has no non-cancellable operating lease commitments. The Group generally enters short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss. Therefore the application of this standard is not likely to have a significant impact on the Group, however will be assessed fully closer to implementation date for current lease arrangements.

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its operative date.

###### (iv) AASB 1058 Income of Not-for-Profit Entities, AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities (effective 1 January 2019)

AASB 1058 introduces major changes to the recognition of income by not-for-profit entities. Rather than accounting for all contribution transactions under AASB 1004 Contributions, the Group will now have to determine whether a transaction is a genuine donation within the scope of AASB 1058 or a contract with a customer within the scope of AASB 15.

Income from transactions that fall under the scope of AASB 15 is recognised as the obligations under the contract are satisfied, potentially resulting in a deferral of income as compared to the current guidance in AASB 1004. AASB 15 applies if the entity has an enforceable, sufficiently specific obligation to provide goods or services to the customer (ie the grantor) or to another party.

AASB 1058 also introduces new requirements for income recognition in several other types of transactions including:

- below-market leases
- obligations to acquire or construct a specific asset for an entity's own use, and
- other transactions such as volunteer services, donated inventories, endowments and bequests.

The Group's main sources of income are service fees, government funding and deferred management fees. Note 1(b) and 1(e) summarises the current accounting policies applied to these transactions. The Group has not yet determined whether any of these income streams would fall under the scope of AASB 15 or AASB 1058 and how this could affect the accounting treatment.

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its operative date.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 2. Correction of error in accounting

### (a) Correction of error in accounting for land acquisition

In 2016, SCCWA acquired a parcel of land in Ridgewood from the Department of Housing with a fair value estimated by management of \$6.2mil (exclusive of GST). SCCWA has an obligation to build affordable dwellings on a component of this land, which will be transferred to SCH on completion. The acquisition of this asset and corresponding obligations required to be met by SCCWA were erroneously omitted from the financial statements in the 2016 and 2017 financial years. The land was written down to its net realisable value at 30 June 2017, resulting in a write down of \$188,263.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	30 June 2017	Consolidated Increase/ (Decrease)	30 June 2017 (Restated)	30 June 2016	Unconsolidated Increase/ (Decrease)	1 July 2016 (Restated)
	\$	\$	\$	\$	\$	\$
<b>Balance Sheet (extract)</b>						
Inventory	-	6,087,192	6,087,192	-	6,275,455	6,275,455
Receivables	46,440,346	697,273	47,137,619	46,643,906	697,273	47,341,179
Trade payables	(9,062,042)	(697,273)	(9,759,315)	(7,267,750)	(697,273)	(7,965,023)
Non current provisions	-	-	-	(283,286)	(5,571,001)	(5,854,287)
Deferred income	-	-	-	-	(704,454)	(704,454)
<b>Net assets</b>	<b>231,798,189</b>	<b>6,087,192</b>	<b>237,885,381</b>	<b>169,597,403</b>	<b>-</b>	<b>169,597,403</b>
Retained earnings	(191,869,677)	(6,087,192)	(197,956,869)	(129,668,891)	-	(129,668,891)
<b>Total equity</b>	<b>(231,798,189)</b>	<b>(6,087,192)</b>	<b>(237,885,381)</b>	<b>(169,597,403)</b>	<b>-</b>	<b>(169,597,403)</b>
				2017	Profit Increase/ (Decrease)	2017 (Restated)
				\$	\$	\$
<b>Statement of Comprehensive Income (extract)</b>						
Other expenses				-	(188,263)	(188,263)
Gain on contribution of land				-	6,275,455	6,275,455
<b>Profit before income tax</b>				<b>25,628,379</b>	<b>6,087,192</b>	<b>31,715,571</b>
<b>Profit for the year</b>				<b>25,628,379</b>	<b>6,087,192</b>	<b>31,715,571</b>
<b>Total comprehensive income for the year</b>				<b>25,628,379</b>	<b>6,087,192</b>	<b>31,715,571</b>

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 2. Correction of error in accounting (continued)

### (b) Correction of error in accounting for deferred management fees

In 2015, an update to retirement village legislation required that all deferred management fees are only calculated on a pro-rata basis where the resident commenced tenancy during the financial year. In the prior year financial statements, SCCWA applied this legislative change to prospective contracts. Subsequent to the 2017 year end SCCWA confirmed that the legal interpretation extends to be applicable for all contracts retrospectively.

The error has been corrected by restating each of the affected financial line items for the prior periods as follows:

	30 June 2017 \$	Increase/ (Decrease) \$	30 June 2017 (Restated) \$
<b>Balance sheet (extracted)</b>			
Investment properties	172,593,341	(1,256,321)	171,337,020
Current borrowings	(164,103,509)	(1,256,321)	(165,359,830)
<b>Net assets</b>	<b>231,798,189</b>	<b>(2,512,642)</b>	<b>229,285,547</b>
Retained earnings	(191,869,677)	2,512,642	(189,357,035)
<b>Total equity</b>	<b>(231,798,189)</b>	<b>2,512,642</b>	<b>(229,285,547)</b>
	2017 \$	Profit Increase/ (Decrease) \$	2017 (Restated) \$
<b>Statement of Comprehensive Income (extract)</b>			
Revenue	91,853,130	(2,512,642)	89,340,488
<b>Profit before income tax</b>	<b>25,628,379</b>	<b>(2,512,642)</b>	<b>23,115,737</b>
<b>Profit for the year</b>	<b>25,628,379</b>	<b>(2,512,642)</b>	<b>23,115,737</b>
<b>Total comprehensive income for the year</b>	<b>25,628,379</b>	<b>(2,512,642)</b>	<b>23,115,737</b>

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

### 3. Revenue

	2018 \$	2017 \$
<b>Operating activities</b>		
Fees income	10,447,289	11,331,343
Accommodation bond retention	28,365	73,034
Government funding (a)	52,572,918	54,524,592
Grants and capital income	417,666	-
Income from deferred management fees	2,233,970	-
Properties assets transfer funding (b)	-	19,781,818
Rent	2,992,447	2,241,831
Other	1,130,355	1,293,986
Fair value movement in value of independent living units (ILUs)	-	924,597
	<u>69,823,010</u>	<u>90,171,201</u>
<b>Non-operating activities</b>		
Interest received	1,422,382	1,241,454
Gain on contribution of land (c)	-	6,275,455
	<u>1,422,382</u>	<u>7,516,909</u>
	<u>71,245,392</u>	<u>97,688,110</u>

(a) Government funding is received from the State and Commonwealth Government's for residential care and community care.

(b) During the financial year, nil properties (2017: 108) were transferred from Department of Housing under the assets transfer program.

(c) During the previous financial year, the group received a non-reciprocal transfer of land from the Department of Housing.

	2018 \$	2017 \$
Residential care	25,009,724	25,049,500
Community care	27,563,194	29,475,092
Government funding	<u>52,572,918</u>	<u>54,524,592</u>

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 4. Expenses

	2018 \$	2017 \$
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Employee benefits expenses</i>		
Salaries and wages	38,079,402	39,680,039
Staffing payroll on-costs	10,252,565	10,785,083
Total employee benefits expenses	<u>48,331,967</u>	<u>50,465,122</u>
<i>Depreciation of non-current assets</i>		
Buildings	2,176,575	1,829,197
Plant and equipment	416,248	386,782
Furniture and fittings	155,037	135,167
Computer hardware and software	838,589	798,943
Motor vehicles	253,429	336,809
Total depreciation	<u>3,839,878</u>	<u>3,486,898</u>
	2018 \$	2017 \$
<i>Finance expenses</i>		
Financing cost	1,160,023	953,722
Less capitalised to non-current assets	(1,159,986)	(953,629)
Total finance expenses	<u>37</u>	<u>93</u>
(Gain)/loss on disposal of property, plant and equipment	(18,192)	7,189

#### 5. Fair value loss in value of independent living units (ILUs)

	2018 \$	2017 \$
Fair value decrease movement in the value of investment properties (ILUs)	(5,767,586)	-
Fair value increase adjustments in the value of resident entry contributions (ILUs)	3,955,193	-
	<u>(1,812,393)</u>	<u>-</u>

Please refer to Note 3 for the fair value gain in the value of independent living units (ILUs) in 2017.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 6. Current assets - Cash and cash equivalents

	2018 \$	2017 \$
Cash on hand	26,143	29,726
Cash at bank	<b>55,202,076</b>	55,321,701
	<b>55,228,219</b>	55,351,427

#### Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include \$347,001 (2017: \$646,175) which are held by Southern Cross Housing Ltd. These deposits are subject to restrictions and are therefore not available for general use by the Group.

#### Risk exposure

The Group's exposure to interest rate risk is discussed in note 21. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents mentioned above.

#### 7. Current assets - Trade and other receivables

	2018 \$	2017 \$
Trade and bonds debtors (i) (a) (b)	4,789,906	7,796,084
Less provision for doubtful debts	<b>(223,595)</b>	(191,630)
	<b>4,566,311</b>	7,604,454
GST receivables	1,065,097	1,003,827
Sundry debtors	232,151	322,157
Funding income receivable	-	2,643,045
Deferred management fees receivable	<b>34,505,977</b>	34,307,815
	<b>40,369,536</b>	45,881,298

(i) Current trade debtors are non-interest bearing and generally are receivable within 30 days with the exception of bond receivables, which is noted in note 1(k). A provision for doubtful debts is recognised against trade debtors where there is subjective evidence that an individual trade debtor is doubtful.

#### (a) Impaired trade receivables

As at 30 June 2018 and 30 June 2017, there were no impaired trade receivables.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 7. Current assets - Trade and other receivables (continued)

##### (b) Past due but not impaired

As at 30 June 2018, trade receivables of \$1,663,906 (2017: \$1,893,999) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2018 \$	2017 \$
2 months	72,282	149,278
3 to 4 months	188,989	218,763
5 months and over	521,158	387,786
	<u>782,429</u>	<u>755,827</u>

Current trade receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables (see note 21(b)).

##### (c) Sundry debtors

These amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

##### (d) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 21.

##### (e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 21 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

#### 8. Current assets - Inventories

	2018 \$	2017 \$
Food, cleaning and medical supplies - at cost	<u>102,291</u>	<u>50,587</u>



# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 9. Current assets - Other current assets

	2018 \$	2017 \$
Prepayments	638,794	1,139,453
Other	14,855	27,702
	<u>653,649</u>	<u>1,167,155</u>

#### 10. Capital work in progress

	2018 \$	2017 \$	2016 \$
Acquisition and development costs	43,988,014	27,265,871	21,588,735
Capitalised borrowing costs	6,987,150	5,827,164	4,873,535
	<u>50,975,164</u>	<u>33,093,035</u>	<u>26,462,270</u>

Capital work in progress has been included within note 11 - Property, plant and equipment reconciliation.

#### 11. Non-current assets - Property, plant and equipment

	Capital work in progress \$	Freehold land \$	Buildings \$	Plant, equipment and vehicles \$	Total \$
<b>Year ended 30 June 2017</b>					
Opening net book amount	26,462,270	35,685,663	32,449,336	6,920,594	101,517,863
Opening net book amount of controlled entity on consolidation	-	15,582,309	20,187,476	32,914	35,802,699
Additions	6,918,781	-	919,872	1,836,844	9,675,497
Disposals	(288,016)	-	(3,977)	(543,442)	(835,435)
Transfers from Department of Housing	-	5,681,818	14,100,000	-	19,781,818
Depreciation charge	-	-	(1,828,919)	(1,657,979)	(3,486,898)
Closing net book amount	<u>33,093,035</u>	<u>56,949,790</u>	<u>65,823,788</u>	<u>6,588,931</u>	<u>162,455,544</u>
<b>At 30 June 2017</b>					
Cost	33,093,035	56,949,790	77,009,505	16,362,709	183,415,039
Accumulated depreciation	-	-	(11,185,717)	(9,773,778)	(20,959,495)
Net book amount	<u>33,093,035</u>	<u>56,949,790</u>	<u>65,823,788</u>	<u>6,588,931</u>	<u>162,455,544</u>

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 11. Non-current assets - Property, plant and equipment (continued)

	Capital work in progress	Freehold land	Buildings	Plant, equipment and vehicles	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2018</b>					
Opening net book amount	33,093,035	56,949,790	65,823,788	6,588,931	162,455,544
Additions	18,439,923	-	907,558	2,121,057	21,468,538
Disposals	-	-	-	(194,064)	(194,064)
Transfers from Capital WIP	(557,794)	-	-	557,794	-
Transfers from Department of Housing	-	-	-	-	-
Depreciation charge	-	-	(2,176,575)	(1,663,303)	(3,839,878)
Closing net book amount	50,975,164	56,949,790	64,554,771	7,410,415	179,890,140
<b>At 30 June 2018</b>					
Cost	50,975,164	56,949,790	77,917,064	18,358,944	204,200,962
Accumulated depreciation	-	-	(13,362,293)	(10,948,529)	(24,310,822)
Net book amount	50,975,164	56,949,790	64,554,771	7,410,415	179,890,140

#### 12. Non-current assets - Investment properties

	2018	2017
	\$	\$
Retirement villages - at fair value	<b>167,749,658</b>	172,593,341

##### Reconciliations

Reconciliation of the carrying amounts of investment properties at the beginning and end of the current financial year.

	2018	2017
	\$	\$
<b>Retirement villages</b>		
Carrying amount at 1 July	<b>172,593,341</b>	172,610,448
Additions	<b>1,033,983</b>	913,281
Valuation (decrement)	<b>(5,877,666)</b>	(930,388)
	<b>167,749,658</b>	172,593,341

##### (b) Valuation basis

The fair value of investment properties at 30 June 2018 is \$167,749,658 (2017: \$172,593,341) and is measured using the accepted market approach as defined in AASB 13. The fair value has been determined by the Directors in conjunction with its executive team and Southern Plus Real Estate Agency Limited. In accordance with AASB 13 fair value hierarchy, Level 2 inputs have been used in determining the fair value. The inputs include observed transactions for similar property assets sold in the active independent living unit market, and minor adjustments for factors including the condition and location of properties, and volume and level of activity in the entity's properties compared to other sites.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 13. Current liabilities - Trade and other payables

	2018 \$	2017 \$
Trade creditors and accruals	5,678,148	3,605,199
Income received in advance	4,091,715	2,123,169
Accrued salaries and wages	1,903,105	2,003,255
Refurbishment reserve	1,241,622	1,723,941
Related party loan	9,793	3,504
Other reserves	242,700	300,247
	<b>13,167,083</b>	<b>9,759,315</b>

#### 14. Current liabilities - Provisions

	2018 \$	2017 \$
Provision for annual leave	3,194,315	2,989,870
Provision for long service leave	1,495,193	1,536,161
	<b>4,689,508</b>	<b>4,526,031</b>

#### Amounts not expected to be settled within 12 months

The entire obligation is presented as current, as the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amounts reflect leave that is not to be expected to be taken within the next 12 months.

	2018 \$	2017 \$
Annual leave	83,975	157,518
Long service leave	1,194,157	1,298,232
Total	<b>1,278,132</b>	<b>1,455,750</b>

#### 15. Current liabilities - Borrowings

	2018 \$	2017 \$
Mortgage - secured (note 17a)	1,098,955	1,243,495
Entry contributions (note 21(c))	118,966,082	122,749,324
Accommodation bonds	40,364,370	41,334,751
Others	30,812	32,260
Total current borrowings	<b>160,460,219</b>	<b>165,359,830</b>

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 15. Current liabilities - Borrowings (continued)

##### Risk exposures

Details of the Group's exposure to risks arising from borrowings are set out in note 21.

#### 16. Non-current liabilities - Provisions

	2018 \$	2017 \$
Employee benefits - long service leave	<u>282,466</u>	<u>340,725</u>

#### 17. Non-current liabilities - Borrowings

	2018 \$	2017 \$
Loan - secured (a)(i)	<u>32,777,689</u>	<u>28,227,904</u>

##### (a) Secured liabilities and assets pledged as security

- (i) Loan - secured  
The loan facility of \$50m with Archdiocesan Development Fund has a registered first mortgage over the following properties:

##### Residential Aged Care

(a) Margaret Hubery House at 36 Fifth Avenue, Rossmoyne, Western Australia described as Lot 102 on Diagram 99513, Volume 2183 Folio 902 (Held, Mortgage L339946);

(b) Jeremiah Donovan House at 138 Lewis Road, Forrestfield, Western Australia described as Lot 19 on Diagram 79509, Volume 2122 Folio 333 (Held, Mortgage L04063);

(c) Frank Prendergast House at 27 Pearson Drive, Success, Western Australia described as Lot 804 on Deposited Plan 34167 Volume 5232 Folio 566;

(d) Joseph Cook House at 2 Houtmans Street, Shelley, Western Australia described as Lot 1135 on Diagram 4395, Volume 2133 Folio 376;

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 17. Non-current liabilities - Borrowings (continued)

### (a) Secured liabilities and assets pledged as security (continued)

#### Other

(e) Office at 15 Rowe Avenue, Rivervale, Western Australia described as Lot 21 On Diagram 68571, Volume 1827 Folio 669;

(f) Currambine at 16 Sunlander Drive, Currambine, Western Australia described as Lot 1 on Deposited Plan 58614, Volume 2702 Folio 208;

(g) Kaleeya at 15 Wolseley Road, East Fremantle, Western Australia described as:

(i) Lot 102 on Diagram 84191 Volume 1960 Folio 527;

(ii) Lot 3 on Diagram 3991, Volume 1960 Folio 943; and

(iii) Lot 88 on Diagram 5275, Volume 2225 Folio 943.

### (b) Risk exposures

Details of the Group's exposure to risks arising from borrowings are set out in note 21.

## 18. Key management personnel disclosures

### (a) Executive Management Team

The following persons were members of the Executive Management Team for Southern Cross Care (WA) Inc. during the financial year:

1. Errol Turner	Chief Executive Officer
2. Jane O'Halloran	General Manager of Strategy
3. Michael Jordon	General Manager of Finance & Corporate Services
4. Carole Bain	General Manager of Service Delivery

### (b) Board Members

Mr Bradley Prentice	Chairman
Mr Mark Foley	Deputy Chairman
Mr Jeffrey Beale	Member
Mrs Anne Arnold	Member (resigned 6 November 2017)
Ms Mary Butterworth	Member (resigned 30 June 2018)
Mr Paul Rossen	Member
Mr Anton Vis	Member
Mr Peter Evans	Member (appointed 9 November 2017)
Mr John Chegwidan	Member (appointed 9 November 2017)
Mrs Elaine Pavlos	Member (appointed 23 February 2018)

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 18. Key management personnel disclosures (continued)

##### (c) Key management personnel compensation

	2018 \$	2017 \$
Short-term employee benefits (Cash salary and fees)	1,172,814	1,028,613
Post-employment benefits (Superannuation)	75,225	65,339
	<u>1,248,039</u>	<u>1,093,952</u>

##### (d) Key management personnel compensation (for all board members only)

	2018 \$	2017 \$
Short term employee benefits (cash salary and fees)	178,485	147,601
Post-employment benefits (superannuation)	16,956	11,761
	<u>195,441</u>	<u>159,362</u>

#### 19. Related parties

##### (a) Key management personnel

Disclosure relating to key management personnel is set out in note 18.

##### (b) Transactions with related party

	2018 \$	2017 \$
Salaries paid on behalf from parent entity	64,962	6,125
Expenses paid on behalf from parent entity	12,654	180,790
Expenses paid on behalf of related party	2,045	1,221
Management and consultancy fees levied from parent entity	361,632	331,284
	<u>441,293</u>	<u>519,420</u>

##### (c) Transactions with related parties (managed entities)

	2018 \$	2017 \$
Management and consultancy fees levied on managed entities	<u>825,571</u>	<u>660,357</u>

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 20. Business unit reporting

The Group operates primarily in the provision of aged care services. A portion of funding received from the government in relation to providing aged care services is from the Department of Health and Ageing. Funding received by the Department of Health and Ageing requires disclosure of residential aged care operational results, product and service type.

### Primary reporting format - business segments

2018	Southern Cross Housing \$	Residential Aged Care \$	Community Care \$	Villages \$	Corporate Services \$	Total \$
<b>Revenue</b>						
Fee income	-	9,280,806	1,184,148	10,700	-	10,475,654
Government funding	-	26,349,174	26,223,744	-	-	52,572,918
Capital gain and other income	2,981,319	826,181	202,156	2,761,100	1,426,064	8,196,820
Other gains - net	-	-	-	-	-	-
<b>Total segment revenue</b>	<b>2,981,319</b>	<b>36,456,161</b>	<b>27,610,048</b>	<b>2,771,800</b>	<b>1,426,064</b>	<b>71,245,392</b>
<b>Expenditure</b>						
Wages and other expenses	(1,412,658)	(29,658,093)	(18,858,738)	(2,073,249)	(12,071,794)	(64,074,532)
Depreciation and interest	(897,674)	(1,553,829)	(560,545)	(198,461)	(629,370)	(3,839,879)
<b>Total segment expenditure</b>	<b>(2,310,332)</b>	<b>(31,211,922)</b>	<b>(19,419,283)</b>	<b>(2,271,710)</b>	<b>(12,701,164)</b>	<b>(67,914,411)</b>
<b>Segment result</b>	<b>670,987</b>	<b>5,244,239</b>	<b>8,190,765</b>	<b>500,090</b>	<b>(11,275,100)</b>	<b>3,330,981</b>
<b>Assets and liabilities</b>						
Assets	58,354,104	92,772,600	2,540,965	210,124,273	86,288,743	450,080,685
Liabilities	1,566,014	67,172,055	4,015,808	119,208,784	19,414,304	211,376,965
<b>2017</b>						
<b>Revenue</b>						
Fee income	-	8,827,672	2,490,471	13,200	-	11,331,343
Government funding	-	26,370,651	28,153,940	-	-	54,524,591
Capital gain and other income	21,972,719	-	149,934	2,042,499	6,742,427	30,907,579
Other gains - net	-	-	-	924,597	-	924,597
<b>Total segment revenue</b>	<b>21,972,719</b>	<b>35,198,323</b>	<b>30,794,345</b>	<b>2,980,296</b>	<b>6,742,427</b>	<b>97,688,110</b>
<b>Expenditure</b>						
Wages and other expenses	(1,125,550)	(30,147,467)	(20,652,654)	(694,388)	(12,282,230)	(64,902,289)
Depreciation and interest	(609,418)	(1,520,606)	(650,937)	(183,308)	(618,623)	(3,582,892)
<b>Total segment expenditure</b>	<b>(1,734,968)</b>	<b>(31,668,073)</b>	<b>(21,303,591)</b>	<b>(877,696)</b>	<b>(12,900,853)</b>	<b>(68,485,181)</b>
<b>Segment result</b>	<b>20,237,751</b>	<b>3,530,250</b>	<b>9,490,754</b>	<b>2,102,600</b>	<b>(6,158,426)</b>	<b>29,202,929</b>
<b>Assets and liabilities</b>						
Assets	58,510,002	71,649,659	5,728,696	222,723,209	84,974,977	443,586,543
Liabilities	2,035,079	65,194,387	1,649,797	121,727,848	17,606,694	208,213,805

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 21. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The Group held the following financial instruments:

	2018 \$	2017 \$
<b>Financial assets</b>		
Cash and cash equivalents	55,228,219	55,351,427
Trade and other receivables	40,369,536	45,881,298
	<u>95,597,755</u>	<u>101,232,725</u>
<b>Financial liabilities</b>		
Trade and other payables	13,167,083	9,759,315
Borrowings	193,237,908	193,587,734
	<u>206,404,991</u>	<u>203,347,049</u>

### (a) Market risk

#### (i) Foreign exchange risk

The Group is not exposed to foreign exchange risk arising from various currency exposures as all of its financial instruments are denominated in Australian dollars.

#### (ii) Price risk

The Group is not exposed to equity securities price risk, as Southern Cross Care does not hold any investments, nor is Southern Cross Care exposed to commodity price risk.

#### (iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose it to cash flow interest rate risk.

During 2018 the Group's borrowings at variable rate were denominated in Australian Dollars. As at the reporting date, the Group had the following variable rate borrowings were outstanding:

	30 June 2018		30 June 2017	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank loans	3.5%	<u>33,381,644</u>	3.7%	28,738,256
Net exposure to cash flow interest rate risk		<u>33,381,644</u>		<u>28,738,256</u>



# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 21. Financial risk management (continued)

### (b) Credit risk

Credit risk arises from cash and cash equivalents, credit exposures to customers, including outstanding receivables for residential care facilities accommodation deposits and independent living units. Accommodation deposits are received as dictated by the government, mitigating the residential care facilities accommodation deposits credit risk. For independent living customers, Southern Cross Care (WA) Inc. retains title over the independent living unit for the duration of the customer's stay, mitigating the resident loan risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in note 7.

The credit quality of financial assets can be assessed by reference to historical information about counterparty default rates:

	2018 \$	2017 \$
<b>Trade receivables</b>		
Group 1	201,372	240,854
Group 2	581,057	514,973
Total	<u>782,429</u>	<u>755,827</u>

- \* Group 1 - existing customers (from 2 months but less than 4 months) with no defaults in the past  
 Group 2 - existing customers (4 months and over) with no defaults in the past

### (c) Liquidity risk

The directors have prepared the consolidated financial reports on a going concern basis. Due to the mandatory legal obligations arising as a result of operating in the Aged Care industry the Group cannot defer the repayments of entry contribution bonds (accommodation bonds) as they are payable upon the resident leaving the Group. This combined with the resident loans current liability classification contributes to the working capital deficiency position of \$82m (2017: \$77m) for the Group. The current liability classification of these payable balances is in accordance with the requirements of accounting standard AASB 101 as the organisation does not have the unconditional right to defer the settlement for greater than 12 months.

Based on historical performance the cash flow expected during the year for accommodation bonds and resident loans are as detailed below:

#### **Accommodation Bonds for Residential Care Facilities (RCFs)**

The total liability as at 30 June 2018 was \$40.4m (2017: \$41.3m) made up of 148 (2017: 143) individual bonds. During the financial year the Group received \$18.0m (2017: \$17.5m) and repaid \$16.0m (2017: \$6.5m) in bonds, representing 43.18% (2017: 27%) of the previous year's liability. Management assume from the above, that approximately \$19.0m (2017 estimate: \$11.3m) will be received and \$16.0m (2017: \$6.0m) will be repaid in bonds in the 2018/19 financial year. Should the need arise for the Group to finance any payment of these bonds, a \$50m (2017: \$50m) Come and Go finance facility with the Catholic Archdiocese of Brisbane - Archdiocesan Development Fund is available, in addition to a \$1.5m Come and Go finance facility (2017: \$1.5m). This is in addition to the cash reserves available to draw upon.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 21. Financial risk management (continued)

### (c) Liquidity risk (continued)

#### Resident Loans for Independent Living Units (ILUs)

Liability for resident loans as at 30 June 2018 is \$119.0m (2017: \$122.7m). A resident loan is repayable to an outgoing resident once settlement has been finalised. Settlement is finalised when the incoming resident has fulfilled all conditions of the Lease for Life contract and has paid over to the Group "cleared funds" representing the full purchase price. On receipt of the cleared funds the Group has 7 days to repay the outstanding liability to the departing resident.

The expected payments for these outflows are to be funded by contributions from incoming residents to retirement villages. For instance during the financial year the incoming residents paid \$8.41m (2017: \$9.45m) for the Lease for Life contracts and \$6.16m (2017: \$6.08m) was refunded to outgoing residents.

#### Maturities of financial liabilities

The tables below analyse the Group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>							
Non-interest bearing (note 15 & 17)	1,099	-	-	-	-	1,099	1,099
Variable rate (note 17)	616	616	1,232	36,475	-	38,940	32,778
	<b>1,715</b>	<b>616</b>	<b>1,232</b>	<b>36,475</b>	<b>-</b>	<b>40,039</b>	<b>33,877</b>
<b>2017</b>							
Non-interest bearing (note 15 & 17)	1,242	-	-	-	-	1,242	1,242
Variable rate (note 17)	528	528	1,056	31,395	-	33,507	28,228
	<b>1,770</b>	<b>528</b>	<b>1,056</b>	<b>31,395</b>	<b>-</b>	<b>34,749</b>	<b>29,470</b>

### (d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial assets that are not traded in an active market is determined using valuation techniques. Estimated discounted cash flows are used to determine fair value for financial instruments.

The carrying value less impairment of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## 22. Contingent liabilities

There are no other contingent liabilities as at 30 June 2018 (2017: \$nil).

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 23. Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2018 \$	2017 \$
Kaleeya Refurbishment (Cooper & Oxley)	444,157	9,122,382
Ridgewood Development (Pindan)	5,320,000	24,860,000
	<u>5,764,157</u>	<u>33,982,382</u>

## 24. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group:

	2018 \$	2017 \$
<i>Audit and other assurance services</i>		
Audit and review of financial statements	81,977	78,152
Total remuneration for audit and other assurance services	<u>81,977</u>	<u>78,152</u>
<i>Other services</i>		
Professional fee for preparation of financial statements	13,240	13,240
GST review	-	15,000
Tax consulting service	26,571	-
Total remuneration for other services	<u>39,811</u>	<u>28,240</u>
Total remuneration	<u>121,788</u>	<u>106,392</u>

## 25. Controlled entity

### Material controlled entity

The Group's controlled entity at 30 June 2018 is set out below. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Principal activities
Southern Cross Housing Ltd	Australia	Participates in the Department of Housing program to provide affordable housing to the community

#### (i) Significant judgement: consideration of controlled entity

The board has concluded that the association controls Southern Cross Housing Ltd. The significant judgements regarding this decision are disclosed in note 1 *preparation of consolidated accounts*.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

## 26. Subsequent events

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

## 27. Parent entity financial information

### (a) Summary financial information

The individual consolidated financial statements for the parent entity show the following aggregate amounts:

	2018 \$	2017 \$
<b>Balance sheet</b>		
Current assets	92,015,710	98,878,050
Non-current assets	299,607,159	286,442,570
<b>Total assets</b>	<u>391,622,869</u>	<u>385,320,620</u>
Current liabilities	176,653,416	177,537,860
Non-current liabilities	39,327,282	34,840,436
<b>Total liabilities</b>	<u>215,980,698</u>	<u>212,378,296</u>
<i>Shareholders' equity</i>		
Reserves	39,928,512	39,928,512
Retained earnings	135,713,659	133,013,812
<b>Total equity</b>	<u>175,642,171</u>	<u>172,942,324</u>
<b>Profit for the year</b>	<u>3,021,760</u>	3,344,919
<b>Total comprehensive income</b>	<u>3,021,760</u>	3,344,919

### (b) Guarantees entered into by the parent entity

The parent did not provide any guarantees during the year ended 30 June 2018.

### (c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

### (d) Contractual commitments for the acquisition of property, plant or equipment

Significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities is \$444,157 (2017: \$9,122,382) for the Kaleeya Refurbishment (Cooper & Oxley) and \$5,320,000 (2017: \$24,860,000) for the Ridgewood Development (Pindan) see note 23.

# Southern Cross Care (WA) Inc.

## Notes to the consolidated financial statements

### 30 June 2018 (continued)

#### 28. Cash flow information

##### (a) Reconciliation of profit after income tax to net cash inflow from operating activities

	2018	2017
	\$	\$
Profit for the year	3,330,981	29,202,929
Depreciation	3,839,878	3,486,898
Bonds retention	(28,365)	(73,035)
Fair value movement in deferred management fees	(2,233,970)	1,147,570
Gain on contribution of land	-	(6,275,455)
Fair value movement on property, plant and equipment and investment properties	2,502,480	(1,246,696)
(Gain)/loss on disposal of fixed assets	(18,192)	7,189
Gain from property assets transferred from Department of Housing	-	(19,781,818)
Property reserve	477	184,545
Change in operating assets and liabilities:		
Decrease/(increase) in trade debtors	2,231,933	(3,342,207)
(Increase)/decrease in inventories	(51,704)	202,738
Decrease/(increase) in other current assets	513,506	(428,365)
Increase in trade creditors	3,028,140	339,496
Increase/(decrease) in provisions	96,250	(47,505)
Net cash inflow from operating activities	<u>13,211,414</u>	<u>3,376,284</u>

##### (b) Non-cash investing and financing activities

Properties assets transferred from Department of Housing	<u>-</u>	<u>26,057,273</u>
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# Southern Cross Care (WA) Inc.


## Directors' declaration

### 30 June 2018

In the directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 2 to 35 give a true and fair view of the consolidated Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012*, the *Associations Incorporation Act 2015* and other mandatory professional reporting requirements in Australia;
- (b) the operations of the Group have been carried out in accordance with the constitution and rules of Southern Cross Care (WA) Inc; and
- (c) at the date of this declaration, there are reasonable grounds to believe The Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Mr Bradley Prentice  
Chairperson

Perth  
27 September 2018

# Southern Cross Care (WA) Inc.

## Independent auditor's report to the members

### 30 June 2018



### Independent auditor's report

To the members of Southern Cross Care (WA) Inc.

#### Our opinion

In our opinion:

The accompanying financial report of Southern Cross Care (WA) Inc. (the Association) and its controlled entity (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the *Associations Incorporation Act 2015 (the Acts)*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and the *Associations Incorporation Act 2015*.

#### What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2018
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the Directors' declaration

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

**PricewaterhouseCoopers, ABN 52 780 433 757**  
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 T: +61 8 9238 3000, F: +61 8 9238 3999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

# Southern Cross Care (WA) Inc.

## Independent auditor's report to the members

### 30 June 2018 (continued)



#### *Responsibilities of the Directors for the financial report*

The Directors of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the *Associations Incorporation Act 2015*, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

PricewaterhouseCoopers

William P R Meston  
Partner

Perth  
27 September 2018





#### 12.2.4 Commonwealth Home Support Program (CHSP) – Centre Based Day Respite Care

<b>Applicant</b>	N/A
<b>File ref</b>	H/CDR1
<b>Prepared by</b>	Rachael Gardner, Assistant Coordinator CHSP Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date</b>	20 November 2018
<b>Voting requirements</b>	Absolute Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	Nil

#### Purpose

This report recommends that Council amend the 2018/19 Schedule of Fees and Charges, to provide free transport to East Fremantle residents who are receiving a Home Care Package (outside the scope of the Commonwealth Home Support Program - CHSP), and accessing the Centre Based Day Respite services at Tricolore.

#### Executive Summary

The CHSP is an entry level aged care program, designed to provide small amounts of single service to a large number of frail aged. Older people with more complex needs are out of scope for the CHSP and need to be supported through Home Care Packages.

A Home Care Package is a coordinated package of care and services to support independent living. Services are provided by an approved provider under the following service hierarchy:

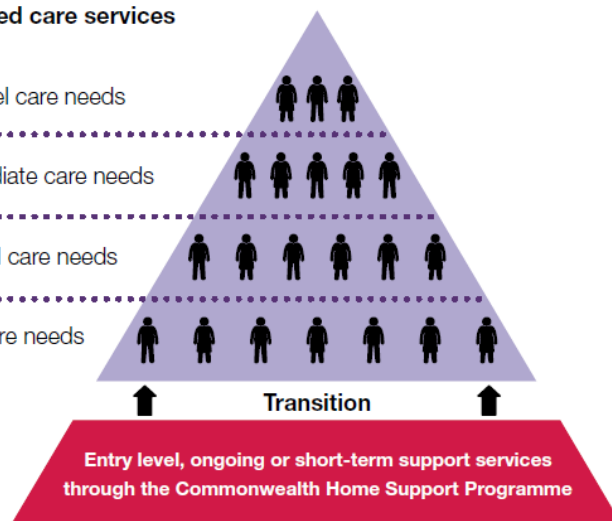
#### Packages of aged care services for people with:

Level 4: high-level care needs

Level 3: intermediate care needs

Level 2: low-level care needs

Level 1: basic care needs



#### Background

From 1 July 2018, Home and Community Care (HACC) services for older people aged 65 years and over transitioned to the Commonwealth Home Support Program (CHSP).

The Town of East Fremantle is a funded CHSP provider, with funding guaranteed for the 18/19 and 19/20 financial years as per the following schedule:

Program	Activity Name	Grant Amount
Home Support	Centre Based Respite – Care Relationships and Carer Support	\$17,454
Home Support	Flexible Respite – Care Relationships and Carer Support	\$69,262
Home Support	Home Maintenance – Community and Home Support	\$110,663
Home Support	Domestic Assistance – Community and Home Support	\$155,182
Home Support	Transport – Community and Home Support	\$168,868
Home Support	Social Support – Individual – Community and Home Support	\$387,750
Home Support	Social Support – Group – Community and Home Support	\$456,801
<b>Total</b>		<b>\$1,365,980</b>

Clients currently receive a variety of services, one of which is Social Support Centre Based Day Respite.

#### Consultation

Rachael Gardner, Assistant Coordinator CHSP

Pauline Stellamans, Coordinator CHSP

#### Statutory Environment

Fees and Charges are imposed by an absolute majority decision of Council pursuant to section 6.16 of the *Local Government Act 1995*. Local governments are required to give notice of fees and charges if fees and charges are imposed after the annual budget has been adopted (s6.19).

#### Policy Implications

There are no Council Policies relevant to this item.

#### Financial Implications

There are negligible financial implications associated with this item. The provision of free transport may actually be cash positive as it could promote additional use of Centre Based Day Respite Services.

#### Strategic Implications

The Town's Strategic Community Plan identifies the need for a socially connected, inclusive and safe community to strengthen the sense of place and belonging. This is achieved through inclusive community interaction and participation.

#### Site Inspection

Not applicable

#### Comment

Clients receiving CHSP funding are able to access the Centre Based Day Respite service 1 to 2 days per week at a subsidised cost (\$13 per day - \$8.00 Centre Fee and \$2.50 each way for transport). Full cost recovery of this service equates to \$169.11 per day which is inclusive of transport to and from the Centre. The transport portion of this cost equates to \$49.66 per day.

Many of the Town's long term clients are now receiving packages due to their declining health and the need for more complex support. Package providers have advised the Town, that in some cases, they are unable to fund Centre Based Respite services at full cost, but have indicated that they would be willing to utilise the service if they are able to negotiate a reduced fee.

---

Given the Town's strategic objectives, it is recommended that Council approves free transport for East Fremantle residents, who are in receipt of a Home Care Package, to encourage package providers to utilise the Town's Centre Based Day Respite services. It is not necessary to offer free transport to CHSP clients, as the Town has flexibility under the program to offer a fee waiver for clients who cannot afford the \$13.00.

This will have a minimal impact on cost as the Town is already providing a funded transport service to CHSP clients within the area.

Long-term residents will be happy in the knowledge that they can continue to access the Centre Based Day Respite Centre to participate in community life and feel socially included through structured group based activities that develop, maintain and support independent living and social interaction.

**12.2.4 OFFICER RECOMMENDATION**

**That Council:**

- 1. resolve to amend the 2018/19 Schedule of Fees and Charges, by providing free transport to East Fremantle residents, who are in receipt of a Home Care Package, and who utilise Centre Based Day Respite services at Tricolore.**
- 2. provide local public notice of the \$0 transport fee, with an effective date of 1 December 2018.**



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### 12.2.5 Audited Annual Financial Report for the Year Ended 30 June 2018 and Audit Report

<b>Applicant</b>	Town of East Fremantle
<b>File ref</b>	C/ELM1
<b>Prepared by</b>	Peter Kocian, Acting Chief Executive Officer
<b>Date of Meeting</b>	20 November 2018
<b>Voting requirements</b>	Absolute Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Audited Annual Financial Report for the Year Ended 30 June 2018 and Audit Report

#### **Purpose**

This report presents the Audited Annual Financial Report for the Year Ended 30 June 2018 to Council. This is inclusive of the Independent Audit Report, addressed to the Councillors of the Town of East Fremantle.

#### **Executive Summary**

Pursuant to Sections 6.4, 7.2 and 7.9 of the Local Government Act 1995, local governments are required each year to have the accounts and annual financial report audited.

#### **Background**

The Town received an unqualified audit opinion on its Annual Financial Report, which indicates that the Town's financial statements are an accurate presentation of its financial position. The Unaudited Annual Financial Report was presented to Council at its meeting of 21 August 2018.

#### **Statutory Environment**

Section 6.4 of the *Local Government Act 1995 (As amended)* states the local government is to prepare an annual financial report for the preceding financial year, and submit to its auditor by 30 September following each financial year, including the accounts to be balanced up to the last day of the preceding financial year.

Section 7.9 (1) of the *Local Government Act 1995* states that an auditor is required to examine the accounts and annual financial report submitted for audit and, by 31 December next following the financial year to which the accounts and report relate, to prepare a report thereon and forward a copy of the report to:

- (a) The Mayor or President;
- (b) The Chief Executive Officer of the local government; and
- (c) The Minister.

The content of the Annual Financial Report is prescribed in regulations 36-50 of the *Local Government (Financial Management) Regulations 1996 (As amended)*.

#### **Policy Implications**

There are no policy implications.

#### **Financial Implications**

There are no financial implications.

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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

**Site Inspection**

Not applicable.

**Comment**

The Town has received an unqualified audit indicating that the annual financial report of the Town of East Fremantle:

- (a) Is based on proper accounts and records; and
- (b) Fairly represents, in all material respects, the results of the operations of the Town of East Fremantle for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

There were also no identified instances of non-compliance with the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*. There were no material or significant adverse trends in financial position or financial management practices revealed during the course of the audit.

The Audit Management Letter for the year ended 30 June 2018 was considered by the Audit Committee at its meeting of 7 November 2018, with identified issues being reported via a standing status report.

**12.2.5 OFFICER RECOMMENDATION**

**That Council:-**

- 1. receive the Audited Annual Financial Report for the Year Ended 30 June 2018, inclusive of the independent Auditor's Report.**
- 2. note the Annual Report will be presented to Council for adoption at its December 2018 Ordinary Meeting.**

**Town of East Fremantle**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

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Principal place of business:  
135 Canning Highway  
East Fremantle 6158



Town of East Fremantle  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of East Fremantle for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Town of East Fremantle at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 1st day of November 2018



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Gary Tuffin  
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	24	7,583,304	7,545,075	7,370,900
Operating grants, subsidies and contributions	2	1,238,605	1,066,056	1,476,719
Fees and charges	2	1,220,784	1,340,990	1,372,970
Interest earnings	2	216,943	204,883	235,921
Other revenue	2	162,294	101,500	70,949
		<u>10,421,930</u>	<u>10,258,504</u>	<u>10,527,459</u>
<b>Expenses</b>				
Employee costs		(3,527,962)	(3,797,107)	(3,267,301)
Materials and contracts		(3,333,254)	(4,841,117)	(4,147,089)
Utility charges		(292,551)	(275,150)	(154,131)
Depreciation on non-current assets	8(b)	(2,700,093)	(2,438,301)	(2,614,799)
Insurance expenses		(207,943)	(183,782)	(178,159)
Other expenditure		(735,280)	(478,270)	(201,475)
		<u>(10,797,083)</u>	<u>(12,013,727)</u>	<u>(10,562,954)</u>
		(375,153)	(1,755,223)	(35,495)
Non-operating grants, subsidies and contributions	2	68,975	68,685	80,000
Profit on asset disposals	8(a)	15,021	12,900	44,057
(Loss) on asset disposals	8(a)	(3,076)	0	(127,872)
<b>Net result</b>		<b>(294,233)</b>	<b>(1,673,638)</b>	<b>(39,310)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	9	(6,967,432)	0	778,856
<b>Total other comprehensive income</b>		<b>(6,967,432)</b>	<b>0</b>	<b>778,856</b>
<b>Total comprehensive income</b>		<b>(7,261,665)</b>	<b>(1,673,638)</b>	<b>739,546</b>

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

STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>	2			
Governance		76,429	13,200	46,751
General purpose funding		8,091,136	7,929,114	8,010,490
Law, order, public safety		32,299	30,560	29,214
Health		14,949	12,340	12,545
Education and welfare		947,418	904,040	937,073
Housing		80,722	88,800	86,034
Community amenities		214,944	193,600	314,831
Recreation and culture		406,954	436,965	418,108
Transport		392,910	424,785	410,220
Economic services		90,411	194,800	210,644
Other property and services		73,758	30,300	51,549
		<u>10,421,930</u>	<u>10,258,504</u>	<u>10,527,459</u>
<b>Expenses</b>	2			
Governance		(951,811)	(1,090,031)	(901,975)
General purpose funding		(75,186)	(83,324)	(106,908)
Law, order, public safety		(100,817)	(134,097)	(94,869)
Health		(157,058)	(209,881)	(184,286)
Education and welfare		(1,160,679)	(1,336,370)	(1,163,888)
Housing		(36,276)	(58,228)	(31,798)
Community amenities		(2,191,691)	(2,508,795)	(2,416,560)
Recreation and culture		(2,864,048)	(3,589,657)	(2,479,975)
Transport		(2,972,147)	(2,697,702)	(2,909,367)
Economic services		(80,523)	(146,403)	(156,903)
Other property and services		(206,847)	(159,239)	(116,425)
		<u>(10,797,083)</u>	<u>(12,013,727)</u>	<u>(10,562,954)</u>
		<u>(375,153)</u>	<u>(1,755,223)</u>	<u>(35,495)</u>
Non-operating grants, subsidies and contributions	2	68,975	68,685	80,000
Profit on disposal of assets	8(a)	15,021	12,900	44,057
(Loss) on disposal of assets	8(a)	(3,076)	0	(127,872)
		<u>80,920</u>	<u>81,585</u>	<u>(3,815)</u>
<b>Net result</b>		<b>(294,233)</b>	<b>(1,673,638)</b>	<b>(39,310)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	9	(6,967,432)	0	778,856
<b>Total other comprehensive income</b>		<b>(6,967,432)</b>	<b>0</b>	<b>778,856</b>
<b>Total comprehensive income</b>		<b>(7,261,665)</b>	<b>(1,673,638)</b>	<b>739,546</b>

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

STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018

	NOTE	2018	2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,478,644	4,892,311
Trade and other receivables	6	411,450	341,162
<b>TOTAL CURRENT ASSETS</b>		<b>3,890,094</b>	<b>5,233,473</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	6	52,590	57,438
Property, plant and equipment	7	19,260,483	17,431,317
Infrastructure	8	45,848,514	53,515,735
<b>TOTAL NON-CURRENT ASSETS</b>		<b>65,161,587</b>	<b>71,004,490</b>
<b>TOTAL ASSETS</b>		<b>69,051,681</b>	<b>76,237,963</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	418,262	334,554
Short term borrowings	11	0	0
Provisions	13	603,309	657,407
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,021,571</b>	<b>991,961</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	12	0	0
Provisions	13	54,224	8,451
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>54,224</b>	<b>8,451</b>
<b>TOTAL LIABILITIES</b>		<b>1,075,795</b>	<b>1,000,412</b>
<b>NET ASSETS</b>		<b>67,975,886</b>	<b>75,237,551</b>
<b>EQUITY</b>			
Retained surplus		23,163,031	22,288,168
Reserves - cash backed	5	2,082,634	3,251,730
Revaluation surplus	9	42,730,221	49,697,653
<b>TOTAL EQUITY</b>		<b>67,975,886</b>	<b>75,237,551</b>

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

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		<b>22,127,123</b>	<b>3,452,085</b>	<b>48,918,797</b>	<b>74,498,005</b>
Comprehensive income					
Net result		(39,310)	0	0	(39,310)
Changes on revaluation of assets	9	0	0	778,856	778,856
Total comprehensive income		(39,310)	0	778,856	739,546
Transfers from/(to) reserves		200,355	(200,355)	0	0
<b>Balance as at 30 June 2017</b>		<b>22,288,168</b>	<b>3,251,730</b>	<b>49,697,653</b>	<b>75,237,551</b>
Comprehensive income					
Net result		(294,233)	0	0	(294,233)
Changes on revaluation of assets	9	0	0	(6,967,432)	(6,967,432)
Total comprehensive income		(294,233)	0	(6,967,432)	(7,261,665)
Transfers from/(to) reserves		1,169,096	(1,169,096)	0	0
<b>Balance as at 30 June 2018</b>		<b>23,163,031</b>	<b>2,082,634</b>	<b>42,730,221</b>	<b>67,975,886</b>

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

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		7,571,106	7,720,075	7,348,269
Operating grants, subsidies and contributions		1,206,726	1,152,181	1,419,063
Fees and charges		1,220,784	1,340,990	1,372,970
Interest earnings		212,363	204,883	235,921
Goods and services tax		10,216	27,698	648,213
Other revenue		162,294	101,500	70,949
		10,383,489	10,547,327	11,095,385
<b>Payments</b>				
Employee costs		(3,526,593)	(3,797,107)	(3,342,708)
Materials and contracts		(3,259,240)	(4,815,269)	(4,408,119)
Utility charges		(292,551)	(275,150)	(154,131)
Insurance expenses		(207,943)	(183,782)	(178,159)
Goods and services tax		0	0	(600,488)
Other expenditure		(735,280)	(478,270)	(201,475)
		(8,021,607)	(9,549,578)	(8,885,080)
<b>Net cash provided by (used in) operating activities</b>	14	<b>2,361,882</b>	<b>997,749</b>	<b>2,210,305</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(2,452,370)	(2,792,360)	(827,370)
Payments for construction of infrastructure		(1,453,064)	(1,659,488)	(1,328,385)
Non-operating grants, subsidies and contributions		68,975	68,685	80,000
Proceeds from sale of fixed assets		87,909	54,181	179,775
<b>Net cash provided by (used in) investment activities</b>		<b>(3,748,550)</b>	<b>(4,328,982)</b>	<b>(1,895,980)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from self supporting loans		(27,000)	0	0
Proceeds from new long term borrowings		0	500,000	0
<b>Net cash provided by (used in) financing activities</b>		<b>(27,000)</b>	<b>500,000</b>	<b>0</b>
<b>Net increase (decrease) in cash held</b>		<b>(1,413,667)</b>	<b>(2,831,233)</b>	<b>314,325</b>
Cash at beginning of year		4,892,311	4,840,751	4,577,986
<b>Cash and cash equivalents at the end of the year</b>	14	<b>3,478,644</b>	<b>2,009,518</b>	<b>4,892,311</b>

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

RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)		989,782	1,364,725	504,265
		<u>989,782</u>	<u>1,364,725</u>	<u>504,265</u>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		76,429	13,200	54,459
General purpose funding		507,832	384,039	639,590
Law, order, public safety		32,299	30,560	29,214
Health		14,949	12,340	16,599
Education and welfare		947,418	904,040	941,236
Housing		80,722	88,800	86,034
Community amenities		214,944	193,600	314,831
Recreation and culture		411,590	442,865	432,948
Transport		402,424	431,785	423,512
Economic services		90,411	194,800	210,644
Other property and services		74,629	30,300	51,549
		<u>2,853,647</u>	<u>2,726,329</u>	<u>3,200,616</u>
<b>Expenditure from operating activities</b>				
Governance		(951,811)	(1,090,031)	(901,975)
General purpose funding		(75,186)	(83,324)	(106,908)
Law, order, public safety		(100,817)	(134,097)	(94,869)
Health		(157,058)	(209,881)	(184,286)
Education and welfare		(1,160,679)	(1,336,370)	(1,163,888)
Housing		(36,276)	(58,228)	(31,798)
Community amenities		(2,194,767)	(2,508,795)	(2,417,513)
Recreation and culture		(2,864,048)	(3,589,657)	(2,606,408)
Transport		(2,972,147)	(2,697,702)	(2,909,853)
Economic services		(80,523)	(146,403)	(156,903)
Other property and services		(206,847)	(159,240)	(116,425)
		<u>(10,800,159)</u>	<u>(12,013,728)</u>	<u>(10,690,826)</u>
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	8(a)	(15,021)	(12,900)	(44,057)
Loss on disposal of assets	8(a)	3,076	0	127,872
Movement in cash-backed leave reserve		0	0	35,997
Movement in deferred pensioner rates (non-current)		28,848	0	13,435
Movement in employee benefit provisions (non-current)		45,773	0	(50,421)
Depreciation and amortisation on assets	8(b)	2,700,093	2,438,301	2,614,799
<b>Amount attributable to operating activities</b>		<u>(4,193,961)</u>	<u>(5,497,273)</u>	<u>(4,288,320)</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		68,975	68,685	80,000
Proceeds from disposal of assets	8(a)	87,909	54,181	179,775
Purchase of property, plant and equipment	7(b)	(2,452,370)	(2,792,360)	(827,370)
Purchase and construction of infrastructure	8(b)	(1,453,064)	(1,659,488)	(1,328,385)
<b>Amount attributable to investing activities</b>		<u>(3,748,550)</u>	<u>(4,328,982)</u>	<u>(1,895,980)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	12	0	0	0
Proceeds from new long term borrowings	12	0	500,000	0
Proceeds from self supporting loans	12	(27,000)	0	0
Transfers to reserves (restricted assets)	5	(399,562)	(259,082)	(1,830,326)
Transfers from reserves (restricted assets)	5	1,568,658	2,040,262	2,030,681
<b>Amount attributable to financing activities</b>		<u>1,142,096</u>	<u>2,281,180</u>	<u>200,355</u>
<b>Surplus(deficiency) before general rates</b>		<u>(6,800,415)</u>	<u>(7,545,075)</u>	<u>(5,983,945)</u>
<b>Total amount raised from general rates</b>	24	<u>7,583,304</u>	<u>7,545,075</u>	<u>7,370,900</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	26	<u><b>782,889</b></u>	<u><b>0</b></u>	<u><b>1,386,955</b></u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 1. BASIS OF PREPARATION

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

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.

### CRITICAL ACCOUNTING ESTIMATES (Continued)

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears in Note 28.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
<b>Other revenue</b>		
Reimbursements and recoveries	161,371	67,617
Other	0	3,332
	161,371	70,949
<b>Fees and Charges</b>		
Governance	36,921	14,243
General purpose funding	49,331	58,485
Law, order, public safety	32,299	29,214
Health	14,949	12,545
Education and welfare	84,433	94,695
Housing	80,722	86,034
Community amenities	319,562	164,831
Recreation and culture	129,964	298,488
Transport	370,237	379,976
Economic services	90,207	210,435
Other property and services	12,159	24,024
	1,220,784	1,372,970

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**Grant Revenue**

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

**Operating grants, subsidies and contributions**

General purpose funding  
Education and welfare  
Community amenities  
Recreation and culture  
Transport  
Other property and services

**Non-operating grants, subsidies and contributions**

Recreation and culture  
Transport

Total grants, subsidies and contributions

	2018	2017
	\$	\$
	223,578	345,184
	861,436	842,378
	0	150,000
	101,714	110,277
	21,877	28,880
	30,000	0
	1,238,605	1,476,719
	0	80,000
	68,975	0
	68,975	80,000
	1,307,580	1,556,719

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, Donations and Other Contributions**

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

**Grants, Donations and Other Contributions (Continued)**  
a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 23. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations.

**Interest earnings**

- Reserve funds  
- Other funds  
- Other Interest Revenue

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
	83,346	64,083	86,618
	52,673	72,000	72,815
	80,924	68,800	76,488
	216,943	204,883	235,921

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

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

(b) Expenses

**Auditors remuneration**

- Audit of the Annual Financial Report
- Other Services

	2018	2017
	\$	\$
	10,385	10,330
	1,850	6,740
	12,235	17,070

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		1,396,010	1,640,581
Restricted		2,082,634	3,251,730
		3,478,644	4,892,311

The following restrictions have been imposed by regulations or other externally imposed requirements:

Leave Reserve	5	407,665	397,173
Plant Replacement Reserve	5	259,150	252,480
Civic Building Reserve	5	15,183	1,228,809
Office Reserve	5	9,121	147,992
Legal Costs Reserve	5	142,480	138,812
HACC Reserve	5	217,037	211,451
Strategic Plan Reserve	5	564,668	550,135
Arts and Sculpture Reserve	5	192,022	143,170
Unspent Grant and Restricted Cash Reserve	5, 23	75,000	181,708
Waste Reserve	5	200,308	0
		2,082,634	3,251,730

#### SIGNIFICANT ACCOUNTING POLICIES

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk

##### Cash and cash equivalents (Continued)

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

4. INVESTMENTS

Financial assets at fair value through profit and loss

	2018	2017
	\$	\$
Financial assets at fair value through profit and loss	0	0

**SIGNIFICANT ACCOUNTING POLICIES**

**Classification and subsequent measurement**

(i) Financial assets at fair value through profit and loss  
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Town has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

**Impairment**

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Impairment (Continued)**

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Town becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Town commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, (if any), between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Town no longer has any significant continual involvement in the risks and benefits associated with the asset.

5. RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2017		2017	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual	Budget Opening Balance	Budget Transfer (from)	Budget Transfer to	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Actual Closing Balance	
Leave Reserve	397,173	10,492	0	407,665	397,173	0	9,929	407,102	361,176	35,997	0	397,173		
Plant Replacement Reserve	252,480	6,670	0	259,150	252,480	0	6,312	258,792	254,369	147,111	(149,000)	252,480		
Civic Building Reserve	1,228,809	30,543	(1,244,169)	15,183	1,228,809	(1,244,169)	15,360	0	899,657	329,152	0	1,228,809		
Office Reserve	147,992	3,910	(142,781)	9,121	147,992	(149,842)	1,850	0	143,967	4,025	0	147,992		
Legal Costs Reserve	138,812	3,667	0	142,479	138,813	0	3,470	142,283	135,038	3,774	0	138,812		
HACC Reserve	211,451	5,586	0	217,037	211,451	0	5,286	216,737	205,700	5,751	0	211,451		
Strategic Plan Reserve	550,135	14,533	0	564,668	550,134	(460,000)	163,753	253,887	1,003,383	1,242,152	(1,695,400)	550,135		
Arts and Sculpture Reserve	143,170	48,852	0	192,022	143,170	0	48,579	191,749	95,014	48,156	0	143,170		
Unspent Grant and Restricted Cash Reserve	181,708	75,000	(181,708)	75,000	181,708	(186,251)	4,543	0	353,781	14,208	(186,281)	181,708		
Waste Reserve	0	200,308	0	200,308	0	0	0	0	0	0	0	0		
	3,251,730	399,562	(1,568,658)	2,082,634	3,251,730	(2,040,262)	259,082	1,470,550	3,452,085	1,830,326	(2,030,681)	3,251,730		

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	June 18	The purpose to provide coverage in relation to accumulated leave obligations.
Plant Replacement Reserve	June 18	The purchase and replacement of major plant.
Civic Building Reserve	June 18	The purpose of maintaining civic buildings.
Office Reserve	June 18	The purpose of IT infrastructure and other office equipment.
Legal Costs Reserve	June 18	The purpose of funding legal obligations.
HACC Reserve	June 18	The retention of unspent HACC program funds and HACC asset replacement.
Strategic Plan Reserve	June 18	The purpose of maintaining infrastructure and the provision of strategic plans.
Arts and Sculpture Reserve	June 18	The provision of art and sculpture.
Unspent Grant and Restricted Cash Reserve	June 18	The retention of unspent specific purpose grants and moneys.
Waste Reserve	June 18	To fund and support waste management services.

Reserve Transfers are processed at the end of each month against year to date actual expenditure, or alternatively, at the end of the financial year based on full project expenditure, should cash-flow allow.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

6. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
<b>Current</b>		
Rates outstanding	191,475	150,429
Sundry debtors	138,478	107,199
GST receivable	73,918	84,134
Loans receivable - clubs/institutions	3,000	0
Less Provision for Doubtful Debts	0	(600)
Accrued Income	4,579	0
	411,450	341,162
<b>Non-current</b>		
Rates outstanding - pensioners	28,590	57,438
Loans receivable - clubs/institutions	24,000	0
	52,590	57,438

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

**Rates outstanding**

Includes:

Past due and not impaired	191,475	150,429
Impaired	0	0

**Sundry debtors**

Includes:

Past due and not impaired	138,478	107,199
Impaired	0	0

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

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

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**Classification and subsequent measurement**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 7. PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land at:		
- Independent valuation 2017 - level 2	4,451,000	4,451,000
	4,451,000	4,451,000
<b>Total land</b>	4,451,000	4,451,000
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	541,000	541,000
- Additions after valuation - cost	0	0
Less: accumulated depreciation	(13,514)	0
	527,486	541,000
Buildings - specialised at:		
- Independent valuation 2017 - level 3	11,508,900	11,508,900
- Additions after valuation - cost	1,995,889	0
Less: accumulated depreciation	(292,207)	0
	13,212,582	11,508,900
<b>Total buildings</b>	13,740,068	12,049,900
<b>Total land and buildings</b>	18,191,068	16,500,900
Furniture and equipment at:		
- Management valuation 2016 - level 2	449,703	298,586
- Additions after valuation - cost	226,982	151,117
Less: accumulated depreciation	(323,078)	(264,935)
	353,607	184,768
Plant and equipment at:		
- Management valuation 2016 - level 2	1,607,090	1,443,123
- Additions after valuation - cost	229,499	399,982
Less: accumulated depreciation	(1,120,781)	(1,097,456)
	715,808	745,649
<b>Total property, plant and equipment</b>	19,260,483	17,431,317



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	3,992,000	1,143,988	10,749,545	11,893,533	15,885,533	75,159	676,392	16,637,084
Additions	0	0	276,270	276,270	276,270	151,117	399,983	827,370
(Disposals)	0	0	(126,433)	(126,433)	(126,433)	0	(137,155)	(263,588)
Revaluation increments/ (decrements) transferred to revaluation surplus	459,000	(8,632)	328,488	319,856	778,856	0	0	778,856
Depreciation (expense)	0	(14,849)	(298,477)	(313,326)	(313,326)	(41,508)	(193,569)	(548,403)
Transfers	0	(579,507)	579,507	0	0	0	0	0
<b>Carrying amount at 30 June 2017</b>	<b>4,451,000</b>	<b>541,000</b>	<b>11,508,900</b>	<b>12,049,900</b>	<b>16,500,900</b>	<b>184,768</b>	<b>745,649</b>	<b>17,431,317</b>
Additions	0	0	1,995,889	1,995,889	1,995,889	226,982	229,499	2,452,370
(Disposals)	0	0	0	0	0	0	(75,965)	(75,965)
Depreciation (expense)	0	(13,514)	(292,207)	(305,722)	(305,722)	(58,143)	(183,375)	(547,240)
Transfers	0	0	0	0	0	0	0	0
<b>Carrying amount at 30 June 2018</b>	<b>4,451,000</b>	<b>527,486</b>	<b>13,212,582</b>	<b>13,740,067</b>	<b>18,191,067</b>	<b>353,607</b>	<b>715,808</b>	<b>19,260,483</b>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<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 2017	Price per hectare / market borrowing rate.
Buildings - non-specialised	Level 2	Market approach using recent observable market data for similar properties/income approach using discount cash flow methodology.	Independent Registered Valuers	June 2017	Price per square metre / market borrowing rate.
Buildings - specialised	Level 3	Improvements to land using cost approach of depreciated replacement cost.	Independent Registered Valuers	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessment (level 3) inputs.
<b>Furniture and equipment</b>	Level 3	Cost approach using depreciated replacement cost.	Management Valuation	June 2016	Purchase costs and current condition (level 2), residual values and remaining useful life assessment (level 3) inputs.
<b>Plant and equipment</b>	Level 2	Market approach using recent observable market data for similar items.	Management Valuation	June 2016	Price per item.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 8. INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Independent Valuation 2015 - Level 3	0	33,356,000
- Independent Valuation 2018 - Level 3	30,262,252	0
- Additions after valuation - cost	0	891,381
Less: accumulated depreciation	0	(1,226,497)
	<u>30,262,252</u>	<u>33,020,884</u>
Infrastructure - Footpaths		
- Independent Valuation 2015 - Level 3	0	4,718,000
- Independent Valuation 2018 - Level 3	5,295,493	0
- Additions after valuation - cost	0	314,811
Less: accumulated depreciation	0	(632,792)
	<u>5,295,493</u>	<u>4,400,019</u>
Infrastructure - Drainage		
- Independent Valuation 2015 - Level 3	0	2,998,000
- Independent Valuation 2018 - Level 3	1,891,566	0
- Additions after valuation - cost	0	0
Less: accumulated depreciation	0	(273,964)
	<u>1,891,566</u>	<u>2,724,036</u>
Infrastructure - Parks and Ovals		
- Independent Valuation 2015 - Level 3	0	8,610,000
- Independent Valuation 2018 - Level 3	5,176,090	0
- Additions after valuation - cost	0	645,928
Less: accumulated depreciation	0	(1,280,323)
	<u>5,176,090</u>	<u>7,975,605</u>
Infrastructure - Car Parks		
- Independent Valuation 2015 - Level 3	0	3,013,000
- Independent Valuation 2018 - Level 3	3,107,182	0
- Additions after valuation - cost	0	67,623
Less: accumulated depreciation	0	(110,449)
	<u>3,107,182</u>	<u>2,970,174</u>
Infrastructure - Other Improvements		
- Independent Valuation 2015 - Level 3	0	2,973,000
- Independent Valuation 2018 - Level 3	115,931	0
- Additions after valuation - cost	0	0
Less: accumulated depreciation	0	(547,983)
	<u>115,931</u>	<u>2,425,017</u>
<b>Total infrastructure</b>	<u>45,848,514</u>	<u>53,515,735</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and Ovals	Infrastructure - Car Parks	Infrastructure - Other Improvements	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	33,160,067	4,513,938	2,861,018	8,061,713	2,958,002	2,699,008	54,253,746
Additions	495,733	206,329	0	558,700	67,623	0	1,328,385
Depreciation (Expense)	(634,916)	(320,248)	(136,982)	(644,808)	(55,451)	(273,991)	(2,066,396)
Transfers	0	0	0	0	0	0	0
Carrying amount at 30 June 2017	33,020,884	4,400,019	2,724,036	7,975,605	2,970,174	2,425,017	53,515,735
Additions	235,012	352,202	0	839,018	26,832	0	1,453,064
(Disposals)	0	0	0	0	0	0	0
(Decrements) Transferred to revaluation Surplus	(2,327,671)	876,041	(695,488)	(2,955,908)	170,688	(2,035,094)	(6,967,432)
Depreciation (Expense)	(665,973)	(332,769)	(136,982)	(682,625)	(60,512)	(273,992)	(2,152,853)
Transfers	0	0	0	0	0	0	0
Carrying amount at 30 June 2018	30,262,252	5,295,493	1,891,566	5,176,090	3,107,182	115,931	45,848,514

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

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.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.
Infrastructure -Parks and Ovals	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.
Infrastructure - Car Parks	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.
Infrastructure - Other Improvement:	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 8. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Town includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

#### Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

#### Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Town was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

#### Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Town.

8. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
<b>Community amenities</b>								
Toyota Camry Alara 1GET820	21,258	18,182	0	(3,076)	0	0	0	0
<b>Recreation and culture</b>								
Toro Z Master 7000 Mower 1EIT135	2,364	7,000	4,636	0	2,000	7,900	5,900	0
<b>Transport</b>								
2008 Mitsubishi Fuso Canter Truck - 1DBR865	13,213	22,727	9,514	0	15,727	22,727	7,000	0
<b>Other property and services</b>								
Volkswagen Amarok 1EWA247	16,696	17,273	577	0	0	0	0	0
Holden Colorado 1EOU809	22,433	22,727	294	0	23,554	23,554	0	0
	75,965	87,909	15,021	(3,076)	41,281	54,181	12,900	0

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	13,514	14,849
Buildings - specialised	292,207	298,477
Furniture and equipment	58,143	41,508
Plant and equipment	183,375	193,569
Infrastructure - Roads	665,973	634,916
Infrastructure - Footpaths	332,769	320,248
Infrastructure - Drainage	136,982	136,982
Infrastructure - Parks and Ovals	682,625	644,808
Infrastructure - Car Parks	60,512	55,451
Infrastructure - Other Improvements	273,992	273,991
	2,700,093	2,614,799

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

- Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

Buildings	40 to 50 years
IT Equipment	4 years
Furniture and Equipment	10 years
Plant and Equipment - HACC Buses	12 years
Plant and Equipment - Heavy Fleet	11 years
Plant and Equipment - Light Fleet	5 years
Plant and Equipment - Other	5 years

Depreciation (Continued)

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

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

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

Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

	Ave Depn		Ave Depn
Drainage - Pit	1.67%	Parks and Ovals - Amenities	6.31%
Drainage - Pipe	1.97%	Parks and Ovals - Lighting	4.88%
Footpaths	1.49%	Parks and Ovals - Playgrounds	3.00%
Road - Kerbing	1.59%	Parks and Ovals - Irrigation	1.97%
Road - Sealed Pavement	1.33%	Parks and Ovals - Turf	93.21%
Road - Subgrade	NA		
Road - Surface	4.00%		
Road - Table Drain	2.50%		

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9. REVALUATION SURPLUS

	2018			2018			2017			2017		
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Total	Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revaluation surplus - Land	3,961,000	0	0	0	3,961,000	3,502,000	459,000	0	0	459,000	3,961,000	
Revaluation surplus - Buildings - non-specialised	503,771	0	0	0	503,771	512,403	0	(8,632)	(8,632)	(8,632)	503,771	
Revaluation surplus - Buildings - specialised	5,330,703	0	0	0	5,330,703	5,002,215	328,488	0	0	328,488	5,330,703	
Revaluation surplus - Plant and equipment	222,818	0	0	0	222,818	222,818	0	0	0	0	222,818	
Revaluation surplus - Infrastructure - Roads	26,166,712	0	(2,327,671)	(2,327,671)	23,839,041	26,166,712	0	0	0	0	26,166,712	
Revaluation surplus - Infrastructure - Footpaths	1,717,848	876,041	0	876,041	2,593,889	1,717,848	0	0	0	0	1,717,848	
Revaluation surplus - Infrastructure - Drainage	1,753,269	0	(695,488)	(695,488)	1,057,781	1,753,269	0	0	0	0	1,753,269	
Revaluation surplus - Infrastructure - Parks and Ovals	6,113,988	0	(2,955,908)	(2,955,908)	3,158,080	6,113,988	0	0	0	0	6,113,988	
Revaluation surplus - Infrastructure - Carparks	1,198,359	170,688	0	170,688	1,369,047	1,198,359	0	0	0	0	1,198,359	
Revaluation surplus - Infrastructure - Other	2,729,185	0	(2,035,094)	(2,035,094)	694,091	2,729,185	0	0	0	0	2,729,185	
	49,697,653	1,046,729	(8,014,161)	(6,967,432)	42,730,221	48,918,797	787,488	(8,632)	778,856	49,697,653		

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

10. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
<b>Current</b>		
Sundry creditors	269,784	195,770
Accrued salaries and wages	90,194	78,878
ATO liabilities	58,284	59,906
	418,262	334,554

SIGNIFICANT ACCOUNTING POLICIES

**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

**Trade and other payables (Continued)**

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

11. SHORT-TERM BORROWINGS

**Unsecured**

Bank overdraft	0	0
Represented by:		
Unrestricted – Municipal bank overdraft	0	0
Restricted funds held	125,000	181,708
	125,000	181,708

The following restrictions have been imposed by regulations or other externally imposed requirements:

Unspent Grants	125,000	181,708
Unspent Loans	0	0
	125,000	181,708

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**12. INFORMATION ON BORROWINGS**

**(a) Borrowings**

	2018	2017
	\$	\$
Current	0	0
Non-current	0	0
	0	0

The Town does have any borrowings other than a bank overdraft facility and corporate business card facility.

**(b) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank overdraft limit  
Bank overdraft at balance date  
Credit card limit  
Credit card balance at balance date  
**Total amount of credit unused**

	2018	2017
	\$	\$
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	5,000	5,000
	110,000	110,000

**Loan facilities**

Loan facilities - current  
Loan facilities - non-current  
**Total facilities in use at balance date**

Loan facilities - current	0	0
Loan facilities - non-current	0	0
	0	0

**Unused loan facilities at balance date**

NIL                      NIL

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 13. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2017</b>			
Current provisions	312,823	344,584	657,407
Non-current provisions	0	8,451	8,451
	312,823	353,035	665,858
Additional provision	43,151	(51,476)	(8,325)
<b>Balance at 30 June 2018</b>	355,974	301,559	657,533
<b>Comprises</b>			
Current	355,974	247,335	603,309
Non-current	0	54,224	54,224
	355,974	301,559	657,533

**SIGNIFICANT ACCOUNTING POLICIES****Employee benefits****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. The Town's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate

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

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.

**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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

#### 14. NOTES TO THE STATEMENT OF CASH FLOWS

##### Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	3,478,644	2,009,518	4,892,311
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(294,233)	(1,673,638)	(39,310)
Non-cash flows in Net result:			
Depreciation	2,700,093	2,438,301	2,614,799
(Profit)/loss on sale of asset	(11,945)	(12,900)	83,815
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(38,441)	288,823	(32,562)
Increase/(decrease) in payables	83,708	25,848	(265,601)
Increase/(decrease) in provisions	(8,325)	0	(70,836)
Grants contributions for the development of assets	(68,975)	(68,685)	(80,000)
Net cash from operating activities	2,361,882	997,749	2,210,305

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	5,868,821	7,613,091
General purpose funding	1,631,757	5,231,005
Law, order, public safety	0	0
Health	30,713	31,500
Education and welfare	1,352,190	1,215,295
Housing	232,050	238,000
Community amenities	429,062	90,500
Recreation and culture	12,851,107	17,910,448
Transport	45,024,566	43,115,113
Economic services	0	0
Other property and services	1,631,415	793,011
	<u>69,051,681</u>	<u>76,237,963</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 16. CONTINGENT LIABILITIES

### (a) Regional Resource Recovery Centre (RRRC) - Lending Facility

The Town is a project participant in the RRRC. The project was established through the Southern Metropolitan Regional Council (SMRC) and involves the Cities of Cockburn, Fremantle, Melville and the Town of East Fremantle in the development of a municipal waste processing, recycling and green waste facility at Canning Vale. The Town's estimated share of the project funding and liability is based on population percentages.

		2018	2017
Liability Share	\$	502,720	595,439
Liability Sharing Ratio	%	3.05	3.06

### (b) Southern Metropolitan Regional Council (SMRC) - Office Project

The Town is a project participant in the SMRC Office Project. The project was established through the Southern Metropolitan Regional Council (SMRC) and involves the Cities of Cockburn, Fremantle, Kwinana, Melville and the Town of East Fremantle in the development of an independent centre at 9 Aldous Place, Booragoon. The Town's estimated share of the project funding and liability is based on population percentages.

		2018	2017
Liability Share	\$	47,700	48,060
Liability Sharing Ratio	%	2.65	2.67

### (c) Bank Guarantee

The Town has provided a bank guarantee in favour of the Department of Parks and Wildlife for the amount of \$41,675.50. 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**17. CAPITAL COMMITMENTS**

2018	2017
\$ 0	\$ 0

The Town did not have any capital or leasing commitments at the reporting date.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

**Leases (Continued)**

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 18. JOINT VENTURE ARRANGEMENTS

### South Metropolitan Regional Council

The Town is a member of the SMRC which was established as a joint venture through the SMRC with the Cities of Cockburn, Fremantle, Kwinana, Melville and the Town of East Fremantle.

The Town's estimated share of the project funding and liability is based on population percentages.

		2018	2017
Equity Share	\$	80,982	82,869
Equity Sharing Ratio	%	2.90	2.65

### Regional Resource Recovery Centre (RRRC)

The Town is a member of the SMRC which was established as a joint venture through the SMRC with the Cities of Cockburn, Fremantle, Kwinana, Melville and the Town of East Fremantle. The RRRC joint venture's principal activity is the development of a municipal waste processing, recycling and green waste facility at Canning Vale.

Pursuant to a resolution of the City of Cockburn on 9 June 2016, the City of Cockburn as a participant under the RRRC Project Agreement, gave notice of its intention to withdraw from the RRC Project effective from 30 June 2017.

The Town's estimated share of the project funding and liability is based on population percentages.

		2018	2017
Equity Share	\$	502,530	385,199
Equity Sharing Ratio	%	5.32	3.05

### South West Group

The Town is a member participant in the South West Group comprising the Cities of Melville, Cockburn, Fremantle, Rockingham and the Town's of Kwinana and East Fremantle.

The Town's estimated share of the project funding and liability is based on population percentages.

		2018	2017
Equity Share	\$	27,726	9,180
Equity Sharing Ratio	%	7.70	7.70%

## SIGNIFICANT ACCOUNTING POLICIES

### Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method.

### Interests in joint arrangements (Continued)

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Town's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**19. Investment in Associates**

The Town does not hold significant influence over any entities.

**SIGNIFICANT ACCOUNTING POLICIES****Investment in associates**

An associate is an entity over which the Town has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the 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.

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)****Investment in associates (Continued)**

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

20. RELATED PARTY TRANSACTIONS

**Elected Members Remuneration**

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the Mayor/President,			
Meeting Fees	146,861	149,040	149,000
Mayor/President's allowance	15,600	15,600	15,600
Deputy Mayor/President's allowance	3,900	3,900	3,900
Telecommunications allowance	25,081	27,000	25,910
	191,442	195,540	194,410

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

	2018	2017
	\$	\$
The total of remuneration paid to KMP of the Town during the year are as follows:		
Short-term employee benefits	546,738	754,773
Post-employment benefits	64,652	0
Other long-term benefits	40,324	0
Termination benefits	0	90,167
	651,714	844,940

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

**Termination benefits**

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

**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.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

**20. RELATED PARTY TRANSACTIONS (Continued)**

The following transactions occurred with related parties:

	<u>2018</u>	<u>2017</u>
	\$	\$
Sale of goods and services	0	0
Purchase of goods and services	0	0
<b>Joint venture entities:</b>		
Distributions received from joint venture entities	0	0
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	0	0
Loans to associated entities	0	0
Loans to key management personnel	0	0
<b>Amounts payable to related parties:</b>		
Trade and other payables	0	0
Loans from associated entities	0	0

**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 elected member, are considered key management personnel.

Key management personnel for the Town include Elected Members, the Chief Executive Officer, the Executive Manager Services, the Executive Manager Regulatory Services and the Operations Manager.

*ii. 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018****21. MAJOR LAND TRANSACTIONS**

The Town did not participate in any major land transactions during the 2017/18 financial year.

**22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Town did not participate in any trading undertakings or major trading undertakings during the 2017/18 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

23. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	2016/17		2017/18		Closing	Closing Balance 30/06/18
	Balance <sup>(1)</sup> 1/07/16	Received 2016/17	Expended <sup>(3)</sup> 2016/17	Received 2017/18	Expended <sup>(3)</sup> 2017/18	Balance 30/06/17	
	\$	\$	\$	\$	\$	\$	\$
<b>Education and welfare</b>							
DoH Hacc Non-Operating Plant Replacement	88,140	0	(88,140)	0	0	0	0
DoH Hacc Non-Operating Capital Grant	0	14,208	0	14,208	0	(14,208)	0
<b>Community amenities</b>							
Waste Authority - Better Bins Kerbside Collection	0	0	0	0	50,000	0	50,000
<b>Recreation and culture</b>							
DopW Swan River Trust Erosion Control	167,500	0	0	167,500	0	(167,500)	0
DSR East Fremantle Oval Redevelopment	0	0	0	0	75,000	0	75,000
<b>Transport</b>							
DolRD Roads to Recovery	98,141	0	(98,141)	0	68,975	(68,975)	0
<b>Total</b>	<b>353,781</b>	<b>14,208</b>	<b>(186,281)</b>	<b>181,708</b>	<b>193,975</b>	<b>(250,683)</b>	<b>125,000</b>

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

(4) - The above grants have been restricted in Reserves as at 30 June 2018 - the DSR Grant has been restricted in the Unspent Grants and Contributions Reserve; and the Waste Authority Grant has been transferred into the Waste Reserve.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
Residential	0.066640	2,987	89,795,466	5,987,495	72,584	0	6,060,079	5,975,768	15,000	0	5,990,768
Commercial	0.101204	122	12,143,348	1,228,955	0	0	1,228,955	1,254,762	0	0	1,254,762
<b>Sub-Total</b>		<b>3,109</b>	<b>101,938,814</b>	<b>7,216,450</b>	<b>72,584</b>	<b>0</b>	<b>7,289,034</b>	<b>7,230,530</b>	<b>15,000</b>	<b>0</b>	<b>7,245,530</b>
Minimum payment											
Minimum \$											
Gross rental valuations											
Residential	1,055	264	3,599,314	278,520	0	0	278,520	283,795	0	0	283,795
Commercial	1,575	10	135,755	15,750	0	0	15,750	15,750	0	0	15,750
<b>Sub-Total</b>		<b>274</b>	<b>3,735,069</b>	<b>294,270</b>	<b>0</b>	<b>0</b>	<b>294,270</b>	<b>299,545</b>	<b>0</b>	<b>0</b>	<b>299,545</b>
Discounts/Concessions											
Total amount raised from general rate		3,383	105,673,883	7,510,720	72,584	0	7,583,304	7,530,075	15,000	0	7,545,075
Specified area rates							0				0
Ex-gratia rates							0				0
<b>Totals</b>							<b>7,583,304</b>				<b>7,545,075</b>

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 26. NET CURRENT ASSETS

Composition of net current assets

	2018 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
<b>Surplus/(Deficit) 1 July 17 brought forward</b>	782,889	989,782	1,386,955
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	1,396,010	1,640,581	1,640,581
Restricted	2,082,634	3,251,730	3,251,730
Receivables			
Rates outstanding	191,475	150,429	150,429
Sundry debtors	138,478	107,199	107,199
GST receivable	73,918	84,134	84,134
Loans receivable - clubs/institutions	3,000	0	0
Less Provision for Doubtful Debts	0	(600)	(600)
Accrued Income	4,579	0	0
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(269,784)	(195,770)	(195,770)
Accrued salaries and wages	(90,194)	(78,878)	(78,878)
ATO liabilities	(58,284)	(59,906)	(59,906)
Provisions			
Provision for annual leave	(355,974)	(312,823)	(312,823)
Provision for long service leave	(247,335)	(344,584)	(344,584)
<b>Unadjusted net current assets</b>	<b>2,868,523</b>	<b>4,241,512</b>	<b>4,241,512</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(2,082,634)	(3,251,730)	(3,251,730)
Add: Staff Leave Reserve			397,173
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>782,889</b>	<b>989,782</b>	<b>1,386,955</b>

### Difference

There is a variance between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report. The variance is explained by a change in the methodology to calculate net current assets, with the amount of the staff leave reserve not being added back to the calculation (as the previous methodology has been assessed to arbitrarily overstate the net current asset position due to a contra balancing entry required in the rate setting statement)



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 27. FINANCIAL RISK MANAGEMENT

The Town's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Town's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Town.

The Town does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Town held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	3,478,644	4,892,311	3,478,644	4,892,311
Receivables	464,040	398,600	464,040	338,694
	<u>3,942,684</u>	<u>5,290,911</u>	<u>3,942,684</u>	<u>5,231,005</u>
<b>Financial liabilities</b>				
Payables	418,262	334,554	418,262	274,648
	<u>418,262</u>	<u>334,554</u>	<u>418,262</u>	<u>274,648</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 27. FINANCIAL RISK MANAGEMENT (Continued)

### (a) Cash and Cash Equivalents

The Town's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Town.

The Town manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
Impact of a 10% <sup>(1)</sup> movement in price of investments	\$	\$
- Equity	13,602	12,231
- Statement of Comprehensive Income	13,602	12,231
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	1,360	1,223
- Statement of Comprehensive Income	1,360	1,223

*Notes:*

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible interest rate movements.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 27. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Receivables

The Town's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Town manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Town to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Town is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Town makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

The profile of the Town's credit risk at balance date was:

	<u>2018</u>	<u>2017</u>
	%	%
Percentage of rates and annual charges		
- Current	64.40%	100.00%
- Overdue	35.60%	0.00%
Percentage of other receivables		
- Current	55.00%	96.83%
- Overdue	45.00%	3.17%

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

27. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Town manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Town's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018</b>					
Payables	418,262			418,262	418,262
Borrowings	0	0	0	0	0
	418,262	0	0	418,262	418,262
<b>2017</b>					
Payables	334,554	0	0	334,554	334,554
Borrowings	0	0	0	0	0
	334,554	0	0	334,554	334,554

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 28. TRUST FUNDS

Funds held at balance date over which the Town has no control and which are not included in the financial statements are as follows:

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Developer Bonds and Deposits	233,468	83,394	(89,178)	227,683
Developer Cash in Lieu	457,197	8,063	0	465,260
Mooring Pen Deposits	55,840	14,690	(16,830)	53,700
Other Bonds and Deposits	16,789	4,106	(1,520)	19,376
Unclaimed Monies	30,106	0	(730)	29,376
	793,400	110,253	(108,258)	795,395

## 29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Town.

Management's assessment of the new and amended pronouncements that are relevant to the Town, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable (1)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Town, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend on the nature of future transactions the Town has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Town, the impact is not expected to be significant.

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

**29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)**

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities  (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.
			Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Town's operations.

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

**Adoption of New and Revised Accounting Standards**

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- |   |                |
|---|----------------|
| (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | 1 January 2017 |
| (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities   | 1 January 2017 |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

### 30. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as 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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

#### e) Budget comparative figures

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

#### f) Superannuation

The 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) 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 an asset at its current service capacity.

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.

#### i) Impairment of assets

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

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

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

For non-cash generating specialised assets such as roads, drains, public buildings and the like, no annual assessment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient



regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

### 31. ACTIVITIES/PROGRAMS

The Town of East Fremantle operations as disclosed in these financial statements encompass the following service orientated activities/programs.

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available assisting elected members and ratepayers on matters which do not concern specific council services but are strategic in nature.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the allocation to services.	Rating, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to ensure bushfire prevention, animal control and community safety.	Supervision and enforcement of various local laws and acts relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, food quality testing, pest control, noise control, waste disposal compliance and child health services.
<b>EDUCATION AND WELFARE</b>	To provide assistance to senior citizens welfare and home and community care.	Provision and maintenance of home and community care programs including meals on wheels, in home care, home maintenance, senior outings, respite and school holiday programs.
<b>HOUSING</b>	To assist with housing for staff and the community.	Provision and maintenance of residential rental properties.
<b>COMMUNITY AMENITIES</b>	To provide community amenities and other infrastructure as required by the community.	Rubbish collection, recycling and disposal, joint maintenance of SMRC waste management facility, administration of Town Planning Schemes, heritage protection and townscapes, maintenance of urban stormwater drainage and protection of the environment.
<b>RECREATION AND CULTURE</b>	To plan, establish and efficiently manage sport and recreation infrastructure and resources which will help the social well being and health and community.	The provision and maintenance of various community infrastructure including public halls, recreation grounds, sports pavillions, playgrounds, parks, gardens, beaches and the joint operation of the City of Fremantle Library.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport infrastructure to the community.	Construction and maintenance of streets, roads, footpaths, depots, cycleways, street trees, parking facilities, traffic control, cleaning and lighting of streets.
<b>ECONOMIC SERVICES</b>	To help promote the Town and improve its economic wellbeing.	The regulation and provision of tourism, area promotion activities and building control.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control plant and depot operations, and to provide other property services not included elsewhere.	Private works operation, plant operating costs, depot operations and unclassified property functions.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 32. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	2.94	3.59	1.59
Asset sustainability ratio	1.13	0.76	0.20
Debt service cover ratio	NA	NA	NA
Operating surplus ratio	(0.04)	(0.01)	(0.07)
Own source revenue coverage ratio	0.85	0.85	0.84

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 54 of this document.

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	119,766		38,787
Amount of Financial Assistance Grant received in prior year relating to current year.		119,856	

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	3.14	3.37	1.22
Debt service cover ratio	NA	NA	NA
Operating surplus ratio	(0.05)	(0.03)	(0.06)
Own source revenue coverage ratio	0.85		

SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2018

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Asset consumption ratio	0.97	0.93	0.75
Asset renewal funding ratio	0.84	1.98	1.44

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$



## Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS, REGISTERED COMPANY  
AUDITORS AND REGISTERED SMSF AUDITORS

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### INDEPENDENT AUDIT REPORT TO THE COUNCILLORS OF THE TOWN OF EAST FREMANTLE

#### Opinion

We have audited the financial report of Town of East Fremantle which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer,

In our opinion, the annual financial report of the Town of East Fremantle: is, including:

- a) is based on proper accounts and records; and
- b) fairly represents, in all material respects, the results of the operations of the Town of East Fremantle for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Town of East Fremantle in accordance with auditor independence requirements of the *Local Government Act 1995* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Statutory Compliance

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) We did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 53 of this report, we have reviewed the calculations as presented and in our opinion these are:
  - i. Based on verifiable information; and
  - ii. Reasonable assumptions.



### Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Council, and Those Charged with Governance for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Local Government Act 1995 and Regulations*, and is appropriate to meet the needs of the electors. Council's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Town of East Fremantle's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intend to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town of East Fremantle's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives 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 our 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council.



- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town of East Fremantle's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town of East Fremantle's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Dated the 2<sup>nd</sup> day of November 2018 in Perth, Western Australia

**BILLY-JOE THOMAS**  
Director

**ANDERSON MUNRO & WYLLIE**  
Chartered Accountants

**12.2.6 Local Government Audit Framework, Internal Audit Charter and 2019 Meeting Schedule**

<b>File ref</b>	F/AUD1
<b>Prepared by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date:</b>	7 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Proposed Policy – Internal Audit Charter

**Purpose**

For Council to consider the Audit Committee (AC) recommendation (Resolution A021118) to endorse an internal audit charter, work plan and meeting schedule for the 2019 calendar year as outlined in the officer's report contained within the AC minutes (Agenda Item 11.2 Attachment 1).

**Executive Summary**

The Audit Committee at its meeting on 7 November 2018 recommended adopting the officer's recommendation with a modification to proposed meeting times to commence at 6.30pm. (Refer to Audit Committee minutes (pp 6-10) to view the full report and Resolution.)

**12.2.6 COMMITTEE RECOMMENDATION**

**That Council:**

1. adopt the proposed Policy Internal Audit Charter as per the attached.
2. endorse tri-annual meetings for the Audit Committee, with proposed meeting dates for 2019 as follows:

Date	Time	Place
Tuesday 26 February 2019	6.30pm	Council Chambers
Wednesday 3 July 2019	6.30pm	Council Chambers
Tuesday 26 November 2019	6.30pm	Council Chambers

1. endorse the following work plan for 2019 with items to be presented to the Audit Committee:

Date	Items
Tuesday 12 February 2019	<ul style="list-style-type: none"> <li>- Midyear budget review</li> <li>- Procurement review</li> <li>- Credit Card Policy</li> <li>- Supplier Payments Policy</li> <li>- Compliance Audit Return</li> <li>- Standing status report</li> </ul>
Tuesday 2 July 2019	<ul style="list-style-type: none"> <li>- Interim Audit Management Letter</li> <li>- Draft 19/20 Budget</li> <li>- Strategic Risk Framework and Register</li> <li>- Investment Policy and Divestments</li> <li>- Standing status report</li> </ul>
Tuesday 12 November 2019	<ul style="list-style-type: none"> <li>- Annual Report and meeting with Auditor</li> <li>- Audit Regulation 17 Review</li> <li>- Standing status report</li> </ul>



## INTERNAL AUDIT CHARTER

<b>Policy Number:</b>	<b>4.3.5</b>
<b>Type:</b>	Governance and Leadership – Risk Management
<b>Legislation:</b>	Local Government (Audit) Regulations
<b>Delegation:</b>	N/A
<b>Other Related Document:</b>	

### Objective

Internal audit provides an independent and objective review and advisory service to:

- provide assurance to Council and the Chief Executive Officer that the Town's financial and operational controls designed to manage the organisation's risks and achieve its objectives, are operating in an efficient, effective and ethical manner; and
- assist management in improving and monitoring the Town's risk management, internal control and legislative compliance functions.

### Definitions

"Risk": AS/NZS ISO 31000:2009 defines risk as "the effect of uncertainty on objectives".

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. An objective may be financial, related to health and safety, or defined in other terms.

"Risk Management": The application of coordinated activities to direct and control an organisation with regard to risk.

### Policy

#### Scope of internal audit

Internal audits may cover any programs and activities of the Town and encompass the review of all financial and non-financial policies and operations.

#### Independence

- Independence is essential to the effectiveness of the internal audit function.
- Internal audits will be performed by either using a dedicated internal audit resource reporting to the Office of the Chief Executive Officer or independent external contractors.
- Internal auditors report functionally to Council through the Audit Committee and are accountable to the Chief Executive Officer for the efficient and effective operation of the internal audit function.

**Authority and confidentiality**

Internal auditors are authorised to:

- have full free and unrestricted access to any and all of the Town's records and other documentation, premises and Town employees; and
- obtain assistance as required from Town employees.

Internal auditors are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

**Roles and responsibilities**

The internal audit activity encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Town's governance, risk management and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the Town's strategic objectives. This may include:

- evaluating risk exposure relating to achievement of the Towns strategic objectives;
- evaluating the reliability and integrity of information and the means used to identify, measure, classify and report such information;
- evaluating the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on the organisation;
- evaluating the means of safeguarding assets and – as appropriate – verifying the existence of such assets;
- evaluating the effectiveness and efficiency with which resources are employed;
- evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are carried out as planned;
- monitoring and evaluating governance processes;
- monitoring and evaluating the effectiveness of the Towns risk management processes;
- evaluating the quality of performance of external auditors and the degree of coordination with internal audit;
- providing advice related to governance, risk management and internal control as appropriate;
- reporting significant risk exposures and internal control issues, including fraud risks and governance issues; and
- evaluating specific operations at the request of Council and the Chief Executive Officer.

**Relationship with external audit**

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

<b>Responsible Directorate:</b>	Office of the Chief Executive Officer
<b>Reviewing Officer:</b>	Executive Manager Corporate Services
<b>Decision making Authority:</b>	Council
<b>Policy Adopted:</b>	
<b>Policy Amended:</b>	
<b>Next Review Date:</b>	November 2020



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### 12.2.7 Local Government Auditing Reforms

<b>File ref</b>	F/AUD1
<b>Prepared by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date:</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. A Guide to Local Government Auditing Reforms 2. Local Government Regulations Amendment (Auditing) Regulations 2018

#### **Purpose**

For Council to consider the Audit Committee (AC) recommendation (Resolution A041118) in relation to contacting the Office of the Auditor General as contained within the AC minutes (Agenda Item 11.2 Attachment 1).

#### **Executive Summary**

The Audit Committee at its meeting on 7 November 2018 received the 'Guide to Local Government Auditing Reforms' and recommended the CEO obtain clarification on a number of issues from the Office of the Auditor General.

(Refer to Audit Committee minutes (pp 11-13) to view the full report and Resolution.)

#### **12.2.7 COMMITTEE RECOMMENDATION**

**That Council request the CEO write to the Office of the Auditor General (OAG) to clarify the 2018/19 Audit Schedule, the ability to influence the appointment of audit subcontractors, the estimated fee for the OAG/subcontractor service and process for determination of the audit fee.**



Department of  
**Local Government, Sport  
and Cultural Industries**

# A Guide to Local Government Auditing Reforms

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September 2017

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Translating and Interpreting Service (TIS) – Telephone: 13 14 50

All or part of this document may be copied. Due recognition of source would be appreciated. If you would like more information please contact the Department of Local Government, Sport and Cultural Industries.

# A Guide to Local Government Auditing Reforms

## Introduction

On 24 August 2017, amendments to the *Local Government Act 1995* were passed by State Parliament that will enable the Auditor General to audit council finances and performance. The reforms will result in changes to the way local government audits are conducted.

This guide has been prepared by the Department of Local Government, Sport and Cultural Industries (the Department) to inform local governments and auditors about the changes.

## Major changes

### **Auditor General will be responsible for financial and supplementary audits**

The reforms expand the Auditor General's scope of powers to undertake and report on local government financial audits and provide for the independent oversight of the local government sector.

The Auditor General will take over responsibility for financial audits on a transitional basis as existing audit contracts expire. From 2020-21, all local governments will be audited by the Auditor General, regardless of whether their auditing contracts have expired.

The Department has received advice that this termination requirement will not expose the State, the Director General, or local governments to any liability if audit contracts are cancelled as a result of the changes.

Following commencement of the legislation, a local government cannot appoint a person to be its auditor.

The Auditor General will be able to contract out some or all of the financial audits but all audits will be done under the supervision of the Auditor General.

As is currently the case, local governments will be responsible for meeting the costs of financial audits. The Auditor General will determine the fees for a financial audit.

During the transition, the Department will publish the status of each local government's audit arrangements. This will provide transparency so that members of the community are aware of whether or not the Auditor General has responsibility for a local government audit or not.



Regional subsidiaries and regional councils will be audited by the Auditor General in the same way as local governments. The Auditor General will have the power to dispense with a financial audit of a local government or regional subsidiary where the Auditor General believes this is appropriate.

The Auditor General must consult with the Minister for Local Government before exercising this power. This could be used, for example, if a regional council has ceased to operate but has not yet been wound up. If this power is exercised, the Auditor General must notify the Parliament's Public Accounts Committee and the Estimates and Financial Operations Committee.

The Auditor General must give the report on the financial audit to the Mayor or President of the local government, the CEO of the local government, and the Minister for Local Government.

### **New category of audits: performance audits**

The reforms introduce a new category of audits; performance audits. These audits examine the economy, efficiency, and effectiveness of programs and organisations, including compliance with legislative provisions and internal policies.

The new legislation gives the Auditor General the power to conduct such audits, which may focus on a particular issue or theme, such as procurement practices, and may include individual or multiple local governments and related bodies. This is in line with the approach adopted in other jurisdictions and for State Government agencies. Performance audits will be paid for by the State Government.

Performance audit reports will be submitted to both Houses of Parliament for the Public Accounts Committee and the Estimates and Financial Operations Committee. The report is also provided to the relevant local government.

### **Publication of financial reports**

Commencing with their 2017-18 annual report, local governments will be required to publish the annual report, including audit reports, on the local government's official website within 14 days after the report has been accepted by the local government.

Local governments will be required to publish their annual report online regardless of who undertakes the audit.

### **Local government duties with respect to audits**

Legislation now requires local governments to examine an audit report it receives and implement appropriate action in respect to the significant matters raised.

Local governments must prepare a report addressing the significant matters identified in the report and state what action the local government has taken or intends to take. This report must be provided to the Minister within three months of receiving the audit

report. Within 14 days after the local government gives the report to the Minister, the CEO must publish a copy of the report on its official website.

### **Role of the Audit Committee**

Changes to the Local Government (Audit) Regulations 1996 will revise the role and functions of a local government's Audit Committee. These changes are discussed in detail below.

## **Amendments to the Local Government (Financial Management) Regulations 1996**

The following amendments to the Local Government (Financial Management) Regulations 1996 and Local Government (Audit) Regulations 1996 are being prepared.

### **Timeframe for review of financial management systems**

Regulation 5 regarding the CEO's duties as to financial management will be amended to require the CEO to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures from no less than once in every four financial years to no less than three financial years. This change in combination with amendments to the provisions in the Audit Regulations related to reviewing auditing systems, will achieve greater consistency.

### **Assets valued under \$5,000**

Amendments to Regulation 17A will exclude assets in a local government annual financial report valued under \$5,000. In order to ensure effective asset management of low value assets that are susceptible to theft or loss, local governments will be required to maintain a property register of portable and attractive items. This change brings local governments in line with State Government agencies as specified in Treasurer's Instruction 410 Record of Assets.

### **Timeframe for local governments to revalue assets**

Regulation 17A(4)(b) will be amended to set the timeframe for local governments to revalue their assets to between three and five years, which is consistent with Australian Accounting Standards Board standard 116: Property, Plant and Equipment.

## Amendments to the Local Government (Audit) Regulations 1996

### **Role of the Audit Committee**

With the transfer of auditing to the Auditor General, local government Audit Committees will have a new and important role.

The role of the Audit Committee will be amended so that the Audit Committee will have greater involvement in assisting the CEO to carry out the review under Regulation 17 of the Audit Regulations of systems and procedures concerning risk management, internal control, and legislative compliance.

This will include helping the CEO to formulate recommendations to council to address issues identified in the reviews. The Audit Committee will also support the auditor as required and have functions to oversee:

- the implementation of audit recommendations made by the auditor, which have been accepted by council; and
- accepted recommendations arising from reviews of local government systems and procedures.

These roles reflect the importance of the Audit Committee as a section of council charged with specific responsibilities to scrutinise performance and financial management. The regulations continue to allow for external membership of Audit Committees. Councils are encouraged to consider inviting appropriate people with expertise in financial management and audit to be members of their Audit Committee.

### **Role of the council assisting the auditor**

Local governments will be required to provide the auditor with a copy of their adopted Long Term Financial Plan, Asset Management Plan, Corporate Business Plan and Strategic Community Plan.

### **Timeframe for reviewing audit systems and procedures**

An amendment to Regulation 17(2) will require the CEO to undertake a review of audit systems and procedures no less than once in every three financial years. This change will introduce consistency in CEO responsibilities to review financial management and audit systems and procedures in a timely manner.

## Further information and liaison

The Auditor General has informed the Department that he intends to commence liaising with local governments in October regarding the transfer of responsibility.

## For more information, please contact:

Department of Local Government, Sport and Cultural Industries  
Gordon Stephenson House, 140 William Street, Perth WA 6000  
GPO Box R1250, Perth WA 6844

Telephone: (08) 6551 8700 Fax: (08) 6552 1555

Freecall: 1800 620 511 (Country only)

Email: [legislation@dlgsc.wa.gov.au](mailto:legislation@dlgsc.wa.gov.au) Website: [www.dlgsc.wa.gov.au](http://www.dlgsc.wa.gov.au)

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LG301

Local Government Act 1995

## **Local Government Regulations Amendment (Auditing) Regulations 2018**

Made by the Governor in Executive Council.

### **Part 1 — Preliminary**

#### **1. Citation**

These regulations are the *Local Government Regulations Amendment (Auditing) Regulations 2018*.

#### **2. Commencement**

These regulations come into operation as follows —

- (a) Part 1 — on the day on which these regulations are published in the *Gazette* (**gazettal day**);
- (b) regulations 13 and 14 — on 1 July 2018;
- (c) the rest of the regulations — on the day after gazettal day.

### **Part 2 — *Local Government (Audit) Regulations 1996* amended**

#### **3. Regulations amended**

This Part amends the *Local Government (Audit) Regulations 1996*.

#### **4. Regulation 3 amended**

In regulation 3 delete the definition of *Australian Accounting Standards*.

#### **5. Regulation 8 amended**

In regulation 8(1):

- (a) in paragraph (a) delete “Executive Director —” and insert:

Departmental CEO —

- (b) in paragraph (b) delete “Executive Director” and insert:

Departmental CEO

Note: The heading to amended regulation 8 is to read:

**Departmental CEO to be notified of termination of audit agreement**

**6. Regulation 9 replaced**

Delete regulation 9 and insert:

**9. Performance of audit**

- (1) In this regulation —  
*Australian Accounting Standards* means the standards made and amended from time to time by the Australian Accounting Standards Board continued under the *Australian Securities and Investments Commission Act 2001* (Commonwealth) section 261.
- (2) An auditor must carry out an audit in accordance with the Australian Auditing Standards made or formulated and amended from time to time by the Auditing and Assurance Standards Board established by the *Australian Securities and Investments Commission Act 2001* (Commonwealth) section 227A.
- (3) An auditor must carry out the work necessary to form an opinion whether the annual financial report —
- (a) is based on proper accounts and records; and
  - (b) fairly represents the results of the operations of the local government for the financial year and the financial position of the local government at 30 June in accordance with —
    - (i) the Act; and
    - (ii) the Australian Accounting Standards (to the extent that they are not inconsistent with the Act).

**9A. CEO to provide documents to Auditor General carrying out financial audit**

- (1) In this regulation —  
*audit document* means —
- (a) the strategic community plan as defined in the *Local Government (Administration) Regulations 1996* regulation 19BA; or
  - (b) the corporate business plan as defined in the *Local Government (Administration) Regulations 1996* regulation 19BA; or

- (c) another plan or informing strategy specified by the Auditor General; or
  - (d) another document specified by the Auditor General.
- (2) The CEO must provide a copy of an audit document to the Auditor General within 14 days after the Auditor General requests it for the purposes of a financial audit under Part 7 Division 3A of the Act.

**7. Regulation 13 amended**

- (1) In regulation 13 in the Table under the heading “*Local Government Act 1995*” after “s. 5.88” insert:

s. 5.89A
----------

- (2) In regulation 13 in the Table under the heading “*Local Government (Administration) Regulations 1996*” after “r. 19” insert:

r. 19C	r. 19DA
--------	---------

**8. Regulation 15 amended**

In regulation 15(1) delete “Executive Director” and insert:

Departmental CEO

Note: The heading to amended regulation 15 is to read:

**Certified copy of compliance audit return and other documents to be given to Departmental CEO**

**9. Regulation 16 replaced**

Delete regulation 16 and insert:

**16. Functions of audit committee**

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management;

- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the *CEO's report*) 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;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
  - (i) regulation 17(1); and
  - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
  - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
  - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

#### 10. Regulation 17 amended

In regulation 17(2) delete "at least once every 2 calendar years." and insert:

not less than once in every 3 financial years.



**Part 3 — *Local Government (Financial Management) Regulations 1996* amended**

**11. Regulations amended**

This Part amends the *Local Government (Financial Management) Regulations 1996*.

**12. Regulation 5 amended**

In regulation 5(2)(c) delete “4” and insert:

3

**13. Regulation 17A amended**

(1) In regulation 17A(1) insert in alphabetical order:

*carrying amount*, in relation to an asset, means the carrying amount of the asset determined in accordance with the AAS;

(2) Delete regulation 17A(4) and (5) and insert:

(4) A local government must revalue an asset of the local government —

(a) whenever the local government is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount; and

(b) in any event, within a period of at least 3 years but no more than 5 years after the day on which the asset was last valued or revalued.

(5) An asset is to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition by the local government is under \$5 000.

**14. Regulation 17B inserted**

After regulation 17A insert:

**17B. CEO to take steps to protect excluded portable and attractive assets**

A CEO must take all reasonable steps to prevent the theft or loss of —

(a) a non-consumable asset that is susceptible to theft or loss due to its portable nature and attractiveness for personal use or resale; and

(b) an asset referred to in regulation 17A(5).

**15. Schedule 2 amended**

In Schedule 2 Form 1:

- (a) delete “being the annual financial report and supporting notes and other information for the financial year ended 30 June <sup>(3)</sup> ..... are in my opinion properly drawn up” and insert:

for the financial year ended 30 June <sup>(3)</sup> ..... is based on proper accounts and records

- (b) delete “the *Australian Accounting Standards* and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.” and insert:

the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

N. HAGLEY, Clerk of the Executive Council.



### 12.2.8 Risk Assessment Tool

<b>File ref</b>	F/AUD1
<b>Prepared by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date:</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Town of East Fremantle Risk Management Governance Framework

#### **Purpose**

For Council to consider the Audit Committee (AC) recommendation (Resolution A051118) to endorse the inclusion of a 'Risk Implications' heading in all agenda reports and the completion of the Town's adopted risk matrix for all reports to identify risks, as outlined in the officer's report contained within the AC minutes (Agenda Item 11.2 Attachment 1).

#### **Executive Summary**

The Audit Committee at its meeting on 7 November 2018 recommended adopting the officer's recommendation.

(Refer to Audit Committee minutes (pp 14-18) to view the full report and Resolution.)

#### **12.2.8 COMMITTEE RECOMMENDATION**

##### **That Council:**

- 1. endorse the inclusion of a new heading titled 'Risk Implications' in the Agenda Report template for all Council and Committee Meetings, and that the Chief Executive Officer ensure that the Risk Assessment and Risk Matrix be completed for all reports. Further, that any item with a risk ranking of greater than '10' categorised as either 'High' or 'Extreme' Risk, and apparent to be ongoing, be recorded on the Risk Register.**
- 2. request that the Risk Register be presented to the Audit Committee as a standing item.**



## Risk Management Governance Framework

- Risk Management Policy
- Risk Management Procedures

November 2016

Version: 1.0

# Town of East Fremantle

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# Introduction

The Policy and Procedures form the Risk Management Framework for the Town of East Fremantle (“the Town”). It sets out the Town’s approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on Australia/New Zealand Standard ISO 31000:2009 Risk Management.

It is essential that all areas of the Town adopt these procedures to ensure:

- Strong corporate governance.
- Compliance with relevant legislation, regulations and internal policies.
- Integrated Planning and Reporting requirements are met.
- Uncertainty and its effects on objectives is understood.

This Framework aims to balance a documented, structured and systematic process with the current size and complexity of the Town along with existing time, resource and workload pressures.

Further information or guidance on risk management procedures is available from LGIS Risk Management.

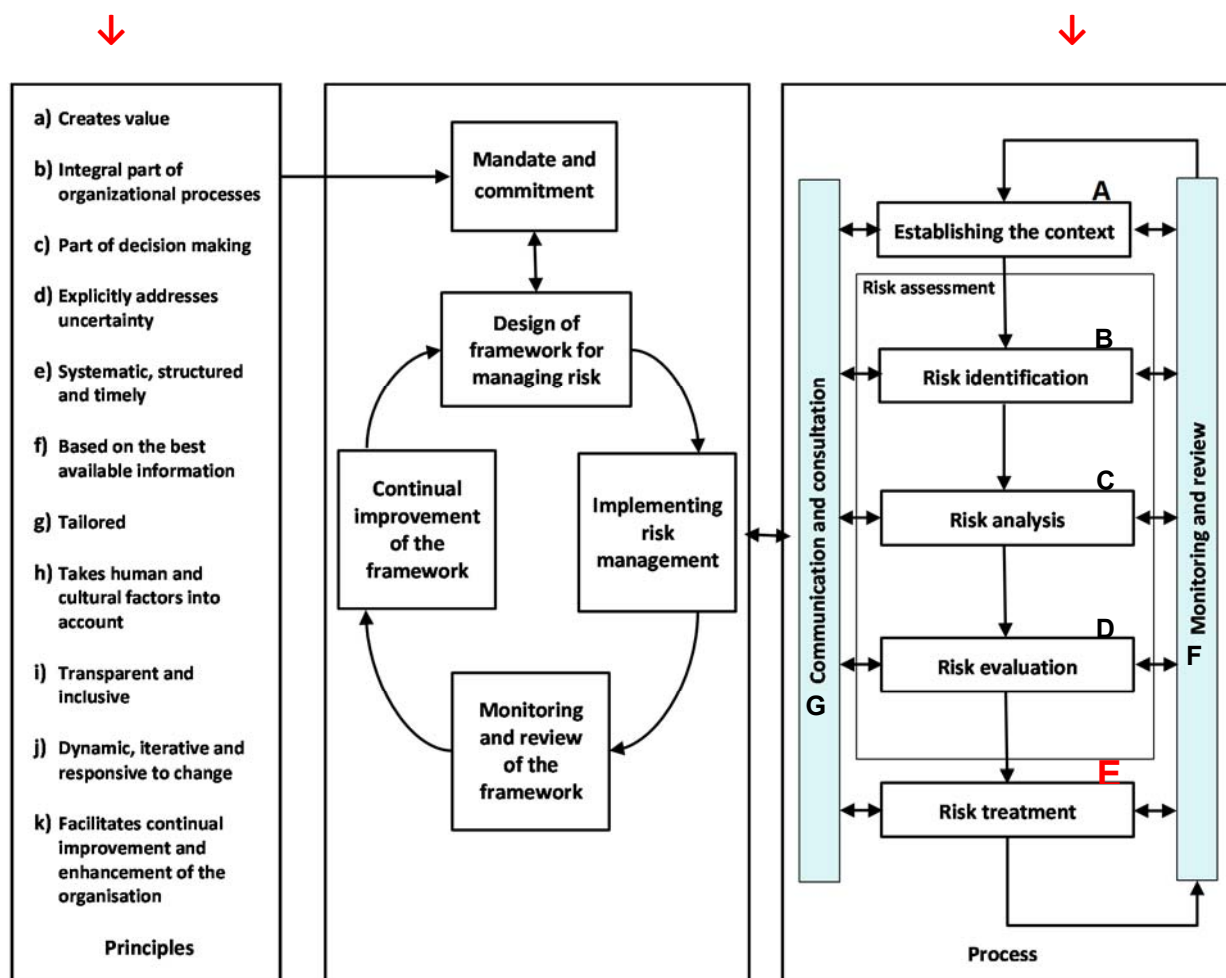


Figure 1: Risk Management Process (Source: AS/NZS 31000:2009)

# Risk Management Policy

## Purpose

The Town of East Fremantle's ("the Town") Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the Town's strategies, goals or objectives.

## Policy

It is the Town's Policy to achieve best practice (aligned with AS/NZS ISO 31000:2009 Risk management), in the management of all risks that may affect the Town, its customers, people, assets, functions, objectives, operations or members of the public.

Risk Management will form part of the Strategic, Operational, Project and Line Management responsibilities and where possible, be incorporated within the Town's Integrated Planning Framework.

The Town's Senior Staff Group will determine and communicate the Risk Management Policy, Objectives and Procedures, as well as direct and monitor implementation, practice and performance.

Every employee, Councillor, volunteer and contractor within the Town is recognised as having a role in risk management, from the identification of risks, to implementing risk treatments and shall be invited and encouraged to participate in the process.

Consultants may be retained at times to advise and assist in the risk management process or management of specific risks or categories of risk.

## Definitions (from AS/NZS ISO 31000:2009)

**Risk:** Effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

**Risk Management:** Coordinated activities to direct and control an organisation with regard to risk.

**Risk Management Process:** Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.



### Risk Management Objectives

- Optimise the achievement of our vision, experiences, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations

### Risk Appetite

The Town defined its risk appetite through the development and endorsement of the Town’s Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Procedures and are subject to ongoing review in conjunction with this policy.

All organisational risks to be reported at a corporate level are to be assessed according to the Town’s Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation’s appetite and are to be noted within the individual risk assessment and approved by a member of the Senior Staff Group.

### Roles, Responsibilities & Accountabilities

The CEO is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Procedures (Operational Document).

### Monitor & Review

The Town will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This policy will be kept under review by the Town’s Senior Staff Group and its employees.

Signed: .....

Gary : Chief Executive Officer

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_\_

# Risk Management Procedures

## Governance

Appropriate governance of risk management within the Town of East Fremantle (the “Town”) provides:

- Transparency of decision making.
- Clear identification of the roles and responsibilities of risk management functions.
- An effective Governance Structure to support the risk framework.

## Framework Review

The Risk Management Framework is to be reviewed for appropriateness and effectiveness annually.

## Operating Model

The Town has adopted a “Three Lines of Defence” model for the management of risk. This model ensures roles; responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, the Council, Management and Community will have assurance that risks are managed effectively to support the delivery of the Strategic, Corporate & Operational Plans.

## First Line of Defence

All operational areas of the Town are considered ‘**1<sup>st</sup> Line**’. They are responsible for ensuring that risks within their scope of operations are identified, assessed, managed, monitored and reported. Ultimately, they bear ownership and responsibility for losses or opportunities from the realisation of risk. Associated responsibilities include;

- Establishing and implementing appropriate processes and controls for the management of risk (in line with these procedures).
- Undertaking adequate analysis (data capture) to support the decision-making process of risk.
- Prepare risk acceptance proposals where necessary, based on level of residual risk.
- Retain primary accountability for the ongoing management of their risk and control environment.

## Second Line of Defence

The Coordinator of Corporate Planning acts as the primary ‘**2<sup>nd</sup> Line**’. This position owns and manages the framework for risk management, drafts and implements governance procedures and provides the necessary tools and training to support the 1st line process. The Senior Staff Group, in their capacity as Risk Committee, supplements the second line of defence.

Maintaining oversight on the application of the framework provides a transparent view and level of assurance to the 1<sup>st</sup> & 3<sup>rd</sup> lines on the risk and control environment. Support can be provided by additional oversight functions completed by other 1<sup>st</sup> Line Teams (where applicable). Additional responsibilities include:

- Providing independent oversight of risk matters as required.
- Monitoring and reporting on emerging risks.
- Co-ordinating the Town’s risk reporting for the CEO & Senior Staff Group and the Audit Committee.

**Third Line of Defence**

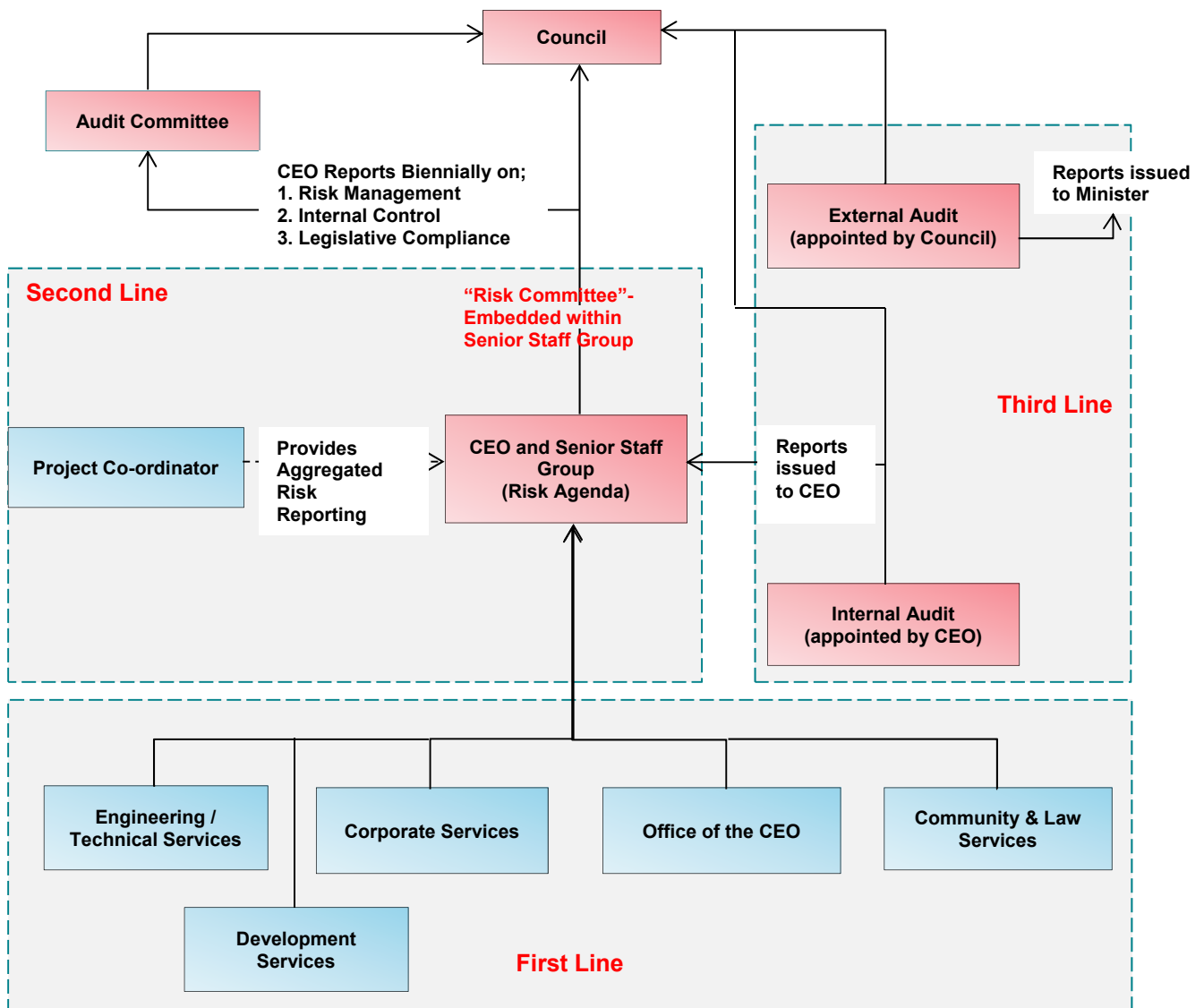
Internal self-audits & External Audits are the ‘3<sup>rd</sup> Line’ of defence, providing assurance to the Council, Audit Committee and Town Management on the effectiveness of business operations and oversight frameworks (1<sup>st</sup> & 2<sup>nd</sup> Line).

Internal Audit – Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of which would be determined by the CEO with input from the Audit Committee.

External Audit – Appointed by the Council on the recommendation of the Audit Committee to report independently to the President and CEO on the annual financial statements only.

**Governance Structure**

The following diagram depicts the current operating structure for risk management within the Town.



## Roles & Responsibilities

### CEO / Council

- Review and approve the Town's Risk Management Policy and Risk Assessment & Acceptance Criteria.
- Appoint / Engage External Auditors to report on financial statements annually.
- Establish and maintain an Audit Committee in terms of the Local Government Act.

### Audit Committee

- Support Council in providing effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Independent, objective and autonomous in deliberations.
- Recommendations to Council on External Auditor appointments.

### CEO / Senior Staff Group

- Undertake internal Audits as required under Local Government (Audit) regulations.
- Liaise with Council in relation to risk acceptance requirements.
- Approve and review the appropriateness and effectiveness of the Risk Management Framework.
- Drive consistent embedding of a risk management culture.
- Analyse and discuss emerging risks, issues and trends.
- Document decisions and actions arising from risk matters.
- Own and manage the Risk Profiles at Town Level.

### Project Co-ordinator

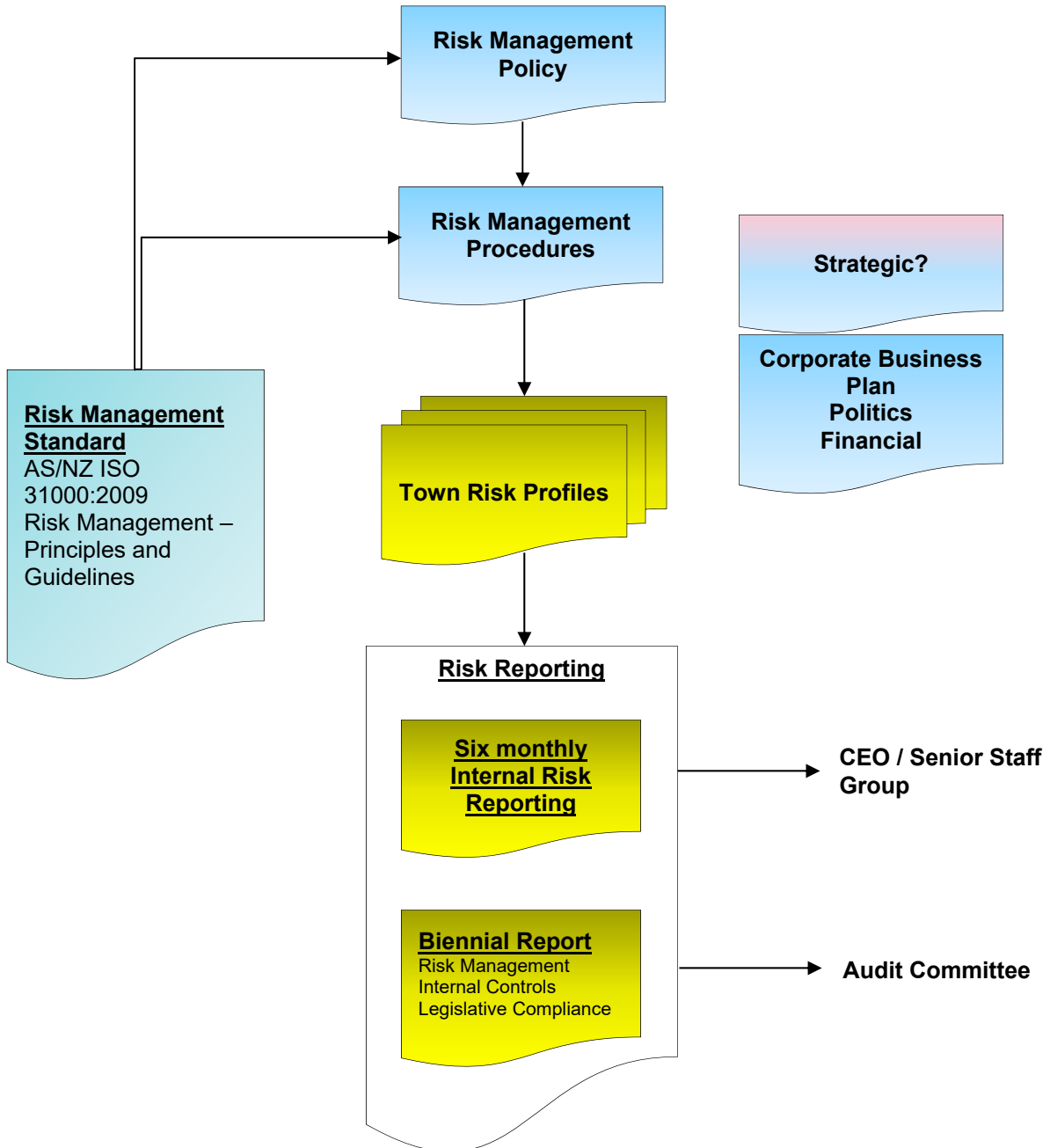
- Oversee and facilitate the Risk Management Framework.
- Support reporting requirements for risk matters.

### Work Areas

- Drive risk management culture within work areas.
- Own, manage and report on specific risk issues as required.
- Assist in the Risk & Control Management process as required.
- Highlight any emerging risks or issues accordingly.
- Incorporate 'Risk Management' into Management Meetings, by incorporating the following agenda items;
  - New or emerging risks.
  - Review existing risks.
  - Control adequacy.
  - Outstanding issues and actions.

**Document Structure (Framework)**

The following diagram depicts the relationship between the Risk Management Policy, Procedures and supporting documentation and reports.



## Risk & Control Management

All Work Areas of the Town are required to assess and manage the Risk Profiles on an ongoing basis.

Each Manager, in conjunction with the Coordinator of Corporate Planning is accountable for ensuring that Risk Profiles are:

- Reflective of the material risk landscape of the Town.
- Reviewed on at least a six monthly basis, or sooner if there has been a material restructure or change in the risk and control environment.
- Maintained in the standard format.

This process is supported by the use of data inputs, workshops and ongoing business engagement.

### Risk & Control Assessment

To ensure alignment with AS/NZ ISO 31000:2009 Risk Management, the following approach is to be adopted from a Risk & Control Assessment perspective:

#### A: Establishing the Context

The first step in the risk management process is to understand the context within which the risks are to be assessed and what is being assessed, this forms two elements:

##### Organisational Context

The Town's Risk Management Procedures provide the basic information and guidance regarding the organisational context to conduct a risk assessment; this includes Risk Assessment and Acceptance Criteria (Appendix A) and any other tolerance tables as developed. In addition, existing Risk Themes are to be utilised (Appendix C) where possible to assist in the categorisation of related risks.

Any changes or additions to the Risk Themes must be approved by the Governance Officer and CEO.

All risk assessments are to utilise these documents to allow consistent and comparable risk information to be developed and considered within planning and decision making processes.

##### Specific Risk Assessment Context

To direct the identification of risks, the specific risk assessment context is to be determined prior to and used within the risk assessment process.

For risk assessment purposes the Town has been divided into three levels of risk assessment context:

#### 1. Strategic Context

This constitutes the Town's external environment and high-level direction. Inputs to establishing the strategic risk assessment environment may include;

- Organisation's Vision
- Stakeholder Analysis
- Environment Scan / SWOT Analysis
- Existing Strategies / Objectives / Goals

## 2. Operational Context

The Town's day to day activities, functions, infrastructure and services. Prior to identifying operational risks, the operational area should identify its Key Activities i.e. what is trying to be achieved. Note: these may already be documented in business plans, budgets etc.

## 3. Project Context

Project Risk has two main components:

- **Direct** refers to the risks that may arise as a result of project activity (i.e. impacting on current or future process, resources or IT systems) which may prevent the Town from meeting its objectives
- **Indirect** refers to the risks which threaten the delivery of project outcomes.

In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.

## B: Risk Identification

Using the specific risk assessment context as the foundation, and in conjunction with relevant stakeholders, answer the following questions, capture and review the information within each Risk Profile.

- What can go wrong? / What are areas of uncertainty? (Risk Description)
- How could this risk eventuate? (Potential Causes)
- What are the current measurable activities that mitigate this risk from eventuating? (Controls)
- What are the potential consequential outcomes of the risk eventuating? (Consequences)

## C: Risk Analysis

To analyse the risks, the Town's Risk Assessment and Acceptance Criteria (Appendix A) is applied:

- Based on the documented controls, analyse the risk in terms of Existing Control Ratings
- Determine relevant consequence categories and rate how bad it could be if the risk eventuated with existing controls in place (Consequence)
- Determine how likely it is that the risk will eventuate to the determined level of consequence with existing controls in place (Likelihood)
- By combining the measures of consequence and likelihood, determine the risk rating (Level of Risk)

## D: Risk Evaluation

The Town is to verify the risk analysis and make a risk acceptance decision based on:

- Controls Assurance (i.e. are the existing controls in use, effective, documented, up to date and relevant)
- Existing Control Rating
- Level of Risk
- Risk Acceptance Criteria (Appendix A)
- Risk versus Reward / Opportunity

The risk acceptance decision needs to be documented and acceptable risks are then subject to the monitor and review process. Note: Individual Risks or Issues may need to be escalated due to urgency, level of risk or systemic nature.

### **E: Risk Treatment**

For unacceptable risks, determine treatment options that may improve existing controls and/or reduce consequence / likelihood to an acceptable level.

Risk treatments may involve actions such as avoid, share, transfer or reduce the risk with the treatment selection and implementation to be based on;

- Cost versus benefit
- Ease of implementation
- Alignment to organisational values / objectives

Once a treatment has been fully implemented, the Governance Officer is to review the risk information and acceptance decision with the treatment now noted as a control and those risks that are acceptable then become subject to the monitor and review process (Refer to Risk Acceptance section).

### **F: Monitoring & Review**

The Town is to review all Risk Profiles at least on a six monthly basis or if triggered by one of the following;

- Changes to context,
- A treatment is implemented,
- An incident occurs or due to audit/regulator findings.

The Coordinator of Corporate Planning is to monitor the status of risk treatment implementation and report on, if required.

The CEO & Senior Staff Group will monitor significant risks and treatment implementation as part of their normal agenda item on a quarterly basis with specific attention given to risks that meet any of the following criteria:

- Risks with a Level of Risk of High or Extreme
- Risks with Inadequate Existing Control Rating
- Risks with Consequence Rating of Extreme
- Risks with Likelihood Rating of Almost Certain

The design and focus of the Risk Summary report will be determined from time to time on the direction of the CEO & Senior Staff Group. They will also monitor the effectiveness of the Risk Management Framework ensuring it is practical and appropriate to the Town.

### **G: Communication & Consultation**

Throughout the risk management process, stakeholders will be identified, and where relevant, be involved in or informed of outputs from the risk management process.

Risk management awareness and training will be provided to staff as part of their OS&H Program.

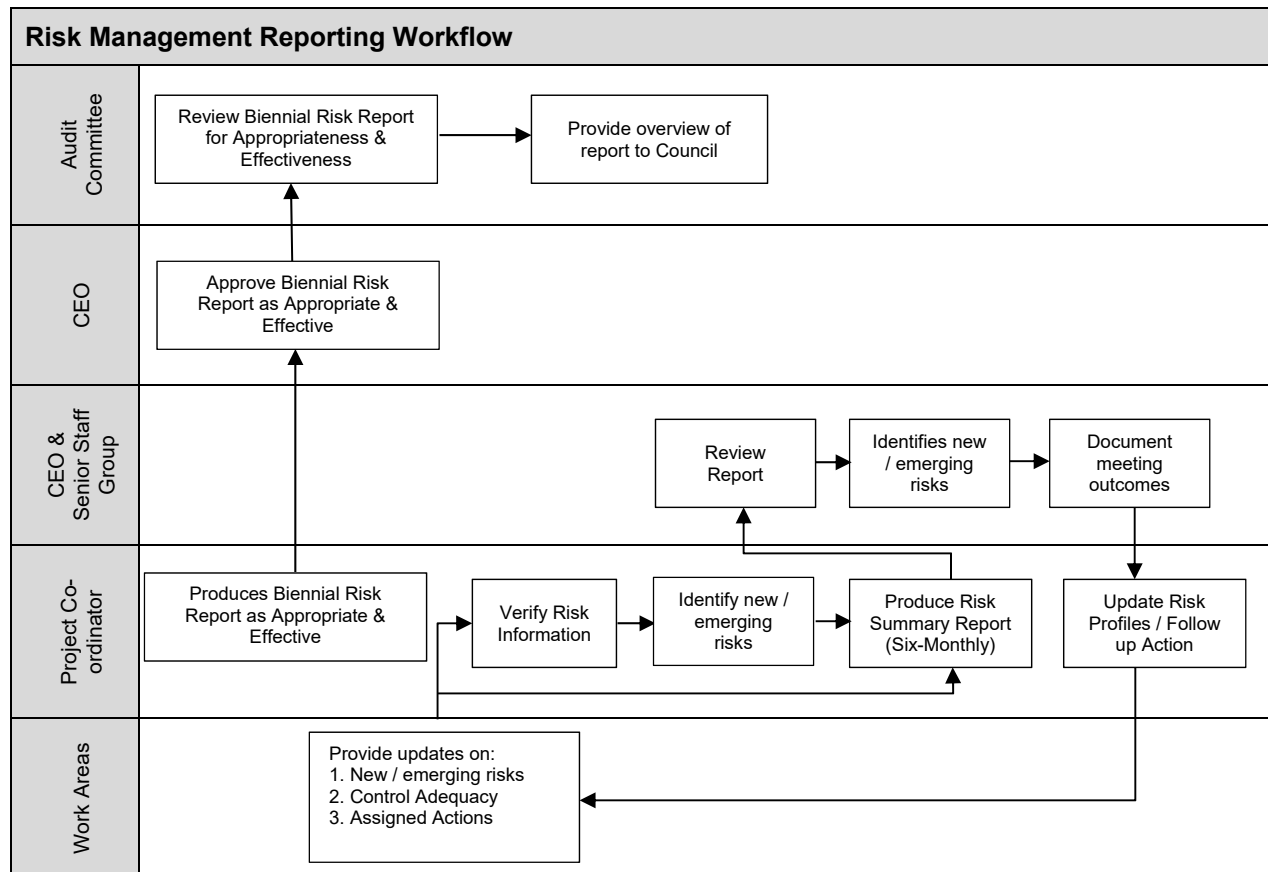
Risk management will be included within the employee induction process to ensure new employees are introduced to the Town's risk management culture.



## Reporting Requirements

### Coverage & Frequency

The following diagram provides a high level view of the ongoing reporting process for Risk Management.



Each Work Area is responsible for ensuring:

- They continually provide updates in relation to new and emerging risks, control effectiveness and indicator performance to the Coordinator of Corporate Planning.
- Work through assigned actions and provide relevant updates to the Coordinator of Corporate Planning.
- Risks / Issues reported to the CEO & Senior Staff Group are reflective of the current risk and control environment.

The Project Co-ordinator is responsible for:

- Ensuring Town Risk Profiles are formally reviewed and updated, at least on a six monthly basis or when there has been a material restructure, change in risk ownership or change in the external environment.
- Producing a six-monthly Risk Report for the CEO & Senior Staff Group which contains an overview Risk Summary for the Town.
- Annual Compliance Audit Return completion and lodgement.

## Indicators

Indicators are required to be used for monitoring and validating risks and controls. The following describes the process for the creation and reporting of Indicators:

### Identification

The following represent the minimum standards when identifying appropriate Indicator risks and controls:

- The risk description and casual factors are fully understood
- The Indicator is fully relevant to the risk or control
- Predictive Indicators are adopted wherever possible
- Indicators provide adequate coverage over monitoring risks and controls

### Validity of Source

In all cases an assessment of the data quality, integrity and frequency must be completed to ensure that the Indicator data is relevant to the risk or Control.

Where possible the source of the data (data owner) should be independent to the risk owner. Overlapping Indicators can be used to provide a level of assurance on data integrity.

If the data or source changes during the life of the Indicator, the data is required to be revalidated to ensure reporting of the Indicator against a consistent baseline.

### Tolerances

Tolerances are set based on the Town's Risk Appetite. They may be set and agreed over three levels:

- Green – within appetite; no action required.
- Amber – the Indicator must be closely monitored and relevant actions set and implemented to bring the measure back within the green tolerance.
- Red – outside risk appetite; the Indicator must be escalated to the CEO & Senior Staff Group where appropriate management actions are to be set and implemented to bring the measure back within appetite.

### Monitor & Review

All active Indicators are updated as per their stated frequency of the data source.

When monitoring and reviewing Indicators, the overall trend should be considered over a longer timeframe than individual data movements. The trend of the Indicators is specifically used as an input to the risk and control assessment.

## Risk Acceptance

Day-to-day operational management decisions are generally managed under the delegated authority framework of the Town.

Risk Acceptance outside of the appetite framework is a management decision to accept, within authority levels, material risks which will remain outside appetite framework (refer Appendix A – Risk Assessment & Acceptance Criteria) for an extended period of time (generally 3 months or longer).

The following process is designed to provide a framework for those outside appetite framework identified risks.

The 'Risk Acceptance' must be in writing, signed by the relevant Manager and cover:

- A description of the risk.
- An assessment of the risk (e.g. Impact consequence, materiality, likelihood, working assumptions etc)
- Details of any mitigating action plans or treatment options in place
- An estimate of the expected remediation date.

Reasonable action should be taken to mitigate the risk. A lack of budget to remediate a material risk outside of appetite is not sufficient justification in itself to accept a risk.

Accepted risks must be continually reviewed through standard operating reporting structure (i.e. Senior Staff Group)

# Appendix A – Risk Assessment and Acceptance Criteria

## Town of East Fremantle Measures of Consequence

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

ATTACHMENT 1

Town of East Fremantle Measures of Likelihood		
Level	Rating	Description
5	Almost Certain	The event is expected to occur in most circumstances
4	Likely	The event will probably occur in most circumstances
3	Possible	The event should occur at some time
2	Unlikely	The event could occur at some time
1	Rare	The event may only occur in exceptional circumstances

Town of East Fremantle Risk Matrix						
Likelihood	Consequence	Insignificant	Minor	Moderate	Major	Extreme
		A?	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)

Town of East Fremantle Risk Acceptance Criteria		
Risk Rank	Description	Criteria Responsibility
<b>LOW (1-4)</b>	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring Operational Manager
<b>MODERATE (5-9)</b>	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring Operational Manager
<b>HIGH (10-16)</b>	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring Director / CEO
<b>EXTREME (17-25)</b>	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring CEO / Council

Town of East Fremantle Existing Controls Ratings	
Rating	Foreseeable Description
<b>Effective</b>	There is little scope for improvement. Processes (Controls) operating as intended and / or aligned to Policies & Procedures; are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
<b>Adequate</b>	There is some scope for improvement. Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied with and are subject to periodic review and testing.
<b>Inadequate</b>	A need for corrective and / or improvement actions exist. Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.



# Appendix B – Risk Profile Template

<b>Risk Theme</b>	<b>Date</b>
<p><b><u>This Risk Theme is defined as:</u></b>  <i>Definition of Theme</i></p>	

<p><b><u>Potential causes include:</u></b>  <i>List of potential causes</i></p>
---

Controls	Type	Date	Town Rating
<i>List of Controls</i>			

<b>Overall Control Ratings:</b>	
---------------------------------	--

Consequence Category	Risk Ratings	Town Rating
	<b>Consequence:</b>	
	<b>Likelihood:</b>	

<b>Overall Risk Ratings:</b>	
------------------------------	--

Indicators	Tolerance	Date	Overall Town Result
<i>List of Indicators</i>			

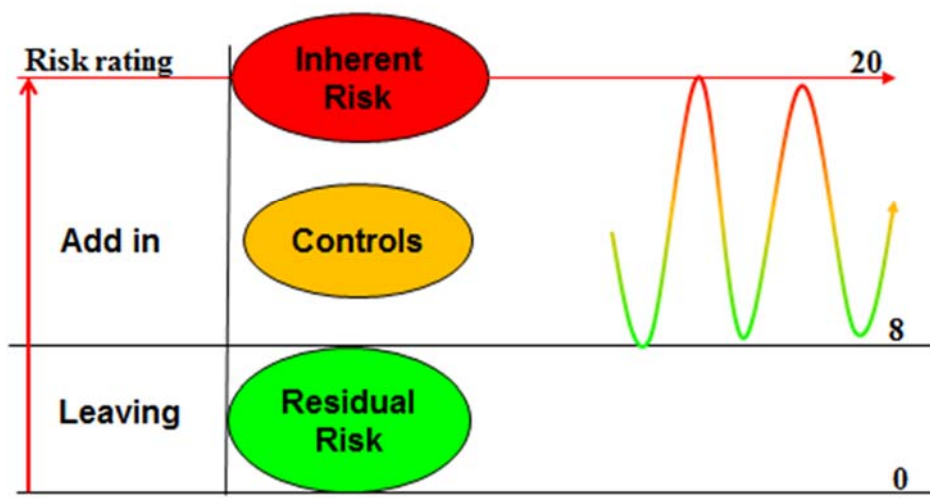
<p><b><u>Comments</u></b>  <i>Rationale for all above ratings</i></p>
---

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>List current issues / actions / treatments</i>		



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### The importance of controls





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 170 Railway Parade  
 WEST LEEDERVILLE WA 6007  
 Tel 08 9483 8888  
 Fax 08 9483 8898

## CONTACTS

**Michael Sparks** BCom, Dip FS, CBCI  
 Senior Risk Consultant

Tel 08 9483 8820  
 Mob 0417 331 514  
[michael.sparks@jlta.com.au](mailto:michael.sparks@jlta.com.au)

### MEASURES OF CONSEQUENCE (PROJECT)

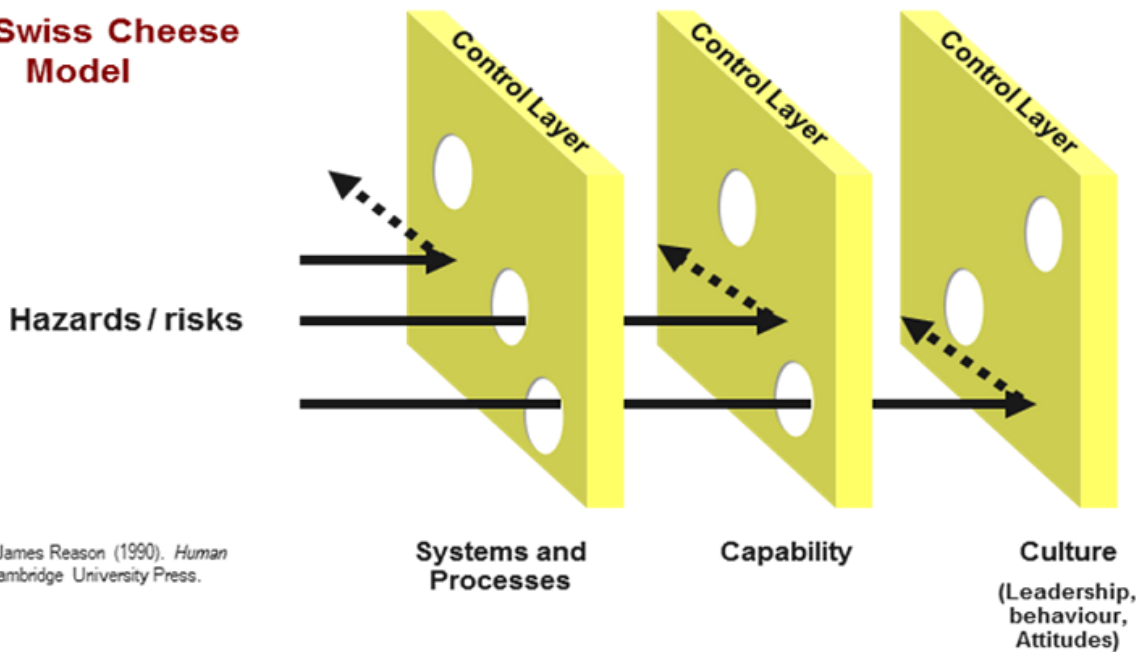
LEVEL	RATING	Project TIME	Project COST	Project SCOPE / QUALITY
1	Insignificant	Exceeds deadline by >5% of project timeline	Exceeds project budget by 2%	Minor variations to project scope or quality
2	Minor	Exceeds deadline by >10% of project timeline	Exceeds project budget by 5%	Scope creep requiring additional work, time or resources. Reduced perception of quality by Stakeholders.
3	Moderate	Exceeds deadline by >15% of project timeline	Exceeds project budget by 7.5%	Scope creep requiring additional work, time and resources or shortcuts being taken. Stakeholder concerns.
4	Major	Exceeds deadline by >20% of project timeline	Exceeds project budget by 15%	Project goals, deliverables, costs and/or deadline failures. Project no longer aligned with the project scope Stakeholder intervention in project.
5	Extreme	Exceeds deadline by 25% of project timeline	Exceeds project budget by 20%	Failure to meet project objectives. Project outcomes negatively affecting the community or the environment. Public embarrassment, third party actions.



Programme:	
Programme Owner:	
Project Ref:	
Project Name:	
Project Manager:	
Directorate:	
Business Unit:	
Date of Assessment:	
Assessor:	

Context	Screening Question	Project Impact		Level of Project Risk		Organisational Impact		Level of Organisational Risk		Additional Supporting Comments
		Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No			
Health & Safety	1. Is there a risk that the project may cause harm to persons (staff, contractor, public)									
Financial	2. Is there a risk that the project may exceed budget?									
Time	3. Is there a risk that the project deadline is exceeded?									
Scope / Quality	4. Is there a risk that the project scope or quality may vary?									
Environment	5. Is there a risk that the project may impact the natural environment?									

**The Swiss Cheese Model**



Source: James Reason (1990). *Human Error*. Cambridge University Press.



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## 12.3 GOVERNANCE REPORTS

### 12.3.1 Local Government Elections 2019

<b>Applicant</b>	N/A
<b>File ref</b>	C/ELE3
<b>Prepared by</b>	Janine May, EA to Chief Executive Officer
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date</b>	20 November 2018
<b>Voting requirements</b>	Absolute Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Correspondence form Western Australian Electoral Commission

#### **Purpose**

To authorise the conduct of the 2019 Local Government Ordinary Elections by the Western Australian Electoral Commission.

#### **Executive Summary**

The Electoral Commissioner advised Council on 19 October 2018 of his agreement to be responsible for the conduct of the ordinary elections in 2019 for the Town in accordance with section 4.20(4) of the *Local Government Act 1995* subject to Council resolving that the Commission undertake the election.

It is recommended that Council declare the Electoral Commissioner responsible for the conduct of the 2019 ordinary elections by postal vote.

#### **Background**

Local government ordinary elections are held every two years with the next election to take place on Saturday 19 October 2019.

Elected members up for re-election at this time are:

1. Cr Cliff Collinson
2. Cr Dean Nardi
3. Cr Andrew White
4. Cr Tony Natale

#### **Consultation**

WA Electoral Commission

#### **Statutory Environment**

*Local Government Act 1995*, Part 4, Division 4:

*Section 4.20 (4) - A local government may, having first obtained the written agreement of the Electoral Commissioner, declare\* the Electoral Commissioner to be responsible for the conduct of an election, or all elections conducted within a particular period of time, and, if such a declaration is made, the Electoral Commissioner is to appoint a person to be the returning officer of the local government for the election or elections.*

*Section 4.61 (2) - The local government may decide\* to conduct the election as a postal election.*  
*\*(absolute majority required)*

### Policy Implications

Nil.

### Financial Implications

The WA Electoral Commission have provided an estimated cost of \$33,000 inc GST to conduct the 2019 election as a postal ballot, based on the following assumptions:

- 5,600 electors
- response rate of approximately 45%
- 4 vacancies
- count to be conducted at the offices of the Town of East Fremantle
- appointment of a local Returning Officer
- regular Australia Post delivery service to apply for lodgement of the election packages.

The Commission raised the option of using the Australia Post Priority service for the lodgment of election packages at an additional charge of \$1,120, however, suggests that the additional cost of priority mail does not significantly speed up the delivery of the election packages.

The actual cost of the 2017 elections was \$29,548.27.

### Strategic Implications

The Town of East Fremantle Strategic Community Plan 2017 – 2027 states as follows:

#### ***Strategic Priority 5: Leadership and Governance***

5.3 Strive for excellence in leadership and governance

### Site Inspection

Not applicable

### Comment

There are two main benefits in having the election conducted as a postal election:

- Generally it results in increased voter participation.
- It removes Town staff from the process (the Returning Officer is appointed by the Commission) therefore creating independence (separation) and impartiality.

Other benefits that have been quoted for postal elections are:

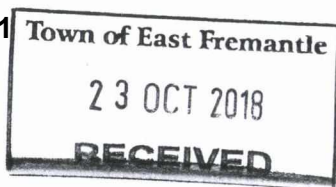
- It is easier for electors to vote.
- It assists new candidates as all electors get the profile of all candidates.

Apart from its statutory advertising requirements, it is intended to promote this election through the website, Facebook, e-newsletter, noticeboards and local papers to encourage a high elector participation rate.

**12.3.1 OFFICER RECOMMENDATION**

That Council:

1. declares, in accordance with section 4.20(4) of the *Local Government Act 1995*, the Electoral Commissioner to be responsible for the conduct of the 2019 ordinary elections together with any other elections or polls which may be required.
2. decides, in accordance with section 4.61(2) of the *Local Government Act 1995* that the method of conducting the election will be as a postal election.
3. resolves to designate the Town Hall as the polling place for the 2019 local government elections.



LGE 028



Town of East Fremantle  
Doc No: ICORR69782  
File: C/ELE1  
Reg Date: 23 OCT 2018  
Officer: JANINE

Attach:

Mr Gary Tuffin  
Chief Executive Officer  
Town of East Fremantle  
PO Box 1097  
FREMANTLE WA 6959

Dear Mr Tuffin

### Local Government Ordinary Election: 2019

The next local government ordinary elections are being held on 19 October 2019. While this is still some distance in the future, I have enclosed an estimate for your next ordinary election to assist in your 2019/2020 budget preparations.

The estimated cost for the 2019 election if conducted as a postal ballot is \$33,000 inc GST, which has been based on the following assumptions:

- 5,600 electors
- response rate of approximately 45%
- 4 vacancies
- count to be conducted at the offices of the Town of East Fremantle
- appointment of a local Returning Officer
- regular Australia Post delivery service to apply for the lodgement of the election packages.

An additional amount of \$1,120 will be incurred if your Council decides to opt for the Australia Post Priority Service for the lodgement of election packages. The Commission is of the view that the regular service is adequate for outgoing mail for most local governments, particularly in the metropolitan area.

Costs not incorporated in this estimate include:

- any legal expenses other than those that are determined to be borne by the Western Australian Electoral Commission in a Court of Disputed Returns
- one local government staff member to work in the polling place on election day
- any additional postage rate increase by Australia Post.

The Commission is required by the *Local Government Act* to conduct local government elections on a full cost recovery basis and you should note that this is an estimate only and may vary depending on a range of factors including the cost of materials or number of replies received. The basis for charges is all materials at cost and a margin on staff time only. Should a significant change in this figure become evident prior to or during the election you will be advised as early as possible.

The current procedure required by the Act is that my written agreement has to be obtained before the vote by Council is taken. To facilitate the process, you can take this letter as my agreement to be responsible for the conduct of the ordinary elections in 2019 for the Town of East Fremantle in accordance with section 4.20(4) of the *Local Government Act 1995*, together with any other elections or polls that may also be required. My agreement is subject to the proviso that the Town of East Fremantle also wishes to have the election undertaken by the Western Australian Electoral Commission as a postal election.

In order to achieve this, your council would need to pass the following two motions by absolute majority:

- Declare, in accordance with section 4.20(4) of the *Local Government Act 1995*, the Electoral Commissioner to be responsible for the conduct of the 2019 ordinary elections together with any other elections or polls which may be required
- Decide, in accordance with section 4.61(2) of the *Local Government Act 1995* that the method of conducting the election will be as a postal election.

I look forward to conducting this election for the Town of East Fremantle in anticipation of an affirmative vote by Council. If you have any further queries please contact Phil Richards Manager, Election Events on 9214 0400.

Yours sincerely



David Kerslake  
**ELECTORAL COMMISSIONER**

19 October 2018





### 12.3.2 Amendments to Delegations Register & Purchasing Policy No 4.2.4

<b>File ref</b>	C/DEL1 & C/POL1
<b>Prepared by</b>	Gary Tuffin, Chief Executive Officer
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date:</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	Nil

#### **Purpose**

The purpose of this report is for Council to:

- correct an officer subdelegation (DA62 Withdrawal, Amendment & Collection of Infringement Notices)
- add a further officer subdelegation to DA35 Ordering Thresholds
- amend the Procedure Attachment for Council's Purchasing Policy (4.2.4)

#### **Executive Summary**

It is recommended:

*That Council amend:*

1. *Delegation DA62 Withdrawal, Amendment & Collection of Infringement Notices replacing the subdelegation from Executive Manager Regulatory Services to Executive Manager Corporate Services.*
2. *Delegation DA35 Ordering Thresholds to include the Administration Support Officer – Operations in the list of officers authorised under the subdelegation*
3. *Part 1 of the Procedures attachment to the Purchasing Policy (4.2.4) as follows:*
  - (i) *Administration Support Officer – Operations; Limit \$500*
  - (ii) *Executive Assistant to the CEO; Limit \$1,000*

#### **Background**

Following the transfer of management of ranger services from Regulatory to Corporate Services, Council at its meeting on 21 August 2018 amended its Delegations Register to reallocate various subdelegations from the Executive Manager Regulatory Services (EMRS) to the Executive Manager Corporate Services (EMCS). There was an oversight in not including DA62 Withdrawal, Amendment & Collection of Infringement Notices in this review.

#### **Statutory Environment**

Sections 5.42 and 5.16 of the *Local Government Act*.

#### **Policy Implications**

There is a reference to Policy 4.2.4 within Delegation DA35 Ordering Thresholds. It is proposed to make two amendments to the Procedure attachment related to that Policy.

#### **Strategic Implications**

The Town of East Fremantle Strategic Community Plan 2017 – 2027 states as follows:

***Strategic Priority 5: Leadership and Governance - A proactive, approachable Council which values community consultation, transparency and accountability***

***5.1 Strengthen organisational accountability and transparency***

5.1.3 Improve the efficiency and effectiveness of services

***5.3 Strive for excellence in leadership and governance***

5.3.2 Improve organisational systems with a focus on innovation

**Site Inspection**

Not applicable

**Comment**

DA62 Withdrawal, Amendment & Collection of Infringement Notices

It is proposed to replace the sub-delegation from EMRS to EMCS.

DA35 Ordering Thresholds

To improve efficiencies within the Operations department, it is proposed that the Administration Support Officer – Operations be added to the list of officers with purchasing authority. This would enable the officer to sign purchase orders to the value stipulated in the Purchasing Policy Procedures Attachment, for small purchases without having to wait for a signature from the Operations Manager or Operations Supervisor.

Purchasing Policy 4.2.4

In line with the above change to DA35, the Administration Support Officer – Operations be listed on the Policy 4.2.4 Procedures attachment with authority to sign purchase orders to the value of \$500.

Whilst this document is under review, the opportunity to also increase the purchasing authority for the Executive Assistant to the CEO from \$500 to \$1,000 is recommended.

**12.3.2 OFFICER RECOMMENDATION**

**That Council amend:**

- 1. Delegation DA62 Withdrawal, Amendment & Collection of Infringement Notices replacing the subdelegation from Executive Manager Regulatory Services to Executive Manager Corporate Services.**
- 2. Delegation DA35 Ordering Thresholds to include the Administration Support Officer – Operations in the list of officers authorised under the subdelegation**
- 3. Part 1 of the Procedures attachment to the Purchasing Policy (4.2.4) as follows:**
  - (i) Administration Support Officer – Operations: Limit \$500**
  - (ii) Executive Assistant to the CEO: Limit \$1,000**

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### 12.3.3 Adoption of Elected Member Communication Policy

<b>File ref</b>	A/MED1
<b>Prepared by</b>	Wendy Cooke, Project Coordinator
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date:</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil.
<b>Attachments</b>	1. Policy 4.4.4 Elected Member Communication 2. WALGA Social Media Guide 3. WALGA Dealing with Constituents Guide

#### **Purpose**

The purpose of this report is for Council to consider adopting the proposed Elected Member Communication Policy.

#### **Executive Summary**

A Draft Policy 4.4.4 has been developed to provide clear protocols for elected members to address the risks involved in relation to communicating with constituents, particularly in relation to social media and cyber bullying.

#### **Background**

The policy is based on the template provided by the Western Australian Local Government Association (WALGA) to assist elected members with:

- Making comment in either their Town role or in a personal capacity
- Speaking on behalf of the Town of East Fremantle
- Responding to media enquiries, developing media statements or press releases
- Using social media
- Record keeping and Freedom of Information
- Personal communications
- Elected member statements on Town matters

WALGA State Council has led an advocacy platform to address the increasing risks faced by Elected Members and Local Government employees from cyber bullying and abuse.

#### **Consultation**

- At the May 2018 WALGA State Council Meeting it was resolved to seek ALGA's support in advocating for Commonwealth legislation amendments so that all Australians are provided protections from cyber bullying and abuse.
- Comment on the proposed policy was sought from elected members at the Council Concept Forum, Tuesday 13 November 2018.
- WALGA Manager of Governance– James McGovern

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### Statutory Environment

*Local Government (Rules of Conduct) Regulations 2007*

*Local Government Act 1995 s.2.8(1)(d):*

- 1) *The mayor or president —*
  - (d) *speaks on behalf of the local government; and*

*Local Government Act 1995 s.5.41(f) –*

*5.41. Functions of CEO*

- (f) *speaks on behalf of the local government if the mayor or president agrees; and*

### Policy Implications

A new Policy is proposed.

### Financial Implications

Nil

### Strategic Implications

***Strategic Priority 5 – Leadership and Governance - A proactive, approachable Council which values community consultation, transparency and accountability***

- 5.1 Strengthen organisational accountability and transparency*
- 5.2 Proactively collaborate with the community and other stakeholders*
- 5.3 Strive for excellence in leadership and governance*

### Site Inspection

Not applicable

### Comment

The proposed policy will ensure that all Elected Members are provided with consistent information in relation to communicating with constituents, have access to consistent information regarding their role and responsibility when approached by the media for comment about Town of East Fremantle matters, and provide clarity in relation to making personal comments .

WALGA has provided a Guideline for Elected Members regarding the personal use of Social Media (see attachment 12.3.3):

The following clauses are extracted from the updated WALGA Model Code of Conduct:

#### **4.3 Personal Communications and Social Media**

- (a) *Personal communications and statements made privately in conversation, written, recorded, emailed or posted in personal social media, have the potential to be made public, whether intended or not.*
- (b) *Employees must not, unless undertaking a duty in accordance with their employment, disclose information, make comments or engage in communication activities about or on behalf of the <<Shire / Town / City>>, it's Council Members, employees or contractors, which breach this Code of Conduct.*

- (c) *Council Member comments which become public and breach the Local Government (Rules of Conduct) Regulations 2007 may constitute a serious breach of the Local Government Act 1995 and may be referred for investigation.*
- (d) *Employee comments which become public and breach the Code of Conduct, or any other operational policy or procedure, may constitute a disciplinary matter and may also be determined as misconduct and be notified in accordance with the Corruption, Crime and Misconduct Act 2003.*

The Code of Conduct also requires Council Members to:

- *ensure that there is no actual or perceived conflict of interest between their personal interests and the impartial fulfilment of their professional duties; and*
- *not use confidential information, intellectual property or their position to improperly influence the performance of their duties or the duties of others or to gain undue or improper advantage or gain for themselves or others.*

The *Local Government (Rules of Conduct) Regulations 2007*, generally require Council Members to:

- *Act with reasonable care and diligence;*
- *Act with honesty and integrity;*
- *Act lawfully;*
- *Avoid damage to the reputation of the local government;*
- *Not reflect adversely on a decision of the Council (except to move a motion for a decision to be revoked or changed);*
- *Not reflect adversely on the character or actions of another Council Member or Employee;*
- *Not use offensive or objectionable expressions in reference to any Council Member or Employee.*

Following discussion at the Council Concept Forum, Tuesday 13 November 2018, further clarification was sought on the following sections of the proposed Elected Member Communication Policy:

*Point 2. Speaking on behalf of the Town of East Fremantle*

*The Mayor is the official spokesperson for the Town and may represent the Town of East Fremantle and may represent the Town in official communications, including; speeches, comment, print, electronic and social media. [ s.2.8(1)(d) of the Local Government Act 1995]*

*Where the Mayor is unavailable, the Deputy Mayor may act as the spokesperson.  
[s.2.9 and s.5.34 of the Local Government Act 1995]*

*The CEO may speak on behalf of the Town, where authorised to do so by the Mayor. [s.5.41(f) of the Local Government Act 1995]*

*The provisions of the Local Government Act 1995 essentially direct that only the Mayor, or the CEO if authorised, may speak on behalf of the Local Government. It is respectful and courteous to the office of Mayor to refrain from commenting publicly, particularly on recent decisions or contemporary issues, until such time as the Mayor has had opportunity to speak on behalf of the Town.*

It was requested to amend the following sentence to enable elected members to communicate Council decisions - *It is respectful and courteous to the office of Mayor to refrain from commenting publicly, particularly on recent decisions or contemporary issues, until such time as the Mayor has had opportunity to speak on behalf of the Town.*

The draft Policy was prepared by WALGA and they have advised that the intent in writing the policy in this way is to ensure that elected members are respectful to the role of Mayor, to uphold the role of Mayor and therefore allow time for the Mayor to make an announcement on decisions or issues. This sentence is not intended to impinge on the right of elected members to communicate in their role as an elected member.

The Town of East Fremantle *Policy 4.1.2 Code of Conduct for Council Members, Committee Members and Staff* makes no reference to conduct in relation to *Personal Communications and Social Media* (as is in the WALGA Model Code of Conduct). However, for the purposes of the proposed Elected Member Community Policy, the following point provides:

4. *Conduct of Council Members, Committee Members and Staff*

*Respecting roles and responsibilities*

(iii) *As a representative of the community, Council Members are required to be not only responsive to community views, but to adequately communicate the attitudes and decisions of the Council. In doing so Council Members should acknowledge that:*

- *as a member of the Council there is respect for the decision making processes of the Council which are based on a decision of the majority of the Council;*
- *information of a confidential nature ought not be communicated until it is no longer treated as confidential;*
- *information relating to decisions of the Council on approvals, permits and so on ought only be communicated in an official capacity by a designated officer of the Council;*
- *information concerning adopted policies, procedures and decisions of the Council is conveyed accurately.*

Point 5. Social Media

It was requested that the section relating to Social Media and the Town's social media account be reworded to be more specific in relation to elected members.

WALGA advised that as the Town of East Fremantle is the legal entity and as such operates the Town's social media accounts (Facebook, Website), in terms of providing policy information into the operation of the social media accounts, this section covers the use of Social Media operated by the Town and therefore the Council.

Use of individual elected member Facebook accounts is referred to in 7. *Personal Communications* and provides clarity for elected members in using their personal social media accounts.

**12.3.3 OFFICER RECOMMENDATION**

**That Council adopt Policy 4.4.4 Elected Member Communication Policy.**



## ELECTED MEMBERS COMMUNICATION

<b>Policy Number:</b>	
<b>Type:</b>	Governance and Leadership – Communications and community engagement
<b>Legislation:</b>	<a href="#">Local Government (Rules of Conduct) Regulations 2007</a> State Records Act 2000 - <a href="#">SRC Standard 8 – Managing Digital Information</a> <a href="#">State Records Office Guideline – Management of Digital Records</a>
<b>Delegation:</b>	
<b>Other Related Document:</b>	Policy Code of Conduct; Workplace Behaviours Etc.

### Policy Objective

To establish protocols for the Town of East Fremantle official communications with our community to ensure the Town is professionally and accurately represented, to maximise a positive public perception and response to the Town.

### Policy Scope

This policy applies to:

1. Communications initiated or responded to by the Town of East Fremantle with our community; and
2. Elected Members when making comment in either their Town role or in a personal capacity.

### Policy Statement

#### 1 Official Communications

The purposes of Town's official communications include:

- Sharing information required by law to be publicly available.
- Sharing information that is of interest and benefit to the Community.
- Promoting the Town of East Fremantle events and services.
- Promoting Public Notices and community consultation / engagement opportunities.
- Answering questions and responding to requests for information relevant to the role of the Town.
- Receiving and responding to community feedback, ideas, comments, compliments and complaints.



The Town of East Fremantle's official communications will be consistent with relevant legislation, policies, standards and the positions adopted by the Council. Our communications will always be respectful and professional.

The Town of East Fremantle will use a combination of different communication modes to suit the type of information to be communicated and the requirements of the community or specific audience, including:

- Website;
- Advertising and promotional materials;
- Media releases prepared for the Mayor, to promote specific Town of East Fremantle positions;
- Social media; and
- Community newsletters, letter drops and other modes of communications undertaken by the Town's Administration at the discretion of the CEO.

## 2 Speaking on behalf of the Town of East Fremantle

The Mayor is the official spokesperson for the Town and may represent the Town of East Fremantle and may represent the Town in official communications, including; speeches, comment, print, electronic and social media. [s.2.8(1)(d) of the Local Government Act 1995]

Where the Mayor is unavailable, the Deputy Mayor may act as the spokesperson.  
[s.2.9 and s.5.34 of the Local Government Act 1995]

The CEO may speak on behalf of the Town, where authorised to do so by the Mayor.  
[s.5.41(f) of the Local Government Act 1995]

The provisions of the *Local Government Act 1995* essentially direct that only the Mayor, or the CEO if authorised, may speak on behalf of the Local Government. It is respectful and courteous to the office of Mayor to refrain from commenting publicly, particularly on recent decisions or contemporary issues, until such time as the Mayor has had opportunity to speak on behalf of the Town.

Communications by Elected Members, whether undertaken in an authorised official capacity or as a personal communication, must not:

- bring the Town into disrepute;
- compromise the person's effectiveness in their role with the Town;
- imply the Town's endorsement of personal views;
- imply the Elected Member is speaking on behalf of the Town, unless authorised to do so; or
- disclose, without authorisation, confidential information.

Social media accounts or unsecured website forums must not be used to transact meetings which relate to the official business of the Town.

Elected member communications must comply with the Code of Conduct and the *Local Government (Rules of Conduct) Regulations 2007*.

### **3 Responding to Media Enquiries, Developing Media Statements, Press Releases**

All enquiries from the Media for an official Town of East Fremantle comment, whether made to an individual Elected Member or Employee, must be directed to the CEO or a person authorised by the CEO. Information will be coordinated to support the Mayor or CEO (where authorised) to make an official response on behalf of the Town.

Elected Members may make comments to the media in a personal capacity – refer to clause 7.1 below.

### **4 Website**

The Town of East Fremantle will maintain an official website, as our community's on-line resource to access to the Town's official communications.

### **5 Social Media**

The Town of East Fremantle uses Social Media to facilitate interactive information sharing and to provide responsive feedback to our community. Social Media will not however, be used by the Town to communicate or respond to matters that are complex or relate to a person's or entity's private affairs.

The Town of East Fremantle currently maintains the following Social Media accounts:

- Facebook

The Town of East Fremantle may also post and contribute to Social Media hosted by others, so as to ensure that the Town's strategic objectives are appropriately represented and promoted.

The Town of East Fremantle actively seeks ideas, questions and feedback from our community however, we expect participants to behave in a respectful manner. The Town will moderate its Social Media accounts to address and where necessary delete content deemed to be:

- Offensive, abusive, defamatory, , inaccurate, false or misleading;
- Promotional, soliciting or commercial in nature;
- Unlawful or incites others to break the law;
- Information which may compromise individual or community safety or security;
- Repetitive material copied and pasted or duplicated;
- Content that promotes or opposes any person campaigning for election to the Council, appointment to official office, or any ballot;
- Content that violates intellectual property rights or the legal ownership of interests or another party; and
- Any other inappropriate content or comments at the discretion of the Town of East Fremantle.

Where a third party contributor to the Town's social media account is identified as posting content which is deleted in accordance with the above, the Town may at its complete discretion block that contributor for a specific period of time or permanently.

Social Media is not an official forum for providing detailed responses to comments posted on the Town of East Fremantle social media platforms and where appropriate the Town's facebook administrator may use the the following statement if a comment or query comes from a member of the public via social media:

*"Hi <<name>>, thank you for connecting with us on Facebook. We are unable to action requests via Social Media - please email your message to [admin@eastfremantle.wa.gov.au](mailto:admin@eastfremantle.wa.gov.au). Thank you for your kind attention. "*

### **5.1 Use of Social Media in Emergency Management and Response**

The Town will use the following Social Media accounts to communicate and advise our community regarding Emergency Management:

- Facebook
- Website

## **6 Record Keeping and Freedom of Information**

Official communications undertaken on behalf of the Town of East Fremantle, including on the Town's Social Media accounts and third party social media accounts must be created and retained as local government records in accordance with the Town's Record Keeping Plan and the *State Records Act 2000*. These records are also subject to the *Freedom of Information Act 1992*.

Elected Member communications that relate to their role as an Elected Member are subject to the requirements of the Town's Record Keeping Plan and the *State Records Act 2000*. Elected Members are responsible for transferring these records to the Town's administration. Elected Member records are also subject to the *Freedom of Information Act 1992*.

## **7 Personal Communications**

Personal communications and statements made privately; in conversation, written, recorded emailed, texted or posted in personal social media, have the potential to be made public, whether intended or not.

On the basis that personal or private communications may be shared or become public at some point in the future, Elected Members should ensure that their personal or private communications do not breach the requirements of this policy, the Code of Conduct and the *Local Government (Rules of Conduct) Regulations 2007*.

### **7.1 Elected Member Statements on Town Matters**

An Elected Member may choose to make a personal statement publicly on a matter related to the business of the Town of East Fremantle.

Any public statement made by an Elected Member, whether made in a personal capacity or in their Local Government representative capacity, must:

1. Clearly state that the comment or content is a personal view only, which does not necessarily represent the views of the Town of East Fremantle.
2. Be made with reasonable care and diligence;
3. Be lawful, including avoiding contravention of; copyright, defamation, discrimination or harassment laws;
4. Be factually correct;
5. Avoid damage to the reputation of the local government;
6. Not reflect adversely on a decision of the Council;
7. Not reflect adversely on the character or actions of another Elected Member or Employee;
8. Maintain a respectful and positive tone and not use offensive or objectionable expressions in reference to any Elected Member, Employee or community member.

An Elected Member who is approached by the media for a personal statement may request the assistance of the CEO.

Comments which become public and which breach this policy, the Code of Conduct or the *Local Government (Rules of Conduct) Regulations 2007*, may constitute a minor breach of the *Local Government Act 1995* and may be referred for investigation.

<b>Responsible Directorate:</b>	Office of the Chief Executive Officer
<b>Reviewing Officer:</b>	Chief Executive Officer
<b>Decision making Authority:</b>	Council
<b>Policy Adopted:</b>	
<b>Policy Amended:</b>	
<b>Next Review Date:</b>	

# Guideline

## Local Government Council Member

### Personal Use of Social Media



Social media is a powerful communication and networking tool which has become part of our everyday life.

This guideline is designed to assist Local Government Council Members in understanding their obligations when using Social Media in a personal capacity.

### Quick Tips

#### Think before you post

- Could my comments cause the Local Government, the community, residents, ratepayers or other stakeholders to lose confidence in my ability to perform my role in an impartial and professional manner?
- Are my comments consistent with how the community expects a Council Member of the Local Government to operate and behave?
- Could my comments lower or undermine the reputation of the Local Government?
- Could my comments breach the law? For example, do they comply with anti-discrimination legislation and laws relating to defamation, or the *Local Government Act 1995*?
- Would I be comfortable if the person who is the subject of my comments read them?
- What if my comments were printed in the *Inside Cover* article of the *West Australian*?
- Think and rethink before you post. Sometimes you can unintentionally say something hurtful or upsetting when you don't mean to. Consider how someone else may interpret what you say.

#### What to do if you become a victim of online bullying

- Keep evidence of the offensive or harmful content (screenshots). This may be needed for an investigation.
- Contact the social media service provider and ask them to block the offensive content.
- You could also contact the person who posted the offensive content and ask them to remove it.
- Seek advice and support from someone you trust. A counselling service may help you to cope with particularly difficult or ongoing concerns.
- Take a stand. If someone is being disrespectful or offensive, let them know that you find their comment / content offensive. Remember though, regardless of the severity of the content to which you are responding, an offensive response by you may still constitute a breach of the law.
- Always be respectful and model behaviours that align with the *Local Government (Rules of Conduct) Regulations 2007*.
- Posts which are threatening or imply unlawful activity should always be reported to Police.

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# Social Media

## Local Government Context

### What is social media

Social media consists of tools such as websites and applications that allow users to create and share content and to participate in social networking. Social media may include:

- Social networks, such as Yammer, Facebook and LinkedIn.
- Media sharing networks, such as Snapchat, Instagram, Soundcloud and YouTube.
- Bookmarking and content curation networks, such as Pinterest.
- Corporate networks, such as SharePoint and Skype.
- Blogging networks, such as WordPress or newshub.
- Micro-blogging networks, such as Twitter and Tumblr.
- Discussion forums, such as speechbubble and Whirlpool.
- Wikis, such as Wikipedia.
- Online gaming networks, such as World of Warcraft and Fortnite.
- Sharing economy websites, such as Gumtree and Uber.

The term “post” in this guideline refers to any shared or created content put on social media.

### What’s Public and What’s Private

You may mistakenly believe that your comments and interactions on social media are private and anonymous. Particularly where you have applied the highest level of privacy or security settings to your accounts. There is however, no guarantee of privacy.

You should be aware that according to the terms and conditions of some third-party sites, the content you create is the property of the site where it is posted and so may be re-used in ways which you had not intended.

Before you post to a social media site you should understand the tool/platform you are using. Read the terms of service and user guides and look through existing content to get an idea of the posting etiquette and any cultural and behavioural norms associated with the social media platform you intend to engage with.

What you publish online can remain there for a long time. Content can also be replicated and shared beyond the original intended audience and sent to recipients who were never expected to see it, or who may view it out of context.

As a Council Member your private online identity may become blurred with your Local Government identity and any inappropriate public comment or content may damage the reputation of yourself, another person or your Local Government.

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Consequently, the public perception may be that there is no distinction between statements made in an official capacity on behalf of your Local Government and those made as an individual Council Member. If the comments made privately were inappropriate and they become public, you will be accountable under your Code of Conduct and the *Local Government (Rules of Conduct) Regulations 2007*.

There are risks to your personal well-being also. There are many examples of Western Australian Local Government Council Members being subjected to harassment (trolling) over long periods of time through their personal online accounts due to their association with a Local Government. Some of these people have suffered severe impacts to their personal lives, well-being and reputation.

This guide provides information that will assist you in understanding the behavioural obligations of Council Members and also support you in protecting yourself from avoidable risks.

### What the Code of Conduct and Rules of Conduct Require

Codes of Conduct include behaviour requirements which help to inform Council Members when considering their on-line profile, comments and content.

#### *Recommended Reading:*

Make sure you are familiar with the Code of Conduct adopted by your Local Government.

The following clauses are extracted from the WALGA Model Code of Conduct:

#### **4.1 Personal Behaviour**

(a) *Council Members, Committee Members and employees will:*

- (i) *act, and be seen to act, properly and in accordance with the requirements of the law and the terms of this Code;*
- (ii) *perform their duties impartially and in the best interests of the Local Government uninfluenced by fear or favour;*
- (iii) *act in good faith (i.e. honestly, for the proper purpose, and without exceeding their powers) in the interests of the Local Government and the community;*
- (i) *make no allegations which are improper or derogatory (unless true and in the public interest) and refrain from any form of conduct, in the performance of their official or professional duties, which may cause any reasonable person unwarranted offence or embarrassment; and*
- (ii) *always act in accordance with their obligation of fidelity to the Local Government.*

(b) *Council Members will represent and promote the interests of the Local Government, while recognising their special duty to their own constituents.*

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#### 4.3 **Personal Communications and Social Media**

- (a) *Personal communications and statements made privately in conversation, written, recorded, emailed or posted in personal social media, have the potential to be made public, whether intended or not.*
- (b) *Employees must not, unless undertaking a duty in accordance with their employment, disclose information, make comments or engage in communication activities about or on behalf of the <<Shire / Town / City>>, it's Council Members, employees or contractors, which breach this Code of Conduct.*
- (c) *Council Member comments which become public and breach the Local Government (Rules of Conduct) Regulations 2007 may constitute a serious breach of the Local Government Act 1995 and may be referred for investigation.*
- (d) *Employee comments which become public and breach the Code of Conduct, or any other operational policy or procedure, may constitute a disciplinary matter and may also be determined as misconduct and be notified in accordance with the Corruption, Crime and Misconduct Act 2003.*

The Code of Conduct also requires Council Members to:

- ensure that there is no actual or perceived conflict of interest between their personal interests and the impartial fulfilment of their professional duties; and
- not use confidential information, intellectual property or their position to improperly influence the performance of their duties or the duties of others or to gain undue or improper advantage or gain for themselves or others.

The *Local Government (Rules of Conduct) Regulations 2007*, generally require Council Members to:

- *Act with reasonable care and diligence;*
- *Act with honesty and integrity;*
- *Act lawfully;*
- *Avoid damage to the reputation of the local government;*
- *Not reflect adversely on a decision of the Council (except to move a motion for a decision to be revoked or changed);*
- *Not reflect adversely on the character or actions of another Council Member or Employee;*
- *Not use offensive or objectionable expressions in reference to any Council Member or Employee.*

### *Recommended Reading:*

The [Local Government \(Rules of Conduct\) Regulations 2007](#).



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## Council Members Expressing Personal Opinion

The WALGA Template Communications and Social Media Policy makes clear that Council Members have a right to make public comment in their personal capacity. Council members may not however, make any public comment which is or may be perceived as being a statement made on behalf of their Local Government.

It is recommended that Council Members pre-script any personal comment they make about activities or matters which are relevant to their local government with a statement similar to:

***As a «Shire / Town / City of XXXX» Councillor, the views expressed here are my personal views only.***

## Receiving Works Requests or Community Feedback

Council Members who use social media as part of their Local Government role, may receive posts or comment from community members that is; a request for works or service, an administrative enquiry, a complaint or a compliment.

It is important to recognise that the Community may see these communications in the same way that they historically would have seen a letter or email and rightfully, the community expects that their communication will be actioned and responded to.

### *Remember*

It is not the Council Member's role to find the answers or become involved in resolving the community member's request. That is the role of the Local Government's Administration.

The Council Member's role is only to receive the community member's communication and ensure that it is directed to the Local Government's Administration for action.

Therefore, if Council Members are using social media to connect with their community, then it is important that the Council Member:

- has discussed and agreed with the CEO the method for forwarding community requests to the Local Government's Administration for action; and
- ensures that they are regularly reviewing their social media and forwarding the community requests to the Administration in a timely manner.

Council Members should then ensure that community members are advised of how their communication has been received and actioned. For example:

***Thank you for providing this advice. It has been forwarded to the «Shire / Town / City's» for response direct to you. Please contact the Customer Service Team on 9696 1010 or «email address» for more information.***

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## What happens if I have breached the requirements?

If a breach by a Council Member has been reported to or identified by your Local Government, then it may be the subject of an official complaint to the Local Government Standards Panel. The Panel will investigate and may determine sanctions under the Local Government Act. If however, the breach constitutes serious misconduct, it may be subject to mandatory reporting to the Corruption and Crime Commission.

If you believe that you have previously posted comments or content that may breach your obligations, it is recommended that you remove (delete) the offending material as soon as possible after you become aware that the material may constitute a breach.

At the most basic, an inquiry into a Rules of Conduct breach will answer just two questions:

1. Is it reasonable to conclude that the person did engage in particular conduct, and
2. If so, did that amount to a breach of the Rules of Conduct?

What the person meant to do or how serious any breach was, are not relevant. Factors of that kind may only be relevant when determining an appropriate sanction is if the person is found to have committed the breach. They don't affect the decision about whether the person breached the Rules of Conduct.

This guideline will help you to consider your own actions and draw an informed conclusion about whether you are at risk of breaching the Code by making public comments - and, if so, how seriously.

## Legislation

Council Member behaviour and activity, including when using social media for professional or personal purposes is governed by:

- *Local Government Act 1995*
  - *Code of Conduct, as adopted by each Local Government*
- *Local Government (Rules of Conduct) Regulations 2008*
- *Local Government (Elections) Regulations 1996*
- *State Records Act 2000*
- *Freedom of Information Act 1988*

Check your Local Government's policies too as there may be specific policies which apply to communications and social media and which you must therefore also comply with. For Example:

- Public Relations / Media
- Election Caretaker Period

The State Records Office of Western Australia also provides a [Local Government Elected Member Record Keeping Information Sheet](#), which will help you to understand when your social media content is required to be kept as a Local Government record.

## Risk Factors

A number of factors can affect a decision about whether material you have emailed, texted, posted or published potentially breaches the law.

**It is important for Council Members to recognise that many of the following risk factors relate to all forms of Council Member communications and we encourage you to apply the thinking forward.**

### ***Does it criticise the work of your Local Government?***

Publicly criticising the work, the administration, the Council, Council Members, Employees or Contractors of your Local Government is almost always going to be seen as a breach of the Rules of Conduct. As a Council Member, people will assume that you have a high level of knowledge about what your Local Government does, and that you may have access to sensitive information. They will think that you know 'what's really going on'. Your comments have a strong capacity to affect your Local Government's reputation.

If you have serious concerns about the way in which your Local Government is being run or the behaviour of another Council Member or an Employee, there are proper ways to report these. Posting on social media is not the answer.

As a Council Member you are able to make personal comments and participate in community discourse in your own right. However, it is important that you make clear that you are not communicating on behalf of the Local Government. WALGA's Template Council Policy on Communications and Social Media provides the following principles for Council Member personal communications, which should:

1. Clearly state that the comment or content is a personal view only, which does not necessarily represent the views of the Local Government.
2. Be made with reasonable care and diligence;
3. Be lawful, including avoiding contravention of; copyright, defamation, discrimination or harassment laws;
4. Be factually correct;
5. Avoid damage to the reputation of the local government;
6. Not reflect adversely on a decision of the Council;
7. Not reflect adversely on the character or actions of another Council Member or Employee;
8. Maintain a respectful and positive tone and not use offensive or objectionable expressions in reference to any Council Member, Employee or community member.

If you feel strongly about posting comments or content and are unsure about how the comments may be perceived, then discuss them with your CEO to make sure you're on safe ground before you post.

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**Language and tone**

Think about the language you use when making public comments about sensitive issues. Is it consistent with the kind of language that people would expect a Council Member representing their Local Government to use? Is it nuanced and thoughtful, or blunt and inflammatory? Does it recognise that there may be alternative points of view?

Be moderate in your language and focus on the facts. Picking fights online is not behaviour consistent with the Rules of Conduct.

**Bullying and Harassment**

Employees have a right not to be bullied or harassed at work and as such, it is unlawful under the *Occupational Safety and Health Act 1984*. Bullying is generally defined as:

- a person or group of people repeatedly act unreasonably towards a worker or a group of workers; and
- the behaviour creates a risk to health and safety.

Unreasonable behaviour includes victimising, humiliating, intimidating or threatening. Whether a behaviour is unreasonable can depend on whether a reasonable person might see the behaviour as unreasonable in the circumstances. Bullying is defined by the effect of the behaviour, even though there may not be a specific intent to bully.

Examples of bullying include, repeatedly, unreasonably or inappropriately:

- behaving aggressively
- teasing or practical jokes
- pressuring someone to behave inappropriately
- excluding someone from work-related events or
- unreasonable work demands.

Council Members cannot engage in bullying or harassment of the Local Government's employees.

If however a Council Member becomes the subject of bullying or harassment, it is a personal, civil matter which may be subject to defamation or other legal action. The *Occupational Safety and Health Act 1984* does not apply, as Council Members are not employees (workers as defined under the OSH Act) of the Local Government.

**Personal criticism, or policy debate?**

Council Members may participate in public debates about important public issues, subject to the restrictions explained in this Guideline and the WALGA Template Council Policy – Communications and Social Media.

This does not equate to a right to attack other people personally. If you make personal comments about the character or ability of other people in your community, including other Council Members or Employees, you immediately raise the risk that you have breached the Rules of Conduct as well as opening the door to those people taking legal action against you.

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A right to participate in policy debate is not the same as a right to insult people. People who read those insulting comments will form views about whether you can in fact act impartially in your decision making role

Care must be taken when entering into policy debate to ensure that you are not making comment which is adverse to a position previously resolved by the Council.

***Confidential or sensitive information***

Confidential or sensitive information held by your Local Government or obtained in the course of your duties may not be disclosed publicly without prior authorisation from the Local Government.

***Misrepresentation and misinterpretation***

The written word can be interpreted many ways. It is important that when drafting content for posting on social media that you read, re-read, think and re-think about how others will read, understand and interpret what you have said.

Information and views can be spread very quickly and widely through online media and can easily be taken out of context and subject to misinterpretation and misrepresentation.

***Lack of Control***

Once online material is posted online, even if posted privately, it can easily be made public and there is little control or influence over how it might be used or modified or integrated (“mashed”) with other content.

***Intellectual property infringement***

The term “intellectual property” covers the various legal rights to protect the results of the original and creative effort.

You may infringe intellectual property by:

- Replicating, re-tweeting or sharing content without acknowledgement to the original author.
- Posting photos on Flickr or Facebook without consent from participants or the photographer.
- Copying work such as songs, articles, movies or software, from a source without being authorised to do so;
- Posting Government content on social media sites whose terms of service do not comply with Government Policy.

To avoid intellectual property infringement:

- Produce content specifically for social media sites. If choosing to post other Government, business or private site content on social media sites, be mindful of the potential conflict between the source site’s terms of use and the intellectual property requirements.
- Do not post third party information without permission or licence – where the third party has provided permission, check the permission is broad enough to cover posting to social media.

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**Defamation**

Defamation laws apply to online comments and content and in fact may increase the risk as content broadcast on social media may have far greater reach.

Australia's first social media defamation case recently resulted in a former student being ordered to pay more than \$100,000 in damages over a series of defamatory tweets about a teacher at their school.

Defamation occurs when a person intentionally spreads information about another person, group of people or small company that damages their reputation or can make others think less of them, specifically if the information constitutes a hurtful and untrue statement of fact about them. Even if you didn't create the defamatory material, but only shared it, you could also be found liable for defamation.

## Frequently Asked Questions

***Why can't I say what I want if I post anonymously?***

Are you sure you're anonymous? You may not have identified yourself as a Council Member but many of us now have a digital footprint that makes it easy to find out who we are. Posting material anonymously or using a pseudonym doesn't guarantee your identity will stay hidden. Even if you don't identify yourself you can still be identified by someone else.

It is simply common sense to assume that anything you write or post can be linked to you and your Local Government - whether you intend it or not.

***What if I've posted after hours?***

Your capacity to affect the reputation of your Local Government does not stop when you leave the Council Chamber. The comments you make at any time can make people question your ability to be impartial, respectful and professional when you are acting as a Council Member.

The community expects Local Government Council Members to uphold the Rules of Conduct behaviours at all times.

***But what if I posted material from my private computer/tablet/phone?***

Posting material from your private equipment means that you don't have to worry about whether or not you've properly used the Local Government ICT resources provided to Council Members. It doesn't however, affect whether what you've said is OK or not. In the same way that posting material after hours won't always protect you, neither will using your own equipment.

Having said that, remember that any material posted or sent from ICT devices provided by your Local Government may be accessed by the Local Government. This right to access any

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material received or created by you when performing your duties as a Local Government Council Member is established in law through the Local Government's obligations under the following legislation:

- *Local Government Act 1995*
- *State Records Act 2000*
- *Freedom of Information Act 1992*
- *Occupational Safety and Health Act 1984*
- *Equal Opportunity Act 1984*

Use of your Local Government's ICT equipment must be in line with the Rules of Conduct and your Local Government's policies and procedures.

***What about my right to freedom of speech?***

The common law recognises an individual right to freedom of expression. For Council Members, this right is subject to limitations imposed by the Rules of Conduct.

***Why can't I rely on privacy settings on my social media platforms?***

It's prudent to restrict the publication of your comments to those people who you actually want to see the comments.

You can set the privacy settings as high as you like. But it's not a complete protection, and it's a bad idea to rely on it. It won't stop a friend of yours deciding that something you wrote is particularly funny or insightful, taking a screenshot, and making it available for everyone to see.

***What about 'liking', sharing and reposting?***

If you 'like' something on a social media platform, it will generally be taken to be an endorsement of that material as though you'd created that material yourself.

'Sharing' a post has much the same effect. If, however, you're sharing something because you disagree with it and want to draw it someone else's attention, make sure that you make that clear at the time in a way that doesn't breach the Rules of Conduct. It may not be enough to select the 'angry face' icon, especially if you're one of thousands that have done so.

***If my social media pages are locked to friends only but one of my friends reposts one of my posts, could this be a breach?***

Yes. The breach occurs at the time you made your post. The fact that one of your friends chose to repost it doesn't create the breach—it just makes it easier to identify and investigate.

Public comment includes anything that you say in public or which ends up in public. This can include something you've said or written to one person. If your comment has an audience, or a recipient, it's a public comment.

***Will I breach the Rules if I send content in a private email to a friend?***

Potentially, yes. There's nothing to stop your friend forwarding the email or taking a screenshot of it, including your personal details, and sending it to other people or posting it all over the

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internet. Again, the breach of the Rules of Conduct is not in their subsequent publication of your material, but in your emailing that material in the first place.

***Am I responsible for nasty comments made by someone else on my social media pages?***

Doing nothing about objectionable material that someone else has posted on your page can reasonably be seen in some circumstances as your endorsement of that material. If someone does post material of this kind, it may be sensible to delete it or make it plain that you don't agree with it or support it.

Any breach of the Rules of Conduct would not come from the person making the post. It would come from how you reacted to it.

***Is it OK to share a petition about a political topic?***

It depends. The factors affecting this judgment might include the subject of the petition, or the terms in which it's expressed. The principles set out elsewhere in this guide and the WALGA Template Council Policy – Communications and Social Media may help you come to a view in each case.

In any case, if a Council Member has been actively involved in a petition or has been a signatory to the petition, the Council Member will have a conflict of interest to disclose when the petition is presented to the Council for consideration.

***Is posting to a closed mailing list making a public comment?***

Yes. The same principles apply in this case as posting to locked social media pages or sending private emails.

***What about just joining a Facebook group (or similar)?***

People will draw conclusions about you from a range of factors. This can include the nature of any online communities that you join.

***Can I post comments about politics, issues and events in other Local Government Districts?***

Usually, yes, but the same concerns still apply. For example, Council Members may be seen to be commenting on behalf of their Local Government and need to exercise sensible care in their comments.

You should think carefully before making comments about politics, issues and events in other Local Government Districts that might lead others to thinking less of your Local Government.





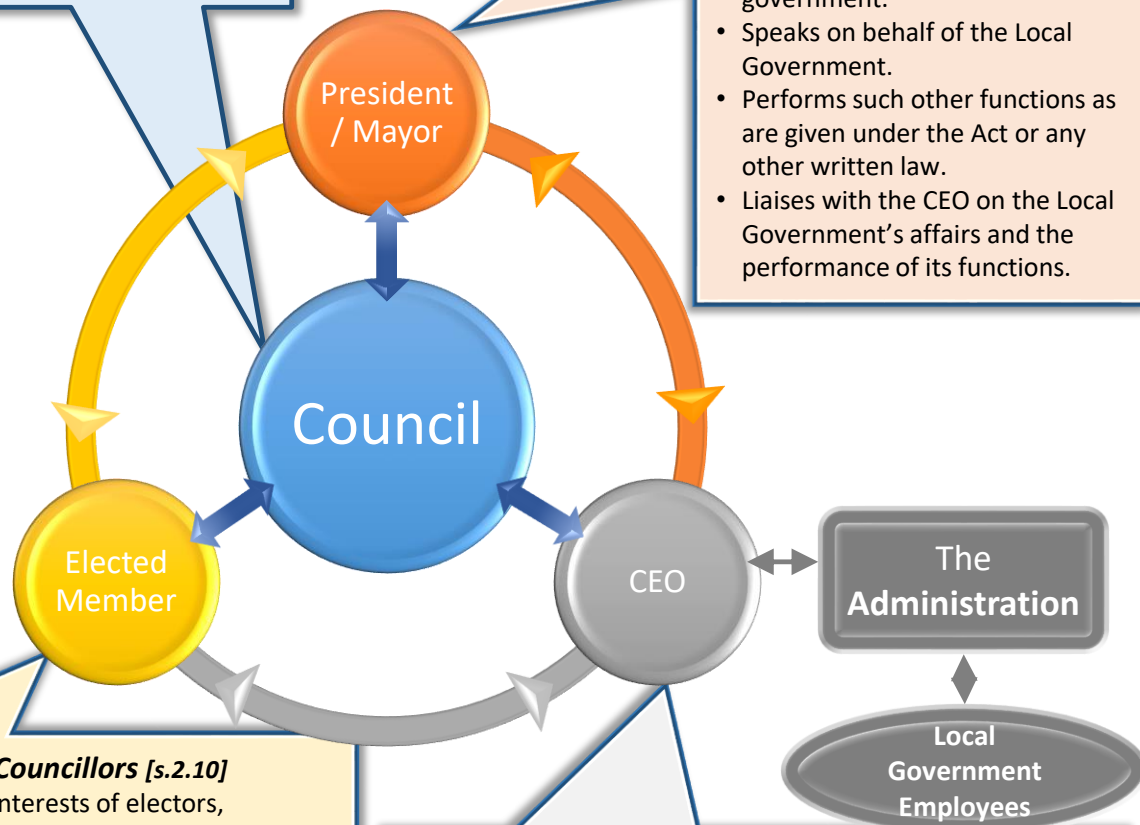
# Elected Member Roles and Responsibilities

## Role of Council [s.2.7]

- Governs the Local Government’s affairs.
  - Is responsible for the performance of the Local Government’s functions.
- Without limiting the above, the Council is to:
- Oversee the allocation of the Local Government’s finances and resources,
  - Determine the Local Government’s policies.

## Role of Mayor or President [s.2.8]

- Presides at meetings of Council.
- Provides leadership and guidance to the community of the District.
- Carries out civic and ceremonial duties on behalf of the local government.
- Speaks on behalf of the Local Government.
- Performs such other functions as are given under the Act or any other written law.
- Liaises with the CEO on the Local Government’s affairs and the performance of its functions.



## Role of Councillors [s.2.10]

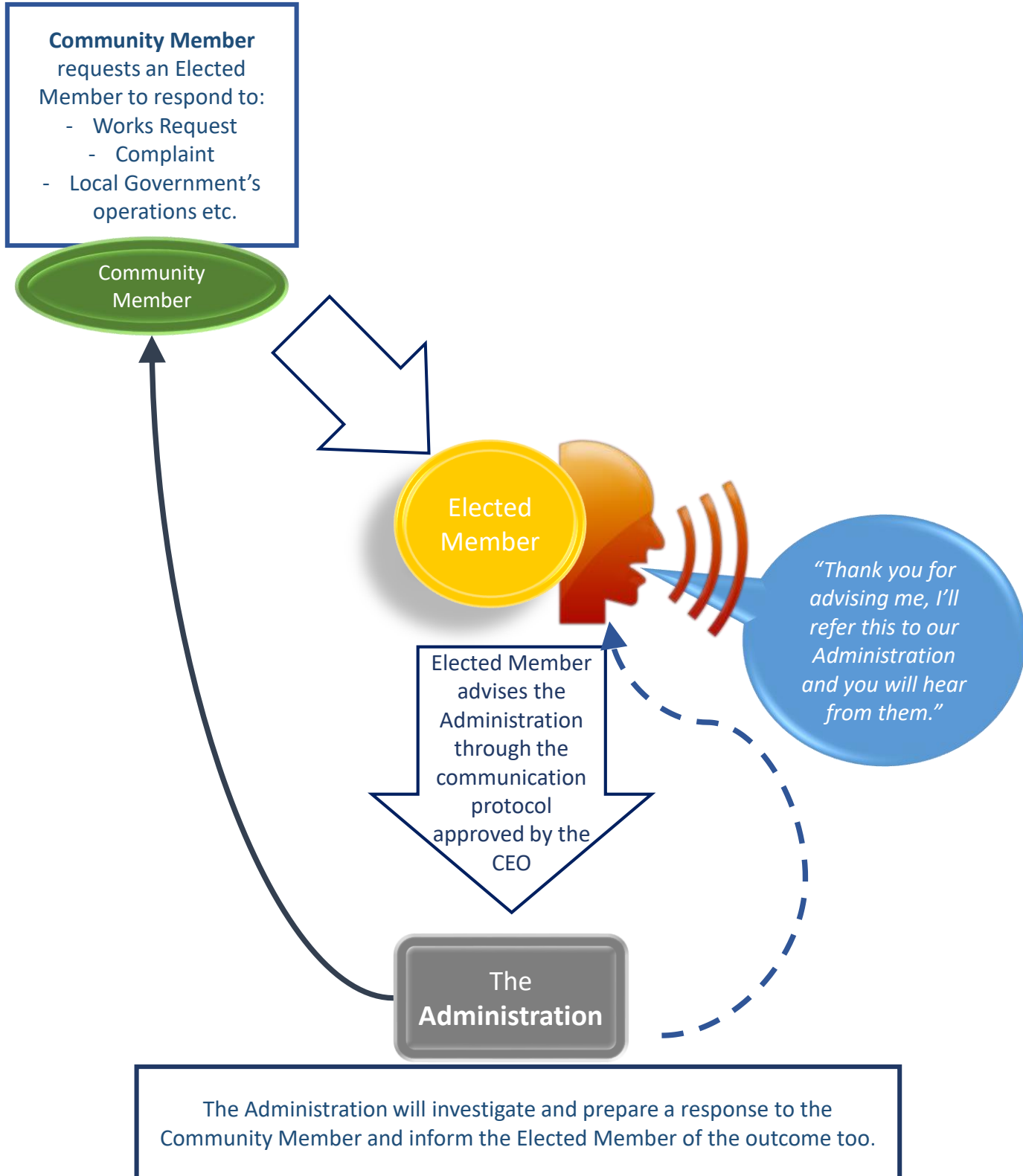
- Represents the interests of electors, ratepayers and residents of the District.
- Provides Leadership and guidance to the community in the District.
- Facilitates Communication between the community and the Council.
- Participates in the Local Government’s decision-making processes at Council & Committee meetings.
- Performs such other functions as are given to a Councillor by this Act or any other written law.

## Functions of CEO [s.5.41]

- Advise the Council in relation to the functions of a Local Government under this Act and other written laws.
- Ensure that advice and information is available to the Council so that informed decisions can be made.
- Cause Council decisions to be implemented.
- Manage the day to day operations of the Local Government.
- Liaise with the mayor or president on the local government’s affairs and the performance of the local government’s functions.
- Speak on behalf of the Local Government if the mayor or president agrees.
- Be responsible for the employment, management, supervision, direction and dismissal of other employees.
- Ensure that records and documents of the Local Government are properly kept for the purposes of this Act and any other written law.
- Perform any other function specified or delegated by the Local Government or imposed under this Act or any other written law as a function to be performed by the CEO.



# Elected Member 'Mailbox' Scenario 1 Community Request





# Elected Member 'Mailbox' Scenario 2 Staff Matter

Community Member

A Community Member complains that an employee is acting inappropriately.

Elected Member

*"I appreciate you may be concerned, however Elected Members cannot get involved in employee matters. You must speak directly to the CEO."*

Elected Member informs the CEO of the contact and has no further involvement.

President / Mayor, Council

CEO

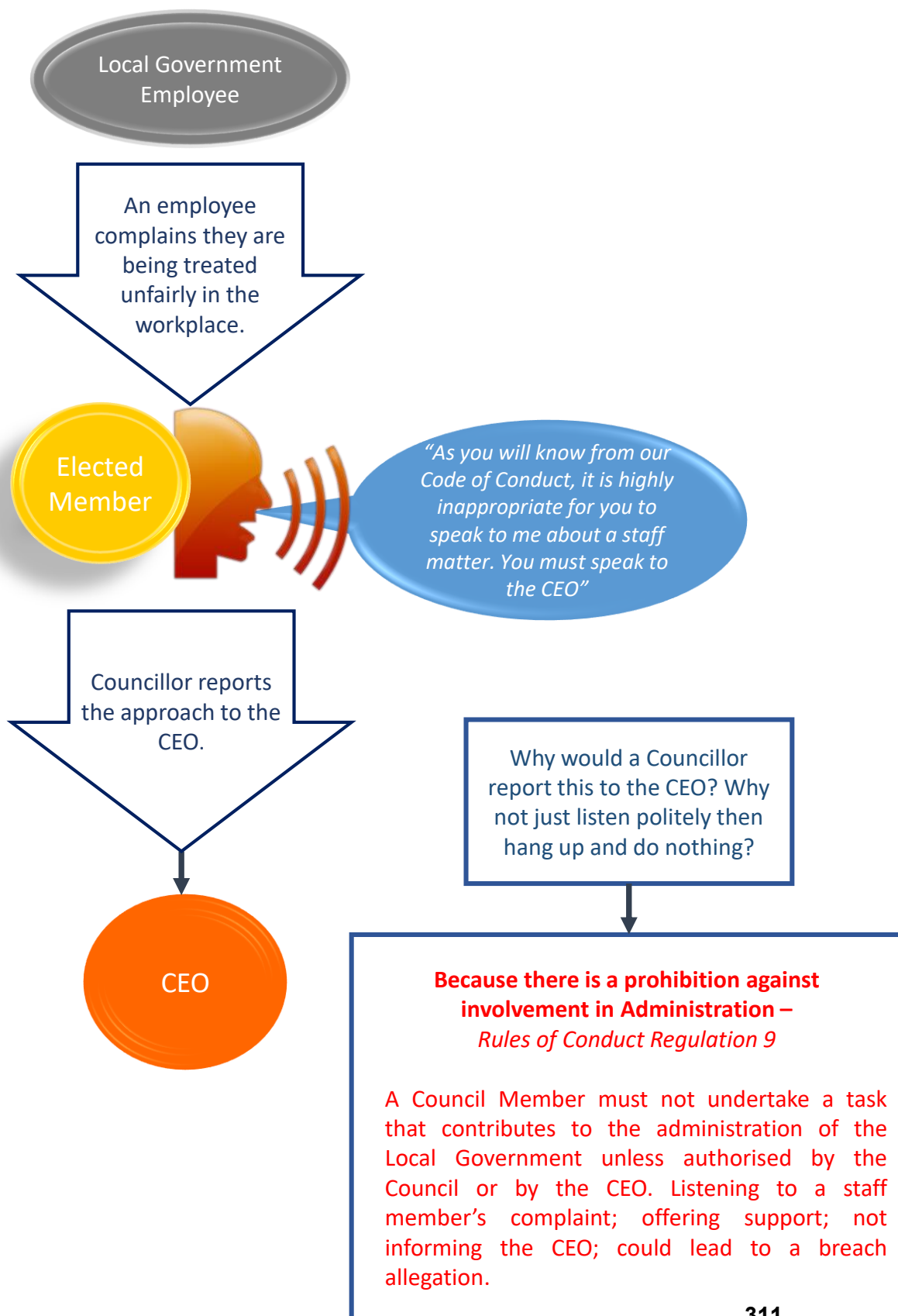
CEO will investigate and take action in accordance with their s.5.41 duties for management of employees.

Depending on the nature and seriousness of the issue, the CEO **may** advise the President / Mayor.

The CEO **may** also, if he/she considers it appropriate, confidentially advise Council of the issue.



# Elected Member 'Mailbox' Scenario 3 Employee Complaint



# Elected Member Guiding Principle Noses In, Fingers Out



## REMEMBER – Noses In, Fingers Out

An Elected Member's involvement in an enquiry should never lead to becoming actively involved in the operational side of the organisation.

It is understandable that knowledge of an issue within your community can influence your personal motivation to find a solution to the problem. You may even get the impression that the community expects you to become actively involved.

But active involvement in the administration of the Local Government is not permitted by law. Care should always be taken to limit your involvement to seeking information about an issue, principally from your CEO or senior members of staff with your CEO's approval.

Certainly, be persistent with your enquiries ('noses in') but interfering in the operational side of the Local Government, by demanding action or directing staff, is going too far ('fingers out') and may lead to an allegation that you have breached the Local Government Act.



#### 12.3.4 Review of Donations Policy

<b>File ref</b>	F/DNS1 & C/POL1
<b>Prepared by</b>	Janine May, EA to CEO
<b>Supervised by</b>	Peter Kocian, Acting Chief Executive Officer
<b>Meeting Date:</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Donations Policy with tracked changes

#### **Purpose**

The purpose of this report is for Council to review its Donations Policy.

#### **Executive Summary**

It is recommended:

*“That Council amend its Donations Policy in line with the tracked version attached to this report.”*

#### **Background**

Council’s Donations Policy (F2.5) adopted in 1997, was last reviewed in March 2008.

This policy outlines the following criteria for donation requests:

*(a) Charitable and Community Benefit Organisations*

*Public Appeals from organisations that provide a service to persons resident in the community of East Fremantle – Limit \$200*

*(b) Youth Sponsorship*

*i. Applications from individuals who are representing the State or competing at national or international level whether as an individual or as part of a team.*

*ii. Applications from intellectual and cultural representation will be considered with this item – Limit interstate \$150 and international \$300 as a contribution to travel costs.*

*Applications cannot be considered from persons who previously received a sponsorship in the current financial year, or in a prior financial year.*

*(c) Amounts Determined by Council*

*i. Funding for appeals, which arise from major events or catastrophes and are usually part of a Lord Mayor’s Appeal such as Floods, Fire, Cyclones etc.*

*ii. Council may determine contribution in excess of the limits specified above where there are extraordinary*

During 2017/18, there was a \$5,000 Donation allocation which was reduced to \$2,500 during the Budget Review. An amount of \$1,351 had been expended by the end of the financial year, which consisted of three financial assistance requests which met the guidelines of Youth Sponsorship; the annual Richmond Primary School Awards (2 x \$50), a print and stationery contribution to the local Street by Street Group for leaflets for one of their events (\$258) and a \$500 donation to the EFYC towards a \$2,000 fee for an appearance by the Duyfken tall ship to a community event held in January 2018.

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### Statutory Environment

Pursuant to section 2.7 of the *Local Government Act 1995*, one of Council's roles is to determine the policies of the local government.

### Policy Implications

Policy F5.2 Donations

### Strategic Implications

The Town of East Fremantle Strategic Community Plan 2017 – 2027 states as follows:

***Strategic Priority 5: Leadership and Governance - A proactive, approachable Council which values community consultation, transparency and accountability***

*5.1 Strengthen organisational accountability and transparency*

*5.3 Strive for excellence in leadership and governance*

### Site Inspection

Not Applicable.

### Comment

The proposed changes to Council's Donations Policy reflect:

- updated values for acceptable travel subsidies.
- improved clarity in the wording.
- removal of a requirement for recipients to attend a Council meeting to receive their contribution.

#### **12.3.4 OFFICER RECOMMENDATION**

**That Council amend its Donations Policy in line with the tracked version attached to this report.**

## DONATIONS

<b>Policy Number:</b>	
<b>Type:</b>	Governance and Leadership – Risk Management
<b>Legislation:</b>	Local Government Act 1995
<b>Delegation:</b>	N/A
<b>Other Related Document:</b>	<a href="#">Policy 1.2.2 Community Grants &amp; Sponsorship</a>

### Objective

To ensure that funds allocated within the budget for donations to the community and recreation clubs are allocated in a rational manner without Council being required to consider such requests in what might be considered an emotive atmosphere.

Council shall adopt a schedule of donations to organisations for inclusion in the annual budget and when an application is received from such an organisation then administrative action shall be taken in accordance with the amounts stated in the policy.

### Policy

Council will make an allocation in the annual budget of an amount for donations requested on an adhoc basis during the year. The criteria for allocating to requests will be on the following basis:

(a) Charitable and Community Benefit Organisations

Public Appeals from organisations that provide a service to persons resident in the community of East Fremantle – Limit \$200

(b) Youth Sponsorship

i. Applications from individuals who are representing the State or competing at national or international level whether as an individual or as part of a team.

ii. Applications ~~from~~ for intellectual and cultural representation will be considered with this item.

Limit interstate ~~\$150-\$300~~ and international ~~\$300-\$500~~ as a contribution to travel costs.

Applications cannot be considered from persons who previously received a sponsorship in the current or previous financial year, ~~or in a prior financial year~~.

(c) Amounts Determined by Council

i. Funding for appeals, which arise from major events or catastrophes and are usually part of a Lord Mayor's Appeal such as Floods, Fire, Cyclones etc.

ii. Council may determine contribution in excess of the limits specified above where there are extraordinary costs involved in the funding application.

~~(d) The Policy be advertised annually.~~

~~(e) The recipients to be invited to the appropriate Council meeting to receive their contribution.~~

<b>Responsible Directorate:</b>	Office of the Chief Executive Officer
<b>Reviewing Officer:</b>	Chief Executive Officer
<b>Decision making Authority:</b>	Council



<b>Policy Adopted:</b>	16/12/1997
<b>Policy Amended:</b>	18/3/2008
<b>Next Review Date:</b>	

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### 12.3.5 Rangers Services – Animal Control Policies

<b>Applicant</b>	N/A
<b>File ref</b>	C/POL1
<b>Prepared by</b>	Peter Kocian, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Meeting Date</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	1. Dog Management Policy (1.2.3) 2. Dangerous Dogs Policy (1.2.4)

#### **Purpose**

This report presents two Policies to Council for adoption – Dog Management and Dangerous Dogs.

#### **Executive Summary**

The two Policies have been developed to promote responsible dog ownership, with a view of making the information publicly accessible via the internet, direct customer contact, and through the Town's publications.

#### **Background**

Pursuant to the *Dog Act 1976*, the Town has responsibility for ensuring that dog owners either domiciling or exercising their dogs within the Town of East Fremantle are compliant with the *Dog Act 1976*, so as to meet legislative requirements and the objective of community safety.

Following a recent dangerous dog declaration, advice was sought from the WA Rangers Association with regards to the need for a Dangerous Dog Policy. The purpose of this Policy is twofold:

- (a) to provide guidance to authorised Town Officer's in relation to the procedures to be followed prior to the issuance of a Dangerous Dog Declaration.
- (b) to ensure that Dangerous Dog Declarations are made in a fair and impartial manner based on in depth investigations of alleged dog attacks either within the municipal boundaries or by dogs domiciled within the municipal boundaries.

#### **Consultation**

Executive Management Team  
Council Concept Forum 6 November 2018  
Ranger Services Team

#### **Statutory Environment**

Pursuant to section 2.7 of the *Local Government Act 1995*, one of Council's roles is to determine the policies of the local government.

#### **Policy Implications**

Two new Policies are proposed – Dog Management Policy and Dangerous Dogs Policy.

#### **Financial Implications**

There are no financial implications relevant to this item.

**Strategic Implications**

***Strategic Priority 1.1 of the Strategic Community Plan is applicable***

1.1 Facilitate appropriate local services for the health and wellbeing of the community

**Site Inspection**

Not applicable.

**Comment**

The two Policies cover the following matters:

- Levels of service
- Dog Exercise Areas
- Prohibited and restricted areas for dogs
- Nuisance Dogs
- Dangerous Dogs
- Dog Registrations
- Fees and Charges

Subject to Council adoption of the Policies, a community information session is to be scheduled with the Ranger Team. The Ranger Team has already made a presentation to the staff cohort, with information being well received.

**12.3.5 OFFICER RECOMMENDATION**

**That Council adopt the Dog Management and Dangerous Dog Policies as presented.**

## DOG MANAGEMENT – COMMUNITY SAFETY

<b>Policy Number:</b>	<b>1.2.3</b>
<b>Type:</b>	Community Health & Safety
<b>Legislation:</b>	<i>Dog Act 1976</i> (as amended) <i>Dog Regulations 2013</i> (as amended)
<b>Delegation:</b>	DA21 Appointment of Authorised Officers
<b>Other Related Document:</b>	Town of East Fremantle Dogs Local Law (2016)

### Objective

This Dog Management Policy is an advisory document that complements the *Dog Act 1976* (as amended), which has the necessary legislative and regulatory powers. The terms used in the Policy have the same meaning as in the Act, unless otherwise defined in this document.

The objectives of this policy are to:

- a) actively support and promote responsible dog ownership through the development of a code relating to responsible ownership of dogs, community education, and the provision of information accessible via a range of media, including the internet, direct customer contact, and Town of East Fremantle's publications.
- b) strive to achieve a balance between the needs of residents who own dogs and those that don't in the evaluation of future recreational and strategic development processes.
- c) provide, and regularly review, those areas where dogs are permitted, both on-lead and off-lead, and areas where dogs are prohibited or restricted.
- d) maintain an open dialogue with residents and concerned groups regarding present and future dog management issues.
- e) reduce the risk to the community from anti-social and straying dogs through education, routine patrols, and the prompt investigation of concerns and complaints of dog-related issues. Where appropriate, enforcement provisions of the *Dog Act 1976* (as amended) may be utilised to penalise breaches of those statutes.

### Policy Scope

In accordance with the *Dog Act 1976* (as amended), the Town has the responsibility for ensuring that dog owners either domiciling or exercising their dogs within the Town of East Fremantle are compliant with the *Dog Act 1976* (as amended).

Ranger Services has the primary responsibility for monitoring and enforcing of the *Dog Act 1976* (as amended).

The Town acknowledges that dog ownership provides many benefits for those involved, including physical health associated with their exercise, companionship, responsibility related to the care and welfare of the animal, and the opportunity to interact socially with other dog and pet owners.

Equally, there is the potential for problems with straying or poorly socialised dogs and irresponsible owners who fail to properly train, control, or care for their pets, including appropriately disposing of waste.

## Policy

### Ranger Services

To ensure a high standard of service for the community with regards to dog management within the Town of East Fremantle, the Town will apply this Policy and the *Dog Act 1976* (as amended) and will:

- be understanding and helpful and treat customers with dignity, respect and courtesy;
- act professionally and with propriety;
- provide necessary and relevant information;
- maintain privacy; and
- be efficient and timely in dealing with issues.

The Town will:

- appoint sufficient Ranger Services Officers to effectively meet the obligations of this Policy and the *Dog Act 1976* (as amended) and will ensure that all Officers responsible for the handling of dogs receive relevant training, and execute their duties in a manner that creates minimal distress and avoids harm to the dog.
- ensure that any dog pound facility, utilised by the Town or operated by a contractor, is maintained in a humane manner, with proper regard to health, safety and welfare of all dogs in detention, including food, shelter and water, and where required, the services of a veterinary practitioner.
- transfer to an approved animal welfare organisation any dog deemed suitable for rehoming that has been impounded and not been claimed within the statutory holding period; and where rehoming is not appropriate or possible, the dog will be euthanized by a registered veterinary practitioner.
- where practicable, provide and maintain appropriate dog waste disposal bins at dog exercise areas and other locations subject to high levels of canine activity.
- as required and practicable, install appropriate signage, to ensure the Town continues to educate and support the community on responsible dog ownership.

During normal business hours, Ranger Services will conduct regular patrols throughout the municipality to enforce compliance with the *Dog Act 1976* (as amended) and respond as soon as practicable to:

- a) reports of dogs attacking people or animals.
- b) formal complaints regarding dog nuisance.
- c) reports of dogs at large.

After normal business hours, Ranger Services will provide an emergency out-of-hours service to respond to any reports of:

- a) Reports of dogs attacking people or animals.
- b) Dogs at large that are causing a traffic hazard on a major road.

### Community Balance

The Town of East Fremantle accepts the rights of dog owners to enjoy their association with their dogs whilst at the same time accepting the rights of non-dog owners to go about their normal daily activities unimpeded by nuisance or harassment by dogs.

To achieve this, the Town will:

- a) liaise with the community and interest groups to ensure that current declared dog exercise areas, including off-lead and beach areas, are appropriate to the needs of dog owners and are maintained in a fit state for the declared use.
- b) give due consideration to the requirement for new dog exercise areas during recreational and strategic planning processes.
- c) notify the community by public notice of any intention to declare any future area as a designated off lead exercise area.
- d) ensure that residents who may be affected by any new dog recreation area are given timely notice and the ability to make representations for Council consideration.
- e) liaise with local residents and the community in general in relation to any proposed new dog exercise areas prior to the establishment of such an area.
- f) liaise with local residents and the community in general in relation to any proposed removal / closure of an existing dog exercise areas prior to removal/closure of any such proposed area; and
- g) respond in a timely manner to reports of stray, aggressive and nuisance dogs, and where appropriate enforce the relevant sections of the *Dog Act 1976* (as amended) to deter irresponsible behaviour by dog owners.

In line with the Town of East Fremantle's objective of maintaining balance within the community and in accordance with the provisions of the *Dog Act 1976* (as amended), the Town may declare and regulate areas of the municipality to be a:

- Dog Exercise Area  
An area on which dogs may be exercised either on-lead or off-lead, subject to any specified conditions.
- Dog Training Area  
Land on which dogs may be trained, subject to any specified conditions.
- Prohibited Area  
An area containing sensitive habitat for native wildlife may be declared as prohibited to dogs, other than a guide dog, hearing dog or any authorised assistance dog as authorised by the Minister and wearing the prescribed assistance dog coat/harness.
- Restricted Areas  
Land on which dogs may not be taken at any time, or only on specified hours, days and seasons. When dog are permitted it may be specified as to whether they must be on-lead or may be off-lead.

The above restrictions do not apply to a guide dog, hearing dog or any authorised assistance as authorised by the Minister and wearing the prescribed assistance dog coat/harness.

Council will provide and maintain signage appropriate to identify declared areas where access opportunities or restrictions for dogs apply. In addition to the above, the *Dog Act 1976* (as amended) prohibits dogs in:

- any grounds of a school, pre-school, kindergarten, crèche or other place for the reception of children without the permission of the person in charge of the place.
- any shopping centre, or any shop except a pet shop, premises of a veterinary surgeon, pet grooming shop, or any other premises related to the care and management of dogs.
- any playing area of a sports ground on which sport is being played or an area within 10 metres of a children's playground.

#### Current Designated Approved Off Leash Exercise Areas

The location's listed below are listed as designated approved off leash exercise areas:

- River Foreshore portion (beach areas only) as indicated by signs
- Preston Point Reserve, Preston Point Road

- Henry Jeffery Oval, Preston Point Road
- Upper Wauhopp Park, Wauhopp Road
- East Fremantle Oval (outer perimeter only)
- Reserve, corner George and Silas Street.

The Town will provide and maintain signage appropriate to identify declared areas where access opportunities or restrictions for dogs apply.

### **Nuisance Dogs**

The Town recognises the health implications the community is exposed to by dogs creating a nuisance by barking inappropriately. When a formal complaint is lodged the Town will investigate the matter in a timely manner and strive to have the matter resolved within six weeks.

The process will be:

- streamlined and focused on early resolution; educative to both the dog owner and the complainant.
- open, transparent and fair to all parties involved; and conducted within the provisions of the *Dog Act 1976* (as amended).

Where there is evidence that a nuisance dog complaint is justified, the Town will issue the owner of the dog with an abatement notice. This presents the owner with a realistic definite timeline in which to take action to abate the nuisance.

If requested, the Town will provide advice as to corrective measures that may be employed, but it remains the owner's responsibility to determine and implement the necessary corrective action.

Where the nuisance has not been abated after the abatement period, the Town may issue an Infringement Notice. In the case of continued nuisance, the Town may refer the matter to the Courts for a Magistrate to determine. In these cases, the resolution date will be determined by the Court.

### **Dangerous Dogs**

To reduce the risk to the community, the Town will as a matter of urgency investigate and act upon all incidents and allegations of injury and/or harassment caused by dogs. Should such an incident result in a serious injury, the dog may be declared a Dangerous Dog, or may be destroyed.

All commercial security/guard dogs (as defined in the Act) are declared to be a Dangerous Dog.

Where a dog is declared to be a dangerous dog pursuant to the *Dog Act 1976* (as amended), Ranger Services will monitor the property where the dog is domiciled and ensure the property and are owner complies with the relevant provisions of the *Dog Act 1976* (as amended).

Dangerous dogs must be micro-chipped, and must wear an approved advisory collar at all times.

When in a public place the dog must be muzzled and on a lead, even when in an off-lead area.

When not in a public place the dog must be housed in an enclosure that complies with the prescribed requirements. Approved warning signs must be displayed at every entrance to the property.

Further information regarding dangerous dogs is contained within the Town's Policy 1.2.3 Dangerous Dog.

### **Dog Registration**

The registration of dogs has benefits to both the Town and the community. Fees and charges are applied to dog management, permitting the Town to provide a safe and pleasant environment, free of the negative impacts of dogs in the community. Dogs wearing a valid registration tag can quickly be returned to the owner if they accidentally stray. In most cases when Ranger Services finds a lost registered dog, it is directly returned to its owner.

All dogs over three months of age must be registered. Notwithstanding the Town's education and enforcement measures, it is the owner's responsibility to ensure their dog is registered. The Town will maintain a register of all dogs housed within the municipality, and will endeavour to ensure that all eligible dogs are registered.

To achieve this objective the Town will conduct a registration renewal campaign each year by:

- a) forwarding renewal letters to owners of all currently registered dogs;
- b) placing notices through written and digital media; and
- c) conducting an audit of the owners who have failed to re-register their dogs.

The Town will:

- monitor dogs in public places to ensure they are wearing a collar with a valid registration tag.
- ensure that any unregistered dog found at large is registered by the owner before being returned.
- undertake regular patrols of the municipal area and compare evidence of dog ownership against the dog register.

Pro rata adjustment of the registration fee applies within a registration period for:

- the voluntary initial registration of a dog that reaches six months of age;
- the voluntary initial registration of a dog that is newly housed within the municipality, to which the previous paragraph does not apply;
- the de-sexing of a dog; and
- the death of a dog, except where it has been destroyed following an attack on a person or animal, or at the direction of Council.

### **Fees and Charges**

Fees and charges are resolved annually by Council and published on the Town of East Fremantle website.

### **Attachments:**

Appendix A – Town of East Fremantle Dog Exercise Areas

Responsible Directorate:	Corporate Services
Reviewing Officer:	Senior Ranger
Decision making Authority:	Council
Policy Adopted:	November 2018
Next Review Date:	November 2019



APPENDIX A

**Town of East Fremantle Dog Exercise Areas**

Our hairy hounds are often another extended member of our family and are important additions of our community also, but remember that they must be kept on a leash at all times in public (no longer than 2 metres). Dogs must also wear a current registration tag as well as a name tag/owners contact details in public.

We have six (6) exercise areas available in the Town where your dogs can run and play without a lead.

**DOG OFFLEAD EXERCISE AREAS**

1. River Foreshore portion (beach areas only) as indicated by signs.
2. Preston Point Reserve, Preston Point Road.
3. Henry Jeffery Oval, Preston Point Road.
4. Upper Wauhop Park, Wauhop Road.
5. East Fremantle Oval (outer perimeter only)
6. Reserve, corner George and Silas Street

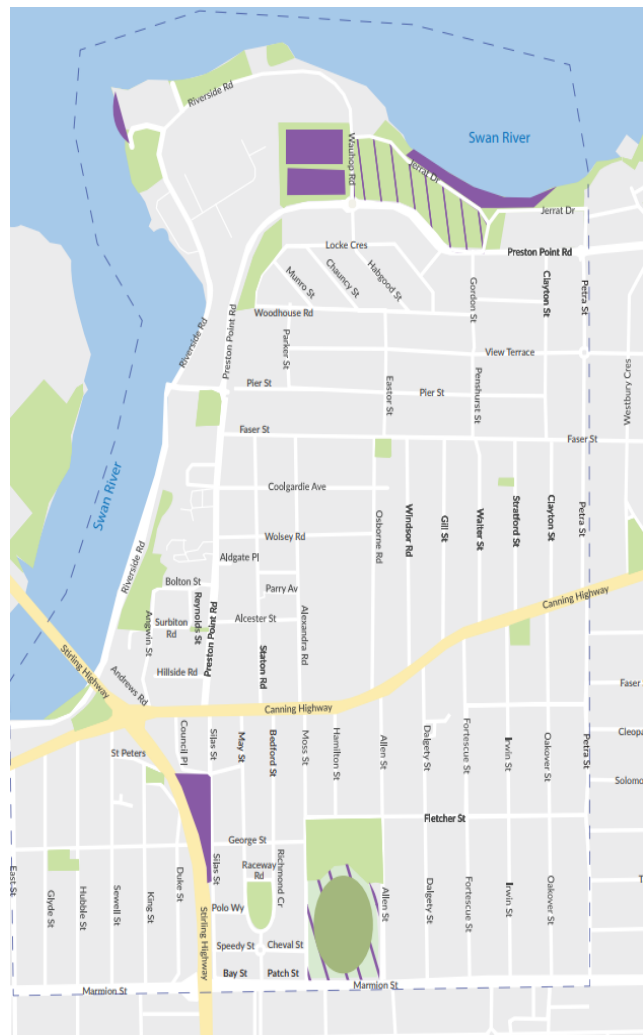
Areas marked with a stripe become on-lead zones during sporting events and training.

Please note, that even though the dog is off lead:

- The dog must be supervised by a competent person who is in reasonable proximity to the dog.
- A lead must be carried and attached to the dog, should the dog need to be controlled.
- Dogs are not permitted in children’s playgrounds unless signposted.

If you have any queries, please do not hesitate to contact the Town on 9339 9339 or email: [admin@eastfremantle.wa.gov.au](mailto:admin@eastfremantle.wa.gov.au)

Visit: [eastfremantle.wa.gov.au/enjoy-east-fremantle/parks-and-reserves/dog-exercise-areas-in-the-town.aspx](http://eastfremantle.wa.gov.au/enjoy-east-fremantle/parks-and-reserves/dog-exercise-areas-in-the-town.aspx)



Dog exercise areas  
 Dog exercise areas when no sport



## DANGEROUS DOG DECLARATIONS

<b>Policy Number:</b>	<b>1.2.4</b>
<b>Type:</b>	Community Health & Safety
<b>Legislation:</b>	<i>Dog Act 1976 (as amended)</i> <i>Dog Regulations 2013 (as amended)</i>
<b>Delegation:</b>	DA21 Appointment of Authorised Officers
<b>Other Related Document:</b>	

### Objective

The purpose of this policy is two-fold:

- (a) to provide guidance to authorised Town Officer's in relation to the procedures to be followed prior to the issuance of a Dangerous Dog Declaration.
- (b) to ensure that Dangerous Dog Declarations are made in a fair and impartial manner based on in depth investigations of alleged dog attacks either within the municipal boundaries or by dogs domiciled within the municipal boundaries.

### Policy Statement

In accordance with the *Dog Act 1976 (as amended)*, Council has the responsibility for issuing Dangerous Dog Declarations under the following circumstances:-

***Dog Act 1976 (as amended) Section 33E. Individual dog may be declared to be dangerous dog (declared)***

- (1) A local government, or on behalf of the local government an authorised person or person specifically authorised by the local government for the purposes of this section either generally or in a particular case, may, by a notice in writing given in accordance with section 33F, declare an individual dog to be a dangerous dog (declared) if, in the opinion of the local government or that person —
  - (a) the dog has caused injury or damage by an attack on, or chasing, a person, animal or vehicle; or
  - (b) the dog has, repeatedly, shown a tendency —
    - (i) to attack, or chase, a person, animal or vehicle even though no injury has been caused by that behaviour; or
    - (ii) to threaten to attack; or
  - (c) the behaviour of the dog meets other criteria prescribed for the purpose of this section.

## Policy

The Town of East Fremantle will ensure that all reports of alleged dog attacks (both dog on human and dog on other animal) are investigated professionally, impartially and within as timely a manner as practical.

At the conclusion of the investigative process, the authorised investigating officer will submit a report to the Senior Ranger containing the following documentation if available:-

- (a) a written initial incident/occurrence report;
- (b) written statements from all injured parties who are willing to submit such statements;
- (c) written statements from witnesses who are willing to submit such statements;
- (d) written statements from the dog's owner should they be willing to submit such statements. Should the owner decline to be interviewed formally by the investigating officer or decline to submit any voluntary statement then a record of times and dates that such refusals occurred are to be reported in writing by the authorised investigating officer;
- (e) written records and photographs of all physical injuries or personal property damaged sustained by each injured party;
- (f) copies of all medical receipts for injuries sustained in the attack;
- (g) copies of all receipts for all personal property damage damaged in the attack;
- (h) written record of any voluntary surrender or euthanasia forms signed and submitted by the owner;
- (i) where the owner declines to voluntarily surrender the dog to Council for the term of the investigative process then a written record of Council seizure and impoundment notice issued under section 29(3)(a)(b)(d)(e) and section 29(4)(5) of the *Dog Act 1976 (as amended)*;
- (j) written record of any voluntary offer by the dog's owner to compensate injured parties for both reasonable medical costs and damaged personal items (e.g. Clothing, watches, shoes etc.);
- (k) copies of all incoming payments from the dog's owner in relation to medical and personal property damage sustained by dog attack victims;
- (l) copies of all Council outgoing medical and personal property disbursement payments to victims from funds received as per section "k" above;
- (m) any known mitigating factors in relation to the dog attack (e.g. alleged victim was seen by witnesses to be provoking the dog prior to the attack occurring);
- (n) what final outcome the injured parties feel would in their opinion be appropriate (after being advised of potential penalties available to the local government in line with the *Dog Act 1976 (as amended)*);
- (o) copies of any canine behavioural observation and test reports conducted by a trained and qualified behavioural assessor that was submitted by the dog's owner;
- (p) copies of any canine behavioural observation and test reports conducted by a trained and qualified behavioural assessor at the request of Council;
- (q) the investigating officer's final findings and penalty recommendations, based on the evidence available to him/her. Potential penalties could consist of any one or all of the

following examples (e.g., dog infringement notices, Dangerous Dog Declaration and / or prosecution);

Once the Senior Ranger has reviewed and discussed all relevant documentation and recommended penalties with the investigating officer, the Senior Ranger will provide the responsible Executive Manager with all of the above listed documentation and a final recommendation in relation to penalties deemed appropriate in each case.

Where the Senior Ranger's recommended penalties are different from those of the investigating officer, the Senior Ranger will submit his/her reasons for the differing recommendation.

The responsible Executive Manager will review the documentation and make the final decision in relation to what level of penalties will be instituted in each case.

It should be noted that not all dog attack incidents will need a Dangerous Dog Declaration to be made.

### **Dogs deemed to require the issuance of a Dangerous Dog Declaration**

Where it is deemed by authorised Council Officer's that a dog should be made subject to a Dangerous Dog Declaration, then the dog's owner must be given notice as per section 33F of the *Dog Act 1976* (as amended) which reads as follows:

#### *Section 33F*

- (1) *The local government, or the person by whom the declaration was made on behalf of the local government, must give written notice declaring a dog to be a dangerous dog (declared) to the owner of that dog.*
- (2) *A notice to be given under subsection (1) —*
  - (a) *shall give reasons for the making of the declaration; and*
  - (b) *shall specify that the owner has a right under this Division, to be exercised within not more than 7 days after the giving of the notice, either —*
    - (i) *to lodge a written objection with the local government, with a subsequent right to apply to the State Administrative Tribunal for a review of the decision made by the local government on the objection; or*
    - (ii) *to apply directly to the State Administrative Tribunal for a review, as to the declaration.*
- (3) *Whether or not an objection is lodged or application for review is made, the declaration of a dog as a dangerous dog (declared) has effect 7 days after the giving of a notice under subsection (1).*

### **Purpose of a Dangerous Dog Declaration**

The purpose of issuing a Dangerous Dog Declaration is sixfold:-

- (a) to compel the dog's owner to ensure that they comply with higher levels of containment and control of their dogs both at their home and when the dog is in a public place.
- (b) to heighten public safety in relation to the dogs containment, control and behaviour.

- (c) to heighten public awareness of the Dangerous Dog status of the dog when visitors/neighbours are in proximity to the dogs domiciled residence or when it is being walked in public places.
- (d) allow authorised officers to inspect the dog's domiciled premises regularly to ensure that owner is adhering to Dangerous Dog Declaration requirements.
- (e) allow authorised officers to identify the dog easily in public places and verify that both the dog's owner or person in charge of the dog are compliant with Dangerous Dog Declaration requirements in relation to the dog in a public place.
- (f) raise the penalties for breaches of both the *Dog Act 1976* (as amended) and issued Dangerous Dog Declaration conditions.

**Potential costs incurred by Council in relation to dogs deemed to require the issuance of a Dangerous Dog Declaration**

In considering whether to issue a Dangerous Dog Declaration on a dog currently under investigation by authorised officers, the Town may elect to employ the services of a trained canine behaviourist to conduct an independent behavioural assessment in relation to the dog.

The independent report will not only assist rangers in their investigation process, but may also be used in Court or the State Administrative Tribunal should the dog's owner request an appeal through either agency.

<b>Responsible Directorate:</b>	Executive Manager Corporate Services
<b>Reviewing Officer:</b>	Senior Ranger
<b>Decision making Authority:</b>	Authorised Officer as defined in the <i>Dog Act 1976 (as amended)</i>
<b>Policy Adopted:</b>	October 2018
<b>Policy Amended:</b>	
<b>Next Review Date:</b>	October 2019

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#### 12.4.1 Storage Container at Henry Jeffery Oval – East Fremantle Junior Cricket Club

<b>File ref</b>	R/RSB1 and R/RS06
<b>Prepared by</b>	Stephen Gallagher Operations Manager
<b>Supervised by</b>	Peter Kocian Acting Chief Executive Officer
<b>Meeting Date</b>	20 November 2018
<b>Voting requirements</b>	Simple Majority
<b>Documents tabled</b>	Nil
<b>Attachments</b>	Nil

##### **Purpose**

For Council to review the East Fremantle Junior Cricket Club (EFJCC) storage container survey results and decide on the appropriate course of action.

##### **Executive Summary**

Council had received complaints from residents in relation to the location of a sea-container that had recently been installed adjacent to the new cricket nets at Henry Jeffery Oval.

The sea container is used for the storage of the EFJCC equipment, mainly (3) three bowling machines.

The matter was considered at the Ordinary Meeting of Council of 16 October 2018, with Council resolving to defer the item to the November Meeting to allow for further community consultation.

A letter and survey was delivered to 220 households in the surrounding areas seeking feedback on their preferred outcome.

The survey consisted of a single question with four possible courses of action. The residents were given three weeks to fill in the survey and return it in the provided self-addressed pre-paid envelope.

Based on these results, it is recommended that the storage container remain in its current position as is.

##### **Background**

On the 21 March 2017, Council considered and supported the request from the East Fremantle Junior Cricket Club (EFJCC) for the upgrade of the cricket nets and the installation of a sea container for storage of cricket equipment.

The EFJCC was granted approval from the Department of Biodiversity, Conservation and Attraction (Parks & Wildlife Services) for the new structures.

Since its completion the Town has received a number of complaints from local residents in regards to the sea-container's impact on the surrounding amenity, and have requested it be relocated.

Due to these complaints, the Town sent out a letter and a survey, with a reply paid envelope, on the 19 of October to approximately 220 residences that surround the area of the storage container.

##### **Consultation**

The letter to residents provided some background and requested their participation in the survey which closed on the 9 November 2018. The Survey provided four options which varied in cost:

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- Option one was to construct a retaining wall between the cricket nets and Jerrat Drive and position the container behind the cricket nets. This option would consist of limestone blocks and a high mesh fence for safety at a cost of \$15,000.
- Option two was for the storage container to remain in its current position, attach cladding and plant small vegetation at a cost of \$11,000.
- Option three was to remove the storage container and instruct the EFJCC to see alternative storage options, at a cost of \$1,000.
- Option four was for the storage container to remain in its current position and left as is.

#### Statutory Environment

Should Council prefer Option 1 or Option 2, a budget variation will be required pursuant to section 6.8 of the *Local Government Act 1995* (absolute majority decision required).

#### Financial Implications

The recommended option would have no financial impact to the Council.

#### Comment

The results of the survey were as follows:

TOTAL SURVEY RESPONSES			
Option 1	Retaining Wall \$15,000	7	11.3%
Option 2	Clad \$11,000	6	9.7%
Option 3	Remove \$1,000	12	19.4%
Option 4	Leave alone \$0	37	59.7%
		<b>Total 62</b>	<b>100.0%</b>

As some of the initial concerns raised were from residents living along Preston Point Road, the responses from that Road were extracted to ascertain whether the vicinity of these households would impact the results. Out of the 62 responses, 11 had a Preston Point address (10 had no address). They were broken up as follows:

PRESTON POINT ROAD			
Option 1	Retaining Wall \$15,000	2	18.2%
Option 2	Clad \$11,000	1	9.1%
Option 3	Remove \$1,000	1	9.1%
Option 4	Leave alone \$0	7	63.6%
		<b>Total 11</b>	<b>100.0%</b>

There was an option at the bottom of the survey for residents to leave any comments should they wish. A majority of the responses explained their decisions were financially based and they didn't feel the sea container warranted any more additional expense.

**12.4.1 OFFICER RECOMMENDATION**

**That Council:**

- 1. note the responses of the survey and support the majority decision to leave the storage container as it is.**
- 2. approve previously planned landscaping works to finalise the area both around the storage container and along the Jerrat Drive batter at the rear of the cricket nets.**



**13. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

**13.1 Cr Natale - Boat Ramp Parking Permits for East Fremantle Ratepayers**

*“That Council reconsider introducing free parking at the boat ramp for local ratepayers (boat users only), and the CEO prepare a report on the matter for Council’s formal consideration.”*

**14. NOTICE OF MOTION FOR CONSIDERATION AT THE NEXT MEETING**

**15. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

**16. NEW BUSINESS OF AN URGENT NATURE**

**17. MATTERS BEHIND CLOSED DOORS**

**18. CLOSURE**