



AGENDA

Special Council Meeting

Tuesday, 4 February 2020 at 6.00pm

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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.

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NOTICE OF MEETING

Elected Members

A Special Council Meeting of the Council will be held on Tuesday, 4 February 2020 in the Council Chamber, 135 Canning Highway East Fremantle commencing at 6.00pm and your attendance is requested.



GARY TUFFIN
Chief Executive Officer

AGENDA

- 1. OFFICIAL OPENING**
 - 2. ACKNOWLEDGEMENT OF COUNTRY**
“On behalf of the Council I would like to acknowledge the Whadjuk Nyoongar people as the traditional custodians of the land on which this meeting is taking place and pay my respects to Elders past, present and emerging.”
 - 3. RECORD OF ATTENDANCE**
 - 3.1 Attendance**
 - 3.2 Apologies**
Cr M McPhail
 - 3.3 Approved**
 - 4. DISCLOSURES OF INTEREST**
 - 4.1 Financial**
 - 4.2 Proximity**
 - 4.3 Impartiality**
 - 5. PUBLIC QUESTION TIME**
 - 5.1 Public Question Time**
-

6. BUSINESS

6.1 Annual Report & Annual Financial Report 2018/19

Applicant	Town of East Fremantle
File ref	C/ELM1
Prepared by	Janine May, EA to Chief Executive Officer
Supervised by	Gary Tuffin, Chief Executive Officer
Date of Meeting	4 February 2020
Voting requirements	Absolute Majority
Documents tabled	Nil
Attachments	1. Annual Report 2018/19 including Audited Annual Financial Report 2. Annual Financial Audit Exit Brief (Private and Confidential)

Purpose

The purpose of this report is to:

- present the Annual Report and Annual Financial Report (Audited) for the year ended 30 June 2019
- set a date for the Annual Electors' Meeting
- consider significant matters raised in the Financial Audit Exit Brief

Executive Summary

The 2018/19 Annual Report reflects the achievements of the Town of the previous financial year. Acceptance of this Report allows the setting of the date of the Annual Electors' Meeting.

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

Background

The 2018/19 Financial Statements were considered and accepted by the Audit Committee on 29 January 2020. At this meeting, a number of significant matters, raised in the Independent Auditor's report, were considered by the Committee.

The Audit Committee recommended as follows:

That Council

1. *receive the Annual Financial Report for the Year Ended 30 June 2019, inclusive of the Independent Auditor's Report.*
2. *request that the Chief Executive Officer submit a copy of the Annual Financial Report, inclusive of the Independent Audit Report, to the Department Chief Executive Officer within 30 days of receipt of the Auditor's Report.*
3. *note the 'significant' matters raised in the Independent Auditor's Report, and the Management Comment, as discussed in the body of this agenda report.*
4. *request that the Chief Executive Officer submit a copy of this agenda report and minutes to the Minister, within 3 months from the date of the Independent Auditor's Report (i.e. 3 months from 13 December 2019).*

5. *request that a copy of this agenda report and minutes be published on the Town of East Fremantle website, within 14 days of the report being provided to the Minister.*

The Annual Report provides general information about the Town's activities and highlights during the year under review and reports on the progress of activity and priorities as determined in the 2017-2027 Strategic Community Plan.

Statutory Environment

Annual Financial Statements

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

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

Annual Report

Under s5.54 of the *Local Government Act 1995*, the annual report for a financial year is to be accepted by the local government no later than 31 December after that financial year. If the auditor's report is not available in time for the annual report to be accepted by this date, the annual report is to be accepted no later than two months after the auditor's report becomes available.

Under s5.27(2), an electors' general meeting is to be held on a day selected by the local government but no more than 56 days after the local government accepts the annual report for the previous financial year.

Local Governments are required to publish the annual report, including audit reports, on their website within 14 days after the report has been adopted by Council.

Annual Electors' Meeting

Under s5.29 of the *Local Government Act 1995*, a local government must give at least 14 days' local public notice of the date, time, place and purpose of the meeting

Policy Implications

There are no policy implications.

Financial Implications

There are no financial implications.

Risk Implications

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

Risk Matrix

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

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

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

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

5.3 Strive for excellence in leadership and governance

Site Inspection

N/A

Comment

The Independent Auditor's Report is appended to the Annual Financial Report. The Auditor has provided the opinion that the financial report of the Town of East Fremantle:

- (i) Is based on proper accounts and records; and
- (ii) Fairly represents, in all material respects, the results of the operations of the Town for the year ended 30 June 2019 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.

The Auditor has however raised a number of 'significant' matters that meet the review and reporting requirements of section 7.12A (3)(4) of the *Local Government Act 1995*. These matters are listed below, along with management comment. This agenda report is to be provided to the Minister, and will be published on the Town's website as per requirements.

Significant Finding 1

The following material matter indicates a significant adverse trend in the financial position of the Town:

- a. The Operating Surplus Ratio has been below the Department of Local Government, Sports and Cultural Industries basic standard for the past 3 years. The financial ratios are reported in Note 33 of the annual financial report.

Management Comment

Council adopted a 15-year Strategic Resource Plan (combined asset management and long term financial plan) at its ordinary meeting of May 2019. Section 5.11 of this document discusses the forecast operating ratios from 2019-2034. The Operating Surplus Ratio is not projected to meet the Department's standard of 1.00% until the 2028-29 financial year. Council is aware of this, with the following comment provided in the agenda report of May 2019:

Council has a legislative requirement to comply with the principles of sound financial management, of which a key component is the preparation of a Long Term Financial Plan. The Office of Auditor General is also required to undertake a performance audit of adverse financial trends in the financial position or the financial management practices of the local government. This will be limited a high level assessment of whether the 7 financial ratios reported in the notes to the financial report achieved the standards set by the Department of Local Government, Sport and Cultural Industries. Council therefore needs to be cognizant of the ratio analysis included in the Forecast Financial Statements as 3 of the ratios are below benchmark.

A number of assumptions underpin the Strategic Resource Plan, including a 3% annual rate increase. Every endeavour will be made to ensure operating revenue grows at a faster rate than operating expenditure in order to achieve an improved Operating Surplus Ratio. A review of depreciation expense (and underlying valuation methodology) in 2019/20 may also result in a favourable improvement to this ratio.

The following are material matters identified by the Auditor indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law.

Significant Finding 2

For 75% of purchases we sampled below the tender threshold, there was inadequate or no evidence that a sufficient number of quotations was obtained to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement. This could also result in favouring certain suppliers, although our audit did not identify any instances.

Management Comment

The Town's purchasing policy states that where the value of a purchase is between \$5,001 and \$20,000, efforts should be made to obtain at least two written quotes.

During the Auditor's procurement testing, 6 purchases were identified in this range, out of a sample of 8, where there was insufficient documentation to indicate that the requisite number of quotations had been obtained.

Extended security permissions, including a purchasing requisition system, were implemented in June 2019. Staff are now required to upload evidence of quotations for purchases in excess of \$5,000 against a requisition request, which is converted into a purchase order only after it has been reviewed and approved by a Manager.

The Internal Audit Work Plan for 2020 also proposes that an internal audit of all requisitions over \$5,000 be completed, and presented to the Audit Committee in July 2020. This will ensure a complete sample and identify all instances of non-compliance. Findings will then inform areas for improvement, education, and if deemed appropriate, removal of financial delegation.

Significant Finding 3

No evidence was retained to demonstrate whether changes to supplier and employee master files, including bank account details, were being authorised by an officer other than the person making the amendment. This increases the risk that unauthorised changes may be made, resulting in errors or funds being inappropriately transferred. Our audit did not identify and instances of unauthorised changes.

Management Comment

These findings were included in the Interim Audit Management Letter from June 2019. Management Comment is repeated as follows:

Changes to Supplier Master File:

The Town has implemented a "New / Update Creditor Details" form which is completed by the supplier, entered into the Supplier Master File by the Finance Officer, then reviewed by the Manager Finance and Administration, and approved by the Executive Manager Corporate Service. Adherence to the completion of this form will demonstrate evidence that changes to a Supplier Master File are properly authorised.

The Finance Officer also checks the Supplier Details to the ABN Lookup website to ensure a correct ABN has been provided.

A telephone number is also obtained from an independent source such as a website, and that the creditor then be contacted to verify the information.

The Town has also created a "Bank Audit Update Report" for suppliers. This report is automatically generated on a fortnightly basis on the week suppliers are paid. The report is automatically emailed to the Finance Officer, the Manager Finance and Administration, and the Executive Manager Corporate Service. This report is reviewed by the Manager Finance and Administration and going forward kept with the "New / Update Creditor Details" forms file. The creation of this report demonstrates that The Town is vigilant in ensuring that the possibility of fraud is minimised.

When reviewing a supplier payment batch, both the Finance Officer and the Manager Finance and Administration check the bank account details on the invoice to the Creditor Batch Report before

posting to the general ledger. The Manager Finance and Administration also checks the supplier's bank account number to the ABA/EFT file uploaded into CommBiz. The Town considers these two checks imperative in ensuring the minimisation of fraud and this has been our standard practice.

The Town will also engage IT Vision, the service provider of the Town's finance system, SynergySoft, to review user access to the Supplier Master File so that members of the Finance Team can only make changes.

Changes to Employee Master File:

The appointment of a new employee is created through the human resources process. Once appointed the relevant documentation for data entry into the Payroll System is provided by the Human Resources Coordinator to the Finance Officer. The Finance Officer then creates the new employee in the Payroll System. The documentation is then given to the Manager Finance and Administration for review. This is standard practice.

To show evidence in support of our standard practice a "New / Update Employee Details" form has been created, which will be prepared by the Finance Officer and Reviewed by the Manager Finance and Administration. The implementation of this form will provide evidence that changes to the Employee Master File are properly authorised. The form will be filed in the employee's personnel file.

A "Bank Audit Update Report" has also been created for Payroll. This report is automatically generated on a fortnightly basis on payroll week. The report is automatically emailed to the Finance Officer, the Manager Finance and Administration, and the Executive Manager Corporate Service. This report is reviewed by the Manager Finance and Administration when reviewing payroll. Going forward we will implement the process of keeping this report with the fortnightly payroll file.

Significant Finding 4

Controls over changes to the Town's key systems were inadequate for ensuring that only approved changes are implemented. This could affect the availability or integrity of systems or information; however our audit testing did not identify any related adverse trends.

Management Comment

The Town's IT Service Provider is in the process of implementing an ICT Change Management system within the current service desk platform to ensure Service tickets can be escalated or associated with Change Management Tickets. Changes will be reported to Management during the Quarterly IT Management meeting.

The Town will also review the Change Management Resources available on the Public Sector Commissioner website, and determine whether any of these would be appropriate for customisation and adoption:

- Template: Change Management Plan
- Template: Change Management Group Terms of Reference
- Template: Human Resources Plan
- Template: Change Management Questionnaire

Taking into account the 14 day local public notice, it is proposed to hold the Electors' Meeting on Tuesday, 25 February 2020.

6.1 OFFICER RECOMMENDATION

That Council:-

- 1. receive the Annual Report and Annual Financial Report for the Year Ended 30 June 2019, inclusive of the Independent Auditor's Report.**
- 2. request that the Chief Executive Officer submit a copy of the Annual Financial Report, inclusive of the Independent Audit Report, to the Department Chief Executive Officer within 30 days of receipt of the Auditor's Report.**
- 3. note the 'significant' matters raised in the Independent Auditor's Report, and the Management Comment, as discussed in the body of this agenda report.**
- 4. request that the Chief Executive Officer submit a copy of this agenda report and minutes to the Minister, within 3 months from the date of the Independent Auditor's Report (i.e. 3 months from 13 December 2019).**
- 5. request that the Annual Report including Annual Financial Statements for the year ending 30 June 2019 and a copy of this agenda report and minutes be published on the Town of East Fremantle website, within 14 days of the report being provided to the Minister.**
- 6. hold the Annual Electors' Meeting on Tuesday, 25 February 2020.**

7. CLOSURE

Cover Page

DRAFT ONLY
DOCUMENT CURRENTLY BEING STYLISTED
PHOTOGRAHS AND GRAPHICS TO BE ADDED

Annual Report 2018/19

Inclusive community, balancing growth and lifestyle

The 2018/19 Annual Report can be downloaded from the Town of East Fremantle website.

The Town produces a limited number of hard copies of the Annual Report, in line with its ongoing commitment to sustainability.

These may be viewed by the public at the Town's administration office in the East Fremantle Town Hall.



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Our Vision

"Inclusive community, balancing growth and lifestyle"

Created in 1897, when it separated from the City of Fremantle to become an independent local authority, the Town of East Fremantle now boasts a population of approximately 7,700. It is 3.2 square kilometers in area, bounded to the north and west by the Swan River. To the east it shares a common boundary with the City of Melville, to the south and west with the City of Fremantle.

The Town has a rich history. The local Aboriginal tribe known as Nyungar/Whadjuk obtained food and drinking water from the river foreshore and open grassy areas. The track that linked the fledgling Swan River Colony based in Fremantle to the future city centre of Perth in 1831 is documented traversing along the East Fremantle cliff edge finishing at the river ferry crossing at Preston Point.

Early European settlement of the area consisted of large farm holdings, however as the colony prospered during the 1890s gold rush the nature of settlement altered dramatically, rapidly changing to a residential area.

The Plympton precinct today contains many charming worker's cottages which were established largely between 1890 and 1910; Riverside precinct was established by the merchant elite of Fremantle and is perched high on the cliffs overlooking the river. Gracious homes, some from the goldrush era, are dotted along the escarpment. Further northwards, the Preston Point area was developed in the 1950s with houses typical of the period also enjoying the expansive views over the river. The Woodside and Richmond precincts contain many homes dating from 1900–1940 exhibiting a distinct and unique character within the Town.

Acknowledgment of Country

In preparation of this document, the Town of East Fremantle acknowledges the Whadjuk Nyungar people, who are the traditional custodians of the land in the region and pay respect to their elders past, present and emerging. The Town also acknowledges other Aboriginal language groups in the area.

From the Mayor

On behalf of the Town of East Fremantle it gives me great pleasure to present our Annual Report for 2018/19.

Reflecting on another year of what we have achieved at the Town I would like to thank and acknowledge staff and Councillors for their strong, cohesive and engaged working culture which has allowed us to work with the community. Having a Council team free of internal division has allowed us to provide our residents and electors with positive outcomes.

The Town continues to achieve positive community outcomes through demonstrated leadership, team work and community engagement.

Our focus continues on supporting community and sporting groups, as evidenced through the extensive work undertaken on the East Fremantle Oval Precinct Charrette and the Preston Point Road North Precinct master planning initiatives. I am confident that the outcomes of these two community focused projects will enhance the environment for all in the Town. We need to ensure that we provide passive and active recreation opportunities for all our residents and in particular for all ages, especially our children and the elderly. Most people recreate in activities which are not formalised and we need to ensure that our public open spaces, parks and infrastructure promote this. As densities increase our public open space must be protected and looked after.

Council continues to support our Home and Community Care service for our older residents; protect our environment with planned tree planting,

reduced waste to landfill and our carbon footprint; focus on parks play-grounds and the river; provide an ongoing replacement and maintenance program for footpaths and roads; provide community assistance grants and community led initiative programs; ensure public safety via our Ranger Services and manage the Town's assets to make sure our ratepayers receive value for money.

During 2019, the Town prepared for the implementation of the three bin rubbish and recycling system "FOGO", and with the rollout of the service undertaken in the first week of July 2019, we were the first metropolitan local government with a full FOGO service. With FOGO being one of the main initiatives, Council is now looking forward to working on a number of environmental projects over the next few years, to support ongoing eco-friendly and sustainable practices.

As Mayor, I am very pleased to work alongside our professional and skilled Administration, our dedicated elected members and a focused and engaged community that enables the Town to continue to improve the provision of services every year.

I would thank Chief Executive Officer Gary Tuffin and his team for their ongoing support on policy and strategic matters to ensure we remain focused on achieving the best we can for the people of the Town of East Fremantle.



Mayor Jim O'Neill

"The Council is committed to this community and like you, we are part of this community. We strive to build on our achievements and to make it the best place to work and live in".

From the Chief Executive Officer

I am pleased to present the Annual Report for the 2018/19 financial year that highlights the commitment of Council and staff to delivering quality services to the community.

Delivering key services at the grass roots is what local governments do best, and the Town of East Fremantle is no exception. Mindful of our commitment to maintaining financial sustainability, 2018/19 again sees the Town in a sound financial position.

Hopefully you have noticed that our customer service has improved again steadily through the year, largely due to the ongoing work by all staff to keep our residents as the focus of all that we do.

Some of the highlights for 2018/19 included;

- Continuation of the Customer Service Improvement Program;
- 39 service improvements were recorded in the 2019 *Markyt Community Scorecard* (Community Perception Survey), since our last survey in 2017.
- Town's overall performance – moved to second (2nd) highest performing Council in the *Markyt* index for participating local governments.
- Implementation of additional online services.
- Reengineering of numerous business processes to provide better operating efficiencies
- Development of new *Corporate Business Plan 2019 – 2023*.
- Development of new *Strategic Resource Plan (Long Term Financial Plan) 2019*.
- Preparation for the rollout of FOGO

- Completion of the East Fremantle Oval Precinct Community Vision (Design charrette process).
- Commencement of a number of informing key strategic documents;
 - *Preston Point Road North Recreation Precinct Masterplan*.
 - *Integrated Traffic Management and Movement Strategy*.
 - *Urban Streetscape and Public Realm Style Guide*.
- Completion of the cultural interpretation node at John Tonkin Park.

The Town continues to work closely with the South West Group Alliance; the South Metropolitan Regional Council (SMRC); neighbouring local governments, the cities of Fremantle and Melville; WALGA and the Department of Local Government. These important alliances and relationships provide a forum to share ideas and learn from each other.

Thank you to the Mayor and Councillors for their leadership and continuing support. Thank you to the hardworking and professional staff for their ongoing commitment that has contributed to another progressive and successful year. And thank you to the community who are always keen to be involved and who contribute to helping make the Town the best place it can be.

Gary Tuffin



Chief Executive Officer

“A continued emphasis on collaboration remains a priority for the Town of East Fremantle. Now more than ever we need to take the lead and work closely with others to achieve quality outcomes and establish meaningful relationships that enhance community engagement and activation”.

Highlights 2018/19

Community Perceptions Survey – “COMMUNITY SAYS TOWN IS TOP PLACE TO LIVE”

The 2019 biennial MARKYT Community Scorecard survey has shown the Town of East Fremantle to again be one of the highest performing local government's as a 'place to live' and as a 'governing organisation'.

The Town achieved a score of 78 out of 100, making it the second highest performing Council out of 60 metropolitan and regional local governments who also participate in the MARKYT survey.

Since the last survey in 2017 the Town's staff have had a strong focus on delivering improved customer service levels, which have resulted in 39 performance measure improvements in the survey results, with the Town's biggest improvers being footpaths and cycleways, traffic management, the Facebook page and safety and security.

Elected members and staff work collaboratively to prioritise key strategic projects earmarked for completion and the survey results have proven to be a very effective tool in assisting the Town to measure our success against the strategies identified in our Strategic Community Plan.

In total, 642 responses were received. This represents an approximated participation rate of 19% of households. The study attracted a good cross section of the population aged 18 years or older.

East Fremantle Oval Charrette – Vision Plan

Following the intensive four (4) day community design forum (Charrette) held in September 2018, and the subsequent community consultation and comment period, the Town adopted the East Fremantle Oval Precinct Revitalisation Vision Report for the East Fremantle Oval Precinct in May 2019.

The Vision Report is a reflection of the months of consultation which brought community members, stakeholders and the Town to investigate a range of concepts, together with funding options, to determine a preferred revitalisation vision plan for the East Fremantle Oval Precinct (the Precinct).

The Project included a comprehensive community engagement process (the Charrette) to prepare concepts that explored various scenarios and a variety of options to maximise the use of the Precinct.

Options in the Vision Plan included opening the park, providing extensive landscaping, developing a community hub, redeveloping share club rooms, provision for other facilities and services in the precinct in future and of course, continued consultation with existing user groups and the community. Elected members agree that adaptability in the preferred concept is necessary to ensure the success of a revitalisation vision.

This information will now be used for the development of a detailed business plan, which is scheduled for completion in 2020.

Preston Point Road North Master Planning

In the year under review, ABV Leisure Consultancy Services was appointed to work with the Town to develop a masterplan for the Preston Point North Recreation Precinct to provide direction regarding upgrades and enhancement of existing facilities and services in the Precinct.

A community engagement component for the project commenced in February 2019, with the undertaking of online and hard copy surveys. Two 'drop-in' sessions were held at the Precinct along with one-on-one meetings with club and user groups. Consultation was also undertaken with relevant state sporting associations and will continue once a draft Masterplan is available.

Since the commencement of the project a number of initiatives have been undertaken in the Precinct:

- East Fremantle Lawn Tennis Club were successful in their application to the Australian Sports Commission via the SPORTAUS funding, receiving \$200,000 – renovation works have commenced on the Tennis Pavilion building.
- East Fremantle Junior Football Club, who share a facility with East Fremantle Junior Cricket Club, were also successful in applying for Federal funding to progress their building upgrade plans.
- Items that have been raised during the consultation phase of the master plan process will be included in the report, with relevant recommendations. This includes, but is not limited to;
 - playing field capacity
 - playing field quality
 - playing field future needs
 - building assessments

Glasson Park Toilet – Installation underway

In recognition of the popularity of Glasson Park, the installation of the new 'state of the art' toilet commenced in June 2019. The complex includes 1 x Unisex Toilet and 1 x Universal Access Toilet and features an outside hands free wash basin, auto locking doors and sensor security lighting. Located toward the rear of the park, the toilet has wrap around artwork which highlights the activity undertaken in the park.

Town introduces New Online Infringement Payment System

During the year, the Town went 'live' with a new online Infringement Payment system via the IT Vision "Altus Infringement App". The app captures the relevant information for the incident - all this information is synchronized in minutes back the Town's core software solution. Previously the only options for customers to make payments for infringements were over the phone or in person. The Town is committed to providing more effective and efficient online services.

Integrated Traffic Management and Movement Strategy

Traffic Management continues to be an issue for the Town and in recognition of the importance of this issue to our community we have engaged Cardno (Engineers) to undertake an Integrated Traffic Management and Movement Strategy. The Strategy will be supported by a

- Parking Management Plan,
- Traffic Management & Movement Plan and;
- Active (pedestrian & cyclists) Transport Plan.

The Strategy will provide strategic information to enable the Town to better plan and progress future budgets, works and outputs. The final report is due for completion by the middle of 2020.

Heritage Award for Town Hall (Commendation 2019)

At the 2019 WA Heritage Awards Ceremony on Friday 29 March 2019, the Town received a Commendation for the East Fremantle Town Hall Refurbishment Project in the category of Contribution by a Public or Private organisation. This category demonstrates the commitment to cultural heritage and/or heritage-related work, services or programs in Western Australia. A total of 24 individuals and heritage projects were named as finalists in the 2019 WA Heritage Awards - Deputy Mayor Michael McPhail was on hand to receive the Commendation on behalf of the Town. **Add picture**

Town of East Fremantle Heritage Trail Revitalisation (May 2019)

The Town's revitalised Heritage Trail was launched in May 2019. The original Heritage Trail – mapped in 1988 as part of the WA Heritage Trail Network, an initiative of the Australian Commonwealth/State Bicentennial Commemorative Program – has been revitalised with some exciting new 21st century tools ~ a digital map, interactive website & tale sharing walking tour. The Trail is a delightful three kilometre two-hour stroll featuring nineteen points of interest (as per the original trail) which we hope to expand on in the future.

Engagement of Waste Education Officer

As further proof of the Town's commitment to sustainability and waste management, a Waste Education Officer, Connor Warn was appointed during the year. His first priority was to assist with the preparation of the FOGO three bin system rollout. Working with the Town's Principal Environmental Health Officer, Project Coordinator and in conjunction with the SMRC, a variety of education tools were developed to enhance the awareness of FOGO and the rollout. Connor will also focus on developing sustainable waste, environmental and sustainability initiatives whilst supporting the FOGO program.

Preparation for the Implementation of FOGO

Extensive preparation was undertaken during the reporting period to ensure the smooth rollout of the new three (3) bin Food Organics, Garden Organics (FOGO) system, which occurred in the first week of July 2019 for all eligible residents. As the first local government in the metropolitan area to fully roll out the new system, a team of staff were instrumental in preparing a comprehensive communication program for the community, which included:

- Website updates
- FAQ sheets
- Social media (Facebook) posts
- In-house staff training
- Development of posters, letters, newsletter items, newspaper advertisements
- Introductory flyer
- Community information and education sessions, including workshops and Material Recovery Centre excursions
- Organising for Visual Message Boards to be placed in strategic locations around the Town
- Priority Bin Stickers
- Caddy packs and magnets – FOGO guides and compostable bins.

Information about FOGO is available on the Town's website -

<https://www.eastfremantle.wa.gov.au/services/recycling-waste/lets-go-fogo.aspx>

Fremantle Recycling Centre – use picture from e-newsletter

A shared service arrangement with the City of Fremantle commenced in July 2018, allowing all Town residents to utilise the Fremantle Recycling Centre – over 1,400 visits by East Fremantle residents were recorded over the year (2018/19).

The free service allows residents to use the Recycling Centre for dropping off bulk goods and green waste through the year at no charge, although some exclusions do apply. Please refer to the City of Fremantle website for further information.

Strategic Resource Plan 2019-2034 Adopted

As part of the Town's ongoing commitment to an integrated approach to planning for the future, the Strategic Resource Plan provides a picture of the Town's long term financial and asset management planning, which acts as a guiding document to assist the Town to drive strategic outcomes.

Adopted in May 2019, it is a key tool for prioritisation and ensuring the financial sustainability of the Town for the next 15 years. A copy is available on the Town's website www.eastfremantle.wa.gov.au

Leeuwin Barracks Divestment

Since the Town of East Fremantle endorsed the Leeuwin Vision Plan in 2016, close contact with the Department of Defence has been maintained in relation to the proposed sale (divestment) of the site.

The divestment process is the responsibility of the Department of Defence, who have started the engagement process with the property development industry across Australia about what may be possible for the site.

According to recent communique the sale of Leeuwin Barracks is expected to be completed by 2024, subject to Commonwealth Government approvals for related works. Heritage and environment assessments are being undertaken along with a number of technical studies to inform the Metropolitan Region Scheme (MRS) and Local Planning Strategy (LPS) planning amendments.

These plans are expected to be completed by late 2020.

For more information about the divestment process, please visit the Department of Defence website link below:
<https://www.defence.gov.au/id/Master/docs/Disposals/LeeuwinCommunityUpdate.pdf>

Public Art Initiatives

During the year under review the Public Art Panel adopted a four (4) year Art Program. The following initiatives were undertaken during the year under review:

- Window installation, cnr Petra St/Canning Highway
- Hubble Street Mural
- Concepts for Richmond Raceway Turnstile Booths
- Town Hall Public Art Acquisition
- East Fremantle's George Street Festival Art Exhibition
- Repairs to Richmond Raceway Public Art

East Fremantle's George Street Festival 2019 – insert picture

Another successful festival in beautiful historic George Street attracted people from far and wide, with the festival showcasing street performers, music and artisan stalls.

Proudly presented by the Town of East Fremantle and supported again by Lotterywest, the fun filled festival catered for families with children with a host of free activities in Glasson Park. Tantalising street food and stimulating entertainment created an enticing environment for local community and sporting groups to all come together in beautiful George Street.

Thank you and congratulations to our many hardworking volunteers who were involved in helping the Town present another hugely successful festival.

John Tonkin Park Interpretive Nodes

The signs at the Interpretive Nodes are now installed at John Tonkin Park and the project is now complete. This project has been a joint project between the Department of Biodiversity, Conservation and Attractions (DBCA) and the Town of East Fremantle.

The installation provides an interpretive representation of the local indigenous connection to the land (*insert a short speil on the project*)

Congratulations to everyone involved - what a great result!

Aged Care Services - Town of East Fremantle Neighbourhood Link – insert picture

Working with the WA Assessment to WA Assessment Framework to deliver client centered support services across the East Fremantle, Cockburn, Fremantle and Melville areas, the Town continues to provide essential support to our aging and older residents. Referrals to our popular service are made through the Regional Assessment Services (RAS).

The Neighbourhood Link program relocated its service operations from Dovenby House to the Tricolore Community Centre in December 2016 and has been going from strength to strength providing Centre Based Day Care Services and social support to over 180 clients.

Back to School Bubbles

Local children enjoyed one last 'hurrah' in Glasson Park before heading back to school for 2019. They loved the captivating Monster Bubbles, not just beautiful to look at, fun to chase too!

Ride2School Day

Ranger Services teamed with Richmond Primary School on National Ride to School Day in March 2019, resulting in both a fun morning in the quadrangle AND a spot on the local news!

Look Local Networking

The Town facilitated five local business to business networking sessions over the year, hosted at amazing local venues giving businesses owners the opportunity to meet other likeminded local business people.

Dance Hall Days

The Town of East Fremantle collaborated with the City of Fremantle for this award winning (Local Government Professionals WA 2019 Honour Awards - Partnerships & Collaboration Award) initiative, which provided over 55's the opportunity to enjoy free dancing lessons, followed by a few hours of music to put their newly learned skills into practice.

Elected Members – 2018/19



Mayor Jim O'Neill
2017-2021



Cr Michael McPhail
Deputy Mayor
2017-2021



Cr Tony Natale
2017-2019



Cr Andrew McPhail
2017-2021



Cr Dean Nardi
2015-2019



Cr Jenny Harrington
2017-2021



Cr Cliff Collinson
2015-2019



Mayor Jim O'Neill
2017-2021



Cr Andrew White
2015-2019

Elected Member Details

Mayor Jim O'Neill

Mayor 2017 - 2021

(From 2013)

0413 211 873

mayor.oneill@eastfremantle.wa.gov.au

Councillor Michael McPhail

(Deputy Mayor)

Councillor 2017-2021

(From 2013)

Preston Point Ward

0404 979 273

cr.mcphail@eastfremantle.wa.gov.au

Councillor Jenny Harrington

Councillor 2017-2021

(From 2013)

Plympton Ward

0418 911 777

cr.harrington@eastfremantle.wa.gov.au

Councillor Tony Natale

Councillor 2017-2019

Preston Point Ward

0419 929 825

cr.natale@eastfremantle.wa.gov.au

Councillor Cliff Collinson

Councillor 2015-2019

(From 2007)

Plympton Ward

(08) 9339 6452

cr.collinson@eastfremantle.wa.gov.au

Councillor Andrew McPhail

Councillor 2017-2021

(From 2015)

Richmond Ward

0412 936 772

cr.ajmcphail@eastfremantle.wa.gov.au

Councillor Tony Watkins

Councillor 2017-2021

(From 2013)

Woodside Ward

0427 980 907

cr.watkins@eastfremantle.wa.gov.au

Councillor Dean Nardi

Councillor 2015-2019

Richmond Ward

(08) 9339 5632

cr.nardi@eastfremantle.wa.gov.au

Councillor Andrew White

Councillor 2015-2019

Woodside Ward

0418 131 179

cr.white@eastfremantle.wa.gov.au

"Due to the uniqueness of the Town, it is important that Council continue to plan well for the future and ensure that all our plans and projects are in line with the needs, aspirations and vision of our residents and ratepayers"

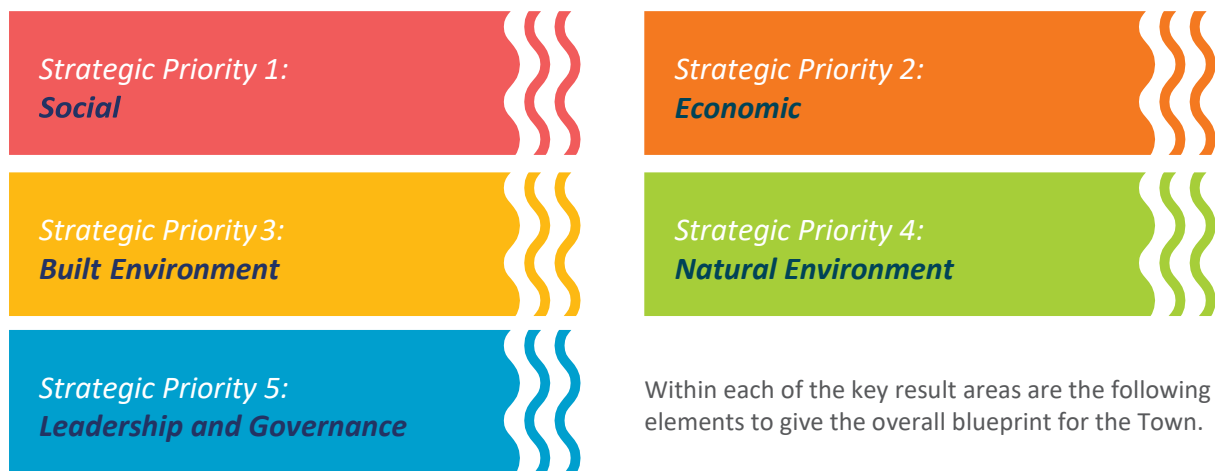
Elected Member Meeting Attendance 2018/19

Elected Member	Council Meetings	Town Planning Committee Meetings	Audit Committee Meetings	Concept Forum	Electors' Meeting
Mayor O'Neill	13	6	2	9	1
Cr M McPhail	7	6	2	8	1
Cr C Collinson	11	6	Not a member	8	1
Cr J Harrington	13	4	Not a member	10	1
Cr A McPhail	10	Not a member	2	10	1
Cr D Nardi	12	7	Not a member	9	1
Cr A Natale	12	5	2	9	-
Cr A Watkins	11	Not a member	2	7	1
Cr A White	8	6	2	8	1

How our Strategic *Community Plan is used*

The Strategic Community Plan outlines the vision for the Town of East Fremantle and identifies community priority areas for the next 10 years.

Strategic Priority Areas



Within each of the key result areas are the following elements to give the overall blueprint for the Town.

Vision

A descriptive statement of the future desired position for the Town of East Fremantle.

Objectives

What we are trying to put in place and achieve.

Strategies

High level statements about how we will achieve the objectives.

Measures

Specific data that will allow us to see how well we have implemented the Strategic Community Plan.

Monitoring

We will also monitor other key data that we, as a local government need to be aware of and consider, but do not control.

The strategic direction of the Town is translated into services and projects that are delivered to our community through the Corporate Business Plan which is reviewed annually. This ensures strategic priorities are translated into real actions.



The Town of East Fremantle Strategic Community Plan (the Plan) sets our vision, aspirations and objectives for the community over the next 10 years.

It is our guiding principal strategy and planning document - It governs all of the work that the Town undertakes, either through direct service provision, in partnership arrangements or advocacy on behalf of our community - It is the clear direction set by the Council to ensure our asset and service provision is focused to meet the requirements of our community, now and into the future.

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.

1.2 **Inviting open spaces, meeting places and recreational facilities**

- 1.2.1 Provision of adequate recreational, sporting and social facilities
- 1.2.2 Activate inviting open spaces that encourage social connection

1.3 **Strong community connection within a safe and vibrant lifestyle**

- 1.3.1 Partner and educate to build a strong sense of community safety
- 1.3.2 Facilitate opportunities for people to
- 1.3.3 Enrich identity, culture and heritage through programs, events and celebrations develop community connections and foster local pride
- 1.3.4 Facilitate community group capacity building experience.

Strategic Priority 2: **Economic**

“ *Economic – Sustainable, locally focused and easy to do business with* ”

2.1 **Actively support new business activity and existing local businesses**

- 2.1.1 Facilitate opportunities for business and community groups.
- 2.1.2 Investigate the development of business hubs and shared offices spaces.
- 2.1.3 Facilitate opportunities/ forums where local business people can meet and share ideas.

2.2 **Continue to develop and revitalise local business activity centres**

- 2.2.1 Facilitate local small business access for community and business growth

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**

- 3.2.1 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

Strategic Priority 4: **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.

Strategic Priority 5: **Leadership and Governance**

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

5.1 **Strengthen organisational accountability and transparency**

- 5.1.1 Strengthen governance, risk management and compliance
- 5.1.2 Ensure an effective engagement process is undertaken with community and stakeholders.
- 5.1.3 Improve the efficiency and effectiveness of services

5.2 **Proactively collaborate with the community and other stakeholders**

- 5.2.1 Foster and promote strategic collaborative relationships with neighbouring LGAs, State and Federal government representatives and agencies, NGOs

5.3 **Strive for excellence in leadership and governance**

- 5.3.1 Deliver community outcomes through sustainable finance and human resource management.
- 5.3.2 Improve organisational systems with a focus on innovation
- 5.3.3 Increased focus on strengthening and fostering a positive customer service experience

The Town of East Fremantle Strategic Community Plan (the Plan) sets our vision, aspirations and objectives for the community over the next 10 years.

It is our guiding principal strategy and planning document - It governs all of the work that the Town undertakes, either through direct service provision, in partnership arrangements or advocacy on behalf of our community - It is the clear direction set by the Council to ensure our asset and service provision is focused to meet the requirements of our community, now and into the future.

Strategic Priority 1: Social - "A socially connected, inclusive and safe community"

Objectives <i>What we need to achieve</i>	Strategies <i>How we're going to do it</i>	Measures of Success <i>How we will be judged</i>	2018/19 Achievements
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	Community perception of value of services, inclusiveness and wellbeing	<ul style="list-style-type: none"> Continued to provide a high quality Home and Aged Community Care (HACC) Program The Public Art Panel adopted a four (4) year Arts Program with the following activities being undertaken in the year under review: <ul style="list-style-type: none"> Window installation, cnr Petra St/Canning Highway Hubble Street Mural Concepts for Richmond Raceway Turnstile Booths Town Hall Public Art Acquisition East Fremantle's George Street Festival Art Exhibition Repairs to Richmond Raceway Public Art Developed and adopted the Town's first Public Health Plan 2018 – 2022.
	1.1.2 Strengthen the sense of place and belonging through inclusive community interaction and participation.		
1.2 Inviting open spaces, meeting places and recreational facilities	1.2.1 Provision of adequate recreational, sporting and social facilities	Community perception of value of recreational facilities and meeting spaces	<ul style="list-style-type: none"> East Fremantle Oval Community Design Forum (Charrette) undertaken with the Vision Plan adopted in May 2019 Recreational facilities service levels review undertaken. Consultant appointed for the Point North Recreation Precinct Masterplan with community consultation undertaken Allocated over \$3.5m towards Recreation and Cultural activities, including the Community Assistance Grants program.
	1.2.2 Activate inviting open spaces that encourage social connection		
1.3 Strong community connection within a safe and vibrant lifestyle	1.3.1 Partner and educate to build a strong sense of community safety	Community perception of value of vibrancy and connectivity Increase community perception of safety. Increase in community	<ul style="list-style-type: none"> East Fremantle Festival LOOK Local advertising campaign undertaken B2B networking forums continued One on One meeting with community groups and clubs continued Continued major sponsorship to the Glyde-In
	1.3.2 Facilitate opportunities for people to develop community connections and foster local pride		
	1.3.3 Enrich identity, culture and heritage through programs, events and celebrations		

	1.3.4 Facilitate community group capacity building	participation and satisfaction with events	Community Centre.
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Strategic Priority 2: Economic - "Sustainable, "locally" focused and easy to do business with."

Objectives	Strategies	Measures of Success <i>How we will be judged</i>	2018/19 Achievements
2.1 Actively support new business activity and existing local businesses	2.1.1 Facilitate opportunities for business and community groups.	<ul style="list-style-type: none"> Increased participation in attendance at business forums held in the Town Community perception of value of support provided to business 	<ul style="list-style-type: none"> Hosted a number of small business forums in partnership with the Small Business Development Corporation Membership with the Fremantle Chamber of Commerce Continued the partnerships with the South West Group of Local Governments to explore economic opportunities for the sub region
	2.1.2 Investigate the development of business hubs and shared offices spaces.		
	2.1.3 Facilitate opportunities/ forums where local business people can meet and share ideas.		
2.2 Continue to develop and revitalise local business activity centres	2.2.1 Facilitate local small business access for community and business growth		

Strategic Priority 3: Built Environment - "Accessible, well planned built landscapes which are in balance with the Town's unique heritage and open spaces."

Objectives	Strategies	Measures of Success <i>How we will be judged</i>	2018/19 Achievements
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.	Community perception of value of strategic development site outcomes	<ul style="list-style-type: none"> • Draft Local Planning Strategy developed. • Ongoing liaison and member of the Leeuwin Barracks Divestment Stakeholder Working Group in conjunction with Department of Defence and relevant consultant teams.
	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.	Community perception of value of the Town's preservation of character.	<ul style="list-style-type: none"> • Scheme Amendment 14 – Roofing 2000 site 91-93 Canning Highway – Council endorsed modifications and are awaiting final outcome from Minister for Planning. • Advertisement of Scheme Amendment 15 – Council supported the Scheme Amendment with modification to introduce a maximum building height of six (6) storeys – Town is currently awaiting gazettal of Minister's decision. • Draft Local Planning Strategy developed • Revitalisation of the Town's Heritage Trail
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	<ul style="list-style-type: none"> • Asset Sustainability Ratio • Asset Consumption Ratio • Asset Renewal Funding Ratio 	<ul style="list-style-type: none"> • Asset Sustainability Ratio 0.57 • Asset Consumption Ratio is 0.96 • Asset Renewal Ratio is 1.7 <p>All three ratios indicate that the Town of East Fremantle is adequately meeting asset management requirements and that the Town's assets are in good condition and relatively new.</p> <ul style="list-style-type: none"> • Adopted a new Strategic Resource Plan (Long Term Financial Plan – 15 yrs) • Integrated Traffic Management and Movement Strategy commenced.
	3.3.2 Optimal management of assets within resource capabilities		
	3.3.3 Plan and advocate for improved access and connectivity		

- Urban Streetscape and Public Realm Style Guide commenced

Strategic Priority 4: Natural Environment *"Maintaining and enhancing our River foreshore and other green, open spaces with a focus on environmental sustainability and community amenity."*

Objectives	Strategies	Measures of Success <i>How we will be judged</i>	2018/19 Achievements
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	<ul style="list-style-type: none"> • Community perception of value of Town's conservation and management • Recycling Rates – kilogram per capita (maintain and aim to improve) 	<ul style="list-style-type: none"> • John Tonkin Reserve headlands installed to dissipate wave energy, reduce erosion and to stabilise the foreshore. • Works in the Interpretation Nodes undertaken in conjunction with the Department of Biodiversity Conservation & Attractions were completed. • Urban Streetscape and Public Realm Style Guide commenced
4.2 Enhance environmental values and sustainable natural resource use	4.2.1 Reduce waste through sustainable waste management practices	<ul style="list-style-type: none"> • Waste to landfill – kilograms per capita (maintain or decrease) 	<ul style="list-style-type: none"> • The Town's waste management partnership with the SMRC continued – Greenwaste collection diversion rate of 100%; the diversion rate of mixed solid waste was 65% of total waste, which meets the State's waste diversion target of 65% of all waste by 2020 – and the recycling diversion rate was 84%, well above the diversion target. • Appointment of a Waste Education Officer in preparation for the rollout of the three bin FOGO system.
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.		

Strategic Priority 5: Leadership and Governance "A proactive, approachable Council which values community consultation, transparency and accountability."

Objectives	Strategies	Measures of Success <i>How we will be judged</i>	2018/19 Achievements
5.1 Strengthen organisational accountability and transparency	5.1.1 Strengthen governance, risk management and compliance	<ul style="list-style-type: none"> • Achieve an unqualified audit • Community perception of value of the Town's communication and consultation processes • Community satisfied with Town's responsiveness • % of customer requests/enquiries responded to within target timeframes • Financial ratio levels for benchmarking of local governments 	<p>As per the 2018/19 Audit Report, the Town achieved an unqualified Audit.</p> <p>Adoption of a new Record Keeping Plan.</p> <p>The Town undertook Community Perceptions Survey in April 2019. The Town achieved an overall score of 78, making it the second highest performing; a 92 % Index Score as a place to live; 63 Index Score as a governing organisation. The Town's highest performing areas are waste collection services and the area's character and identity. The Town has improved in 39 performance measures over the last two years with the biggest improvers being:</p> <ul style="list-style-type: none"> • Access to housing options • Footpaths and cycleways • Traffic management • Social media presence on Facebook • Safety and Security <p>Better utilisation of the Town's Business Enterprise System via the automation of more than 25 management reports.</p> <p>The Customer Service Improvement Program developed and adopted a new Customer Service Charter, which can be found on our website.</p> <p>A number of additional online services were introduced during the year making it easier to do business with the Town</p> <ul style="list-style-type: none"> - Building Applications - Development application tracking - Dog & Cat Registration (renewals) - Community Engagement – online viewing function
	5.1.2 Ensure an effective engagement process is undertaken with community and stakeholders.		
5.1.3 Improve the efficiency and effectiveness of services			
5.2 Proactively collaborate with the community and other stakeholders	5.2.1 Foster and promote strategic collaborative relationships with neighbouring LGAs, State and Federal government representatives and agencies, NGO		
5.3 Strive for excellence in leadership and governance	5.3.1 Deliver community outcomes through sustainable finance and human resource management.		
	5.3.2 Improve organisational systems with a focus on innovation		
	5.3.3 Increased focus on strengthening and fostering a positive customer service experience.		

Communication and Community Engagement

The Town is committed to providing opportunities for all members of the community to participate in our decision making processes. Community engagement is a way of acknowledging the knowledge, skills and expertise in our community, and seeks to combine these with the skills, knowledge and expertise of Town staff and elected members.

The Town engages on a diverse range of issues, projects and activities, offering a range of methods to be involved and informed.

Our Community Engagement Plan has been developed to establish a standard process for community engagement; ensures that the process is implemented by Town staff and external consultants; ensure that inclusive and efficient consultation is undertaken at all times.

In the year under review, the Town of East Fremantle undertook the following initiatives to engage with and inform their residents, stakeholders, visitors and community members.

E-Newsletter – The E-Newsletter is produced and circulated to subscribers on a monthly basis, and provides information and links to relevant and timely information on the Towns website. You can subscribe to the E-Newsletters via the website or email the Town and ask to be included on the email list.

Website – ongoing updates on the website provide the opportunity to source information, make online payments, and provide feedback. For further information, visit www.eastfremantle.wa.gov.au

Facebook – regular posts on the Town’s Facebook page provides up to date information about events, issues that may be of interest to residents and the community, as well as promoting local businesses and Council meetings.

Business to Business Workshops – ongoing liaison with local businesses to gain a better understanding of the diverse range of services and products available; as well as providing assistance where possible to find resolution to issues that impact on the effective establishment and running of enterprises in the Town.

Small Business Friendly - as a Small Business Friendly Local Government the Town hosted a number of workshops and information sessions for local business in conjunction with the Small Business Development Corporation.

Community Consultations Online – this service is provided via the Town’s website and aims to provide a convenient way for residents and stakeholders to view Town Planning applications and developments. From time to time, other relevant projects and activities are promoted via this webpage. Council is committed to continuing to provide as many opportunities as possible for community and stakeholder involvement.

Town of East Fremantle Notice Boards – the Town has three (3) notice boards – one located at the Town Hall, one at Zephyrs Café and one at the East Fremantle Primary Kindergarten next to Glasson Park. These provide as much information as can be located on a notice board to help inform and update the community.

Community engagement - "a dynamic relational process that facilitates communication, interaction, **involvement**, and exchange between an organization and a **community** for a range of social and organisational outcomes"

Regulatory Services – Town Planning and Building

Town Planning and Building Service aims to provide accessible, well planned built landscapes which are in balance with the Town's unique heritage and open spaces.

During the year under review, a number of key projects were underway:

Amendment No. 14 – Local Planning Scheme No. 3 – Roofing 2000 Site

In 2018 the Council adopted Amendment No. 14 to its Planning Scheme for the Roofing 2000 site. The owner proposed that the site be developed for high density residential and commercial uses, so the Amendment was required to introduce building and parking development controls. The Amendment included controls relating to building height and setbacks, floor space, land use, overshadowing, vehicle parking and other matters.

During the year, the Amendment was forwarded to the WA Planning Commission (WAPC) for its consideration. Substantial changes were made to the Amendment by the WAPC most notably to the building height and setback controls allowing for a greater building height, lesser building setbacks than those endorsed by the Council, with the potential for additional building height to be included, under certain circumstances. These changes were then considered by the Minister for Planning who directed that the Amendment be modified and advertised for public comment for 28 days.

In January 2019, the Town of East Fremantle advertised the modifications for public comment for the required period and received 281 submissions. Council considered the modifications and submissions in August 2019 and then forwarded the endorsed recommendation to the WAPC.

Note: at the time of publication of this report, the Amendment was with the Minister for planning for consideration – the Town is awaiting the Minister's decision and gazettal of the Scheme Amendment.

Amendment No. 15 – Local Planning Scheme No. 3 – Royal George Hotel Site

In 2018 the Council adopted Amendment No. 15 to its Planning Scheme for the Royal George Hotel site. This was necessary to control development on the vacant land at the rear of the Hotel. The Amendment considered the site's location, its heritage value, and the character and amenity of the surrounding area. It limited redevelopment to a non-variable maximum height which equated to 6 storeys (including basement car parking), ensured restoration of the Hotel and respected residential amenity.

During the year, the Amendment was forwarded to the WA Planning Commission (WAPC) for its consideration. Substantial changes were made to the Amendment by the WAPC, most notably to the building height, building setbacks and heritage controls. These changes were then reconsidered by the Minister for Planning who directed that the Amendment be further modified and advertised for public comment for 28 days.

The modifications most notably impacted building height and in summary, the modifications stated that a building height not exceed 7 storeys. However, a capped maximum building height was not specified. It was therefore not possible to control or establish the exact height of a building in relation to the Hotel under the modified development standards. Other modifications included increasing developable floor space, variations to building setbacks and deletion of the heritage provisions as endorsed by the Council.

In January 2019, the Town of East Fremantle advertised the modifications for public comment for the required period and received 233 submissions. Council then considered the modifications and submissions in August 2019 and forwarded the endorsed recommendation to the WAPC.

Note: at the time of publication of this report, the Amendment was with the Minister for Planning awaiting final approval and gazettal of the Scheme Amendment.

More information about both Amendments can be found on the Town's website <https://www.eastfremantle.wa.gov.au/services/building-environment/town-planning.aspx>

Urban Streetscape and Public Realm Style Guide

In February 2019, the Town engaged UDLA consultants to work with officers to prepare an Urban Streetscape and Public Realm Style Guide for the East Fremantle.

The Style Guide will set a consistent approach for Council and developers to work together to collaboratively design public spaces that meet the collective needs of a diverse community. It will be a graphically illustrated document that outlines appropriate and consistent design guidelines for the Town's streetscape and public realm and the elements that contribute to its style and character. The Style Guide will:

- be influenced by, and respond to, the Town's culture, heritage, character, ecology and environment.
- Provide a consistent style and design palette approach for future private and public works to the public realm and streetscape within the Town;
- Provide public realm design guidelines that enhance and celebrate the Town's character, recognising and responding to identified areas or precincts of a similar nature and/or function;
- Create comfortable and safe places for people to use; promote the integration of transport and land use; and encourage walking, cycling and use of public transport;
- Provide clear guidance to those involved in designing and constructing streets and public spaces (including designers, public and private sector developers, builders and engineers) on the quality of design expected by the Town;
- Provide guidance to the Town (relevant officers) when assessing the quality of development proposals.

The Style Guide will complement, reference and incorporate relevant existing Town of East Fremantle policies, strategies and plans.

Review of the Local Planning Strategy (LPS)

During the year under review, our Town Planning staff commenced the preparation of a draft Local Planning Strategy (LPS) which, once endorsed by Council, will be submitted to the Western Australian Planning Commission (WAPC) for certification to advertise to the community for input.

The LPS will set out the long term planning directions for the Town; will apply State and regional planning policies that are relevant to the strategy; and provide the rationale for any zone or classification of land under the Local Planning Scheme.

The draft is being prepared using information from previous draft LPS versions; key strategic Town of East Fremantle documents such as the Foreshore Masterplan, the Recreation and Community Facilities Strategy, Leeuwin Vision Plan and the like; and additional research.

Once it has been endorsed by the WAPC, the Town will ensure that a community consultation and engagement program is undertaken to ensure all interested landowners, business owners, community members and residents have the opportunity to comment

Environmental Health Campaigns - 2018/19

Town of East Fremantle Public Health Plan 2018-2022

The Town of East Fremantle Public Health Plan 2018-2023 was adopted by Council in August 2018. Following its adoption the Town partnered with South Metropolitan Health Service to update the Health and Wellbeing page on the Town's website to reflect the Public Health Plan.

<https://www.eastfremantle.wa.gov.au/services/building-environment/health-and-wellbeing.aspx>

South Metropolitan Health Service has provided the Town with a Health Promotion Officer for one day per week to assist with the implementation of the Plan. The Health Promotion Officer commenced work with the Town in May 2019 assisting local junior sporting clubs to apply for health related grants as part of their new 'healthy sporting program' which results in improving healthy food options for sporting club members and participants.

The East Fremantle Junior Football Club received a \$4,000 grant from Healthway to purchase food related equipment and agreed to complete the Fuel To Go and Play online training and develop a nutritious and healthy menu for events and match days.

The Town partnered with South Metropolitan Health Service and Injury Matters to provide a Stepping On falls prevention program commencing on 1 October 2018 over a six (6) month period. This was in response to Injury statistics which indicated that falls were the leading cause of injury in East Fremantle, accounting for 463 hospitalisations and seven (7) fatalities over a four year period (2012-2016).

The program included the promotion of local services, community displays, distribution of falls prevention services, provision of communication materials, peer education workshops and a presentation to HACC workers. The program was deemed a success and resulted in increased strength, balance and awareness of the risk of falls among program participants. Additional benefits included social inclusion benefits and a reported intention to change behaviours including the maintenance of physical activities outside of the program.

The Health Promotion officer also compiled a data base of food premises to facilitate regular mailouts and alerts relating to food safety and hygiene information, and the provision of other relevant health related topics.

Waste Education Officer

The Town created a new position of Waste Education Officer who, along with the Town's Principal Environmental Health Officer and Internal FOGO working group embarked on a community wide educational and promotional campaign to underpin and support the proposed 3 bin system (FOGO) rollout on 1 July 2019.

The campaign commenced in mid May 2019 and incorporated flyer delivery, posters, letters to every resident, weekly advertorials in community papers, variable message boards and social media. The adoption of FOGO is consistent with the State Waste Strategy of reducing waste to landfill and supports Key Area 2 of the Public Health Plan "Healthy Places and Spaces."

Act Belong Commit

In support of Key Area 1, "Health People and Community", the Town was proud to have become a partner with Act Belong Commit. The Town's objective is to support and share the Act Belong Commit guidelines for positive mental health in order to provide a simple approach we can all adopt to enhance mental health in WA.

Community First Responder – External Defibrillators

In May 2019, the Town commenced the provision and installation of external defibrillators around East Fremantle, thanks to a collaboration between the Town, St John Ambulance WA, the East Fremantle Bowling

Club, East Fremantle Yacht Club and Hurricane Dragon Boat, Canoe and Outrigger Club.

The Community first Responder Program is a free service that aims to get defibrillators to cardiac arrest victims in the vital minutes before an ambulance arrives. To date the Town has 14 Defibs registered with St John Ambulance, eight (8) of which are external Defibs, meaning they are easily accessible to the public 24 hours a day.

Statutory Reporting

Record Keeping Plan (RKP)

The Town undertook the 5 year statutory review of the RKP in 2018, which was approved by State Records in November 2018. The RKP includes a 5 year improvement plan, which has commenced. The RKP will be benchmarked against the Western Australian Auditor General Report of Record Management in Local Government (April 2019).

National Competition Policy

The Competition Principles Agreement is an Inter-government Agreement between the Commonwealth and State/Territory Governments that sets out how government will apply National Competition Policy principles to public sector organisations within their jurisdiction.

The State Government released a Policy Statement effective from July 1996 called the Clause 7 Statement, which forms part of the Competition Principles Agreement. The Clause 7 policy document sets out nominated principles from the Agreement that now apply to Local Government. The provisions of Clause 7 of the Competition Principles Agreement require local government to report annually as to the implementation, application and effects of the Competition Policy.

The Competition Principles Agreement, under Clause 7, specifies three broad areas of reporting. These are:

- Competitive Neutrality
- Structural Review of Public Monopolies
- Legislative Review

In accordance with the requirements of the National Competition Policy (NCP), the Town of East Fremantle makes the following disclosures for 2018/19.

Competitive Neutrality

The objective of competitive neutrality is introducing measures which effectively remove any net competitive advantages arising as a result government ownership of a business entity. The Town of East Fremantle has previously assessed its operations and considers that it does not have any business activity that would be classed as significant under the current guidelines. The Town of East Fremantle does not operate a business enterprise that has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.

All activities within the Town are continually being examined to identify opportunities to generate efficiency improvements. This must be balanced with the type and level of service provision and statutory requirements.

The number of activities to which competitive neutrality principles have been applied in the reporting period is Zero. The number of activities to which competitive neutrality principles have been considered but not applied in the reporting period is Zero.

During the reporting period the Town did not become aware of any allegations of non-compliance with the competitive neutrality principles made by a private entity against the Town.

Legislative Review

All local laws have been reviewed for compliance with NCP and all amendments to existing, and all future local laws are monitored to ensure no anti-competitive practices are included. In the year under review the Town undertook no activities that met the financial benchmark.

Structural Reform of Public Monopolies

The Town of East Fremantle is not classified as a natural monopoly nor does it conduct any business activities that could be classified as public monopolies.

Freedom of Information

The Freedom of Information Act 1992 allows the public the right to apply for access to information held by the Town of East Fremantle. The Act requires the adoption of a Freedom of Information Statement to be reviewed annually. A copy of the currently statement is available on the Town website.

The Town submitted its annual Information Return to the Information Commissioner which stated the Town had received 4 applications.

Disability Access and Inclusion Plan 2016-2020

The Town is committed to facilitating the inclusion of people with disabilities through the improvement of access to its services and facilities, as identified in this plan.

The Town successfully lobbied the State Government to provide upgraded pedestrian crossing facilities at the intersection of Canning Highway and Preston Point Road.

The current Plan is due for review in 2020.

Register of Complaints (Rules of Conduct)

Minor breaches of the rules of conduct or a local law adopted in accordance with the Local Government Act 1995 by Council members and any action taken are recorded in a register of complaints.

No complaints pursuant to the Rules of Conduct were received by the Town in the year under review.

Employee Remuneration

In accordance with Regulation 19B of the Local Government (Administration) Regulations 1996 the Town is required to disclose the number of employees with an annual cash salary of more than \$100,000. The number of employees with an annual salary entitlement that falls within each band for 2018/19 is as follows:

\$100,000 - \$109,000	1
\$120,000 - \$129,999	1
\$140,000 - \$149,999	1
\$190,000 – \$199,999	1

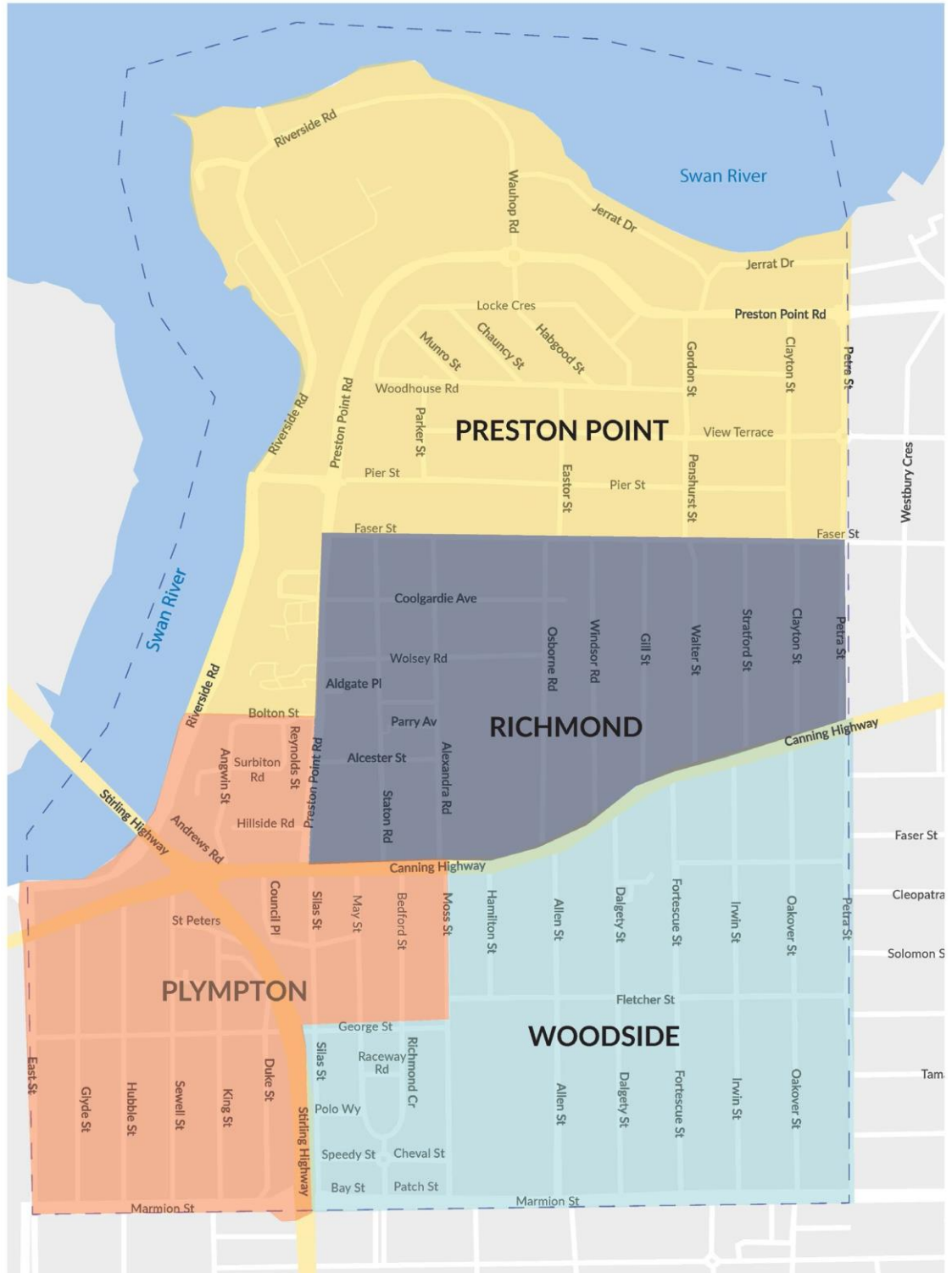
Local Laws

The Town currently has nine (9) Local Laws:

- Waste Local Law 2017
- Waste Amendment Local Law 2017
- Meeting Procedure Local Law 2016
- Public Places and Local Government Property Local Law 2016
- Cat Local Law 2016
- Dog Local Law 2016
- Parking Local Law 2016
- Penalty Units Local Law 2016
- Fencing Local Law 2016

In the year under review 1953 infringements and 3750 cautions were issued in relation to breaches of local laws.

Ward Map



TOWN OF EAST FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

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Principal place of business:
135 Canning Highway
East Fremantle 6158

**TOWN OF EAST FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

*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 2019 is based on proper accounts and records to present fairly the financial position of the Town of East Fremantle at 30 June 2019 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 on the 11th day of December 2019



Chief Executive Officer

Gary Tuffin

Name of Chief Executive Officer



TOWN OF EAST FREMANTLE
 STATEMENT OF COMPREHENSIVE INCOME
 BY NATURE OR TYPE
 FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual * Restated \$
Revenue				
Rates	23(a)	7,994,644	7,819,800	7,583,304
Operating grants, subsidies and contributions	2(a)	1,183,356	1,165,936	1,288,605
Fees and charges	2(a)	1,216,317	1,175,630	1,170,784
Interest earnings	2(a)	227,465	192,000	216,943
Other revenue	2(a)	100,278	77,000	162,294
		10,722,060	10,430,366	10,421,930
Expenses				
Employee costs		(4,073,458)	(3,683,695)	(3,575,649)
Materials and contracts		(3,809,913)	(4,464,705)	(3,333,253)
Utility charges		(342,298)	(310,950)	(292,551)
Depreciation on non-current assets	8(b)	(2,473,863)	(2,695,133)	(2,700,093)
Interest expenses	2(b)	(20,402)	0	(25,625)
Insurance expenses		(218,414)	(251,449)	(160,257)
Other expenditure		(631,588)	(697,010)	(616,919)
		(11,569,936)	(12,102,942)	(10,704,347)
		(847,876)	(1,672,576)	(282,417)
Non-operating grants, subsidies and contributions	2(a)	147,436	147,726	68,975
Profit on asset disposals	8(a)	12,632	0	15,021
(Loss) on asset disposals	8(a)	(21,190)	(27,247)	(3,076)
Share of profit or (loss) of associate accounted for using the equity method	19	(158,181)	0	22,707
(Loss) on revaluation of furniture and equipment	6(a)	(28,503)	0	0
		(47,806)	120,479	103,627
Net result for the period		(895,682)	(1,552,097)	(178,790)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	9	246,820	0	(6,967,432)
Share of other comprehensive income of associate accounted for using the equity method	9,19	(43,075)	0	0
Total other comprehensive income for the period		203,745	0	(6,967,432)
Total comprehensive loss for the period		(691,937)	(1,552,097)	(7,146,222)

This statement is to be read in conjunction with the accompanying notes.
 * Actuals have been restated to reflect prior year corrections (see note 30)



TOWN OF EAST FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual * Restated
		\$	\$	\$
Revenue				
	2(a)			
Governance		1,905	20,500	76,429
General purpose funding		8,525,993	8,191,566	8,091,136
Law, order, public safety		36,184	29,180	32,299
Health		14,966	14,577	14,949
Education and welfare		909,973	912,422	947,418
Housing		91,593	80,080	80,722
Community amenities		153,657	210,000	214,944
Recreation and culture		312,564	389,324	406,661
Transport		525,030	444,000	392,332
Economic services		86,827	107,200	90,411
Other property and services		63,368	31,517	74,629
		10,722,060	10,430,366	10,421,930
Expenses				
	2(b)			
Governance		(1,322,253)	(1,145,547)	(948,735)
General purpose funding		(104,773)	(97,763)	(75,186)
Law, order, public safety		(169,364)	(154,617)	(100,817)
Health		(200,647)	(197,651)	(157,058)
Education and welfare		(1,100,192)	(1,057,823)	(1,160,679)
Housing		(45,155)	(55,630)	(36,276)
Community amenities		(2,334,587)	(2,792,902)	(2,073,328)
Recreation and culture		(3,471,807)	(3,024,759)	(2,867,126)
Transport		(2,503,015)	(3,276,004)	(2,972,147)
Economic services		(120,479)	(127,963)	(80,523)
Other property and services		(177,262)	(172,283)	(206,847)
		(11,549,534)	(12,102,942)	(10,678,722)
Finance Costs				
	2(b)			
Community amenities		(20,402)	0	(25,625)
		(20,402)	0	(25,625)
		(847,876)	(1,672,576)	(282,417)
Non-operating grants, subsidies and contributions	2(a)	147,436	147,726	68,975
Profit on disposal of assets	8(a)	12,632	0	15,021
(Loss) on disposal of assets	8(a)	(21,190)	(27,247)	(3,076)
Share of profit or (loss) of associate accounted for using the equity method	19	(158,181)	0	22,707
(Loss) on revaluation of furniture and equipment	6(a)	(28,503)	0	0
		(47,806)	120,479	103,627
Net result for the period		(895,682)	(1,552,097)	(178,790)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	9	246,820	0	(6,967,432)
Share of other comprehensive income of associate accounted for using the equity method	9,19	(43,075)	0	0
Total other comprehensive income for the period		203,745	0	(6,967,432)
Total comprehensive loss for the period		(691,937)	(1,552,097)	(7,146,222)

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

* Actuals have been restated to reflect prior year corrections (see Note 30)



TOWN OF EAST FREMANTLE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	2019 \$	2018 Restated * \$	1 July 2017 Restated * \$
CURRENT ASSETS				
Cash and cash equivalents	3	4,191,260	3,478,644	4,892,311
Trade receivables	5	516,405	465,488	341,162
TOTAL CURRENT ASSETS		4,707,665	3,944,132	5,233,473
NON-CURRENT ASSETS				
Trade receivables	5	65,838	52,590	57,438
Investment accounted for using the equity method	19	932,676	1,133,932	1,113,519
Property, plant and equipment	6	19,288,901	19,260,482	17,431,317
Infrastructure	7	44,954,078	45,848,514	53,515,735
TOTAL NON-CURRENT ASSETS		65,241,493	66,295,518	72,118,009
TOTAL ASSETS		69,949,158	70,239,650	77,351,482
CURRENT LIABILITIES				
Trade and other payables	10	926,318	472,301	334,554
Borrowings	11(a)	110,709	122,997	114,413
Employee related provisions	12	635,317	603,309	657,407
TOTAL CURRENT LIABILITIES		1,672,344	1,198,607	1,106,374
NON-CURRENT LIABILITIES				
Borrowings	11(a)	345,836	427,423	531,038
Employee related provisions	12	63,518	54,224	8,451
TOTAL NON-CURRENT LIABILITIES		409,354	481,647	539,489
TOTAL LIABILITIES		2,081,698	1,680,254	1,645,863
NET ASSETS		67,867,460	68,559,396	75,705,619
EQUITY				
Retained surplus		22,368,248	23,375,471	22,385,166
Reserves cash backed	4	2,194,176	2,082,634	3,251,730
Revaluation surplus	9	43,305,036	43,101,291	50,068,723
TOTAL EQUITY		67,867,460	68,559,396	75,705,619

* See note 30 for details regarding restatement as a result of an error

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



TOWN OF EAST FREMANTLE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		22,288,168	3,251,730	49,697,653	75,237,551
Correction of error	30	96,998		371,070	468,068
Restated total equity at the beginning of the financial year		22,385,166	3,251,730	50,068,723	75,705,619
Comprehensive income					
Net result for the period (*restated)		(178,790)	0	0	(178,790)
Other comprehensive income	9	0	0	(6,967,432)	(6,967,432)
Total comprehensive income		(178,790)	0	(6,967,432)	(7,146,222)
Transfers from/(to) reserves		1,169,096	(1,169,096)	0	0
Balance as at 30 June 2018		23,375,471	2,082,634	43,101,291	68,559,396
Comprehensive income					
Net result for the period		(895,682)	0	0	(895,682)
Other comprehensive income	9	0	0	203,745	203,745
Total comprehensive income		(895,682)	0	203,745	(691,937)
Transfers from/(to) reserves		(111,542)	111,542	0	0
Balance as at 30 June 2019		22,368,248	2,194,176	43,305,036	67,867,460

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

* Actuals have been restated to reflect prior year corrections (see note 30)

TOWN OF EAST FREMANTLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		7,905,254	7,819,800	7,571,106
Operating grants, subsidies and contributions		1,183,356	1,165,936	1,206,726
Fees and charges		1,348,768	1,175,630	1,389,062
Interest received		216,312	192,000	212,363
Goods and services tax received		582,573	0	772,516
Other revenue		103,278	77,000	162,294
		11,339,541	10,430,366	11,314,067
Payments				
Employee costs		(4,004,931)	(3,683,695)	(3,516,377)
Materials and contracts		(3,935,002)	(4,464,706)	(4,031,756)
Utility charges		(342,298)	(310,950)	(292,551)
Interest expenses		(17,043)	0	(21,677)
Insurance paid		(218,414)	(251,449)	(207,943)
Goods and services tax paid		(129,765)	0	(168,278)
Other expenditure		(609,904)	(697,009)	(620,866)
		(9,257,357)	(9,407,809)	(8,859,448)
Net cash provided by (used in) operating activities	14	2,082,184	1,022,557	2,454,619
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(556,075)	(1,020,669)	(2,452,370)
Payments for construction of infrastructure		(970,202)	(1,959,500)	(1,453,064)
Non-operating grants, subsidies and contributions		147,436	147,726	68,975
Advances to community groups		0	0	(27,000)
Proceeds from sale of property, plant & equipment		115,227	159,753	87,909
Net cash provided by (used in) investment activities		(1,263,614)	(2,672,690)	(3,775,550)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(105,954)	0	(92,737)
Net cash provided by (used in) financing activities		(105,954)	0	(92,737)
Net increase (decrease) in cash held		712,616	(1,650,133)	(1,413,667)
Cash at beginning of year		3,478,644	4,123,452	4,892,311
Cash and cash equivalents at the end of the year	14	4,191,260	2,473,319	3,478,644

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

TOWN OF EAST FREMANTLE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual * Restated
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	785,888	782,857	989,782
		785,888	782,857	989,782
Revenue from operating activities (excluding rates)				
Governance		1,905	20,500	76,429
General purpose funding		531,349	371,766	507,832
Law, order, public safety		43,906	29,180	32,299
Health		14,966	14,577	14,949
Education and welfare		909,973	912,422	947,418
Housing		91,593	80,080	80,722
Community amenities		156,884	210,000	214,944
Recreation and culture		312,564	389,324	411,297
Transport		526,713	444,000	401,846
Economic services		86,827	107,200	90,411
Other property and services		63,368	31,517	75,500
		2,740,048	2,610,566	2,853,647
Expenditure from operating activities				
Governance		(1,322,253)	(1,151,547)	(948,735)
General purpose funding		(104,773)	(97,763)	(75,186)
Law, order, public safety		(169,364)	(154,617)	(100,817)
Health		(200,647)	(197,651)	(157,058)
Education and welfare		(1,100,192)	(1,057,823)	(1,160,679)
Housing		(45,155)	(55,630)	(36,276)
Community amenities		(2,354,989)	(2,792,902)	(2,102,029)
Recreation and culture		(3,478,216)	(3,024,759)	(2,867,126)
Transport		(2,517,796)	(3,297,251)	(2,972,147)
Economic services		(120,479)	(127,963)	(80,523)
Other property and services		(363,946)	(172,283)	(206,847)
		(11,777,810)	(12,130,189)	(10,707,423)
Non-cash amounts excluded from operating activities	24(a)	2,690,194	2,722,380	2,762,769
Amount attributable to operating activities		(5,561,680)	(6,014,386)	(4,101,225)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		147,436	147,726	68,975
Proceeds from disposal of assets	8(a)	115,227	159,753	87,909
Advances to community groups		0	0	(27,000)
Purchase of property, plant and equipment	6(a)	(556,075)	(1,020,669)	(2,452,370)
Purchase and construction of infrastructure	7(a)	(970,202)	(1,959,500)	(1,453,064)
Amount attributable to investing activities		(1,263,614)	(2,672,690)	(3,775,550)
FINANCING ACTIVITIES				
Repayment of borrowings	11(b)	(105,954)	0	(92,737)
Transfers to reserves (restricted assets)	4	(838,894)	(153,012)	(399,562)
Transfers from reserves (restricted assets)	4	727,352	1,020,289	1,568,658
Amount attributable to financing activities		(217,496)	867,277	1,076,359
Surplus/(deficit) before imposition of general rates		(7,042,790)	(7,819,800)	(6,800,416)
Total amount raised from general rates	23	7,994,644	7,819,800	7,583,304
Surplus/(deficit) after imposition of general rates	24(b)	951,854	0	782,888

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

* Actuals have been restated to reflect prior year corrections

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) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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.

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 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 at Note 26 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:

Operating grants, subsidies and contributions

Governance

General purpose funding

Education and welfare

Community amenities

Recreation and culture

Transport

Other property and services

Non-operating grants, subsidies and contributions

Transport

Total grants, subsidies and contributions

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
General purpose funding	244,984	119,766	223,578
Education and welfare	807,264	828,170	861,436
Community amenities	0	0	50,000
Recreation and culture	34,906	80,000	101,714
Transport	96,202	138,000	21,877
Other property and services	0	0	30,000
	1,183,356	1,165,936	1,288,605
Transport	147,436	147,726	68,975
	147,436	147,726	68,975
	1,330,792	1,313,662	1,357,580

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 22.

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 for the current reporting period.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Other revenue			
Reimbursements and recoveries	100,278	77,000	162,294
	100,278	77,000	162,294
Fees and Charges			
Governance	406	16,500	36,921
General purpose funding	58,900	44,000	49,331
Law, order, public safety	36,184	29,180	32,299
Health	14,155	14,577	14,949
Education and welfare	102,529	82,752	84,433
Housing	88,512	80,080	80,722
Community amenities	153,657	345,000	269,562
Recreation and culture	225,254	137,944	129,964
Transport	426,822	305,500	370,237
Economic services	86,862	106,700	90,207
Other property and services	23,036	13,397	12,159
	1,216,317	1,175,630	1,170,784

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

Interest earnings

Reserve accounts interest	53,779	60,000	83,346
Rates instalment and penalty interest	82,315	75,000	79,500
Other interest earnings	91,371	57,000	54,097
	227,465	192,000	216,943

(b) Expenses	2019 Actual \$	2019 Budget \$	2018 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	30,000	18,000	10,385
- Other services	1,760	0	1,850
	31,760	18,000	12,235
Interest expenses (finance costs)			
Borrowings (refer Note 11(b))	20,402	0	25,625
	20,402	0	25,625

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		849,592	696,115
Term deposits		3,341,668	2,782,529
		<u>4,191,260</u>	<u>3,478,644</u>
Comprises:			
- Unrestricted cash and cash equivalents		1,997,084	1,396,010
- Restricted cash and cash equivalents		2,194,176	2,082,634
		<u>4,191,260</u>	<u>3,478,644</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Reserves cash backed - Vehicle, Plant and Equipment	4	171,247	259,150
Reserves cash backed - Non-current Leave	4	10,000	407,665
Reserves cash backed - Office Equipment	4	0	9,121
Reserves cash backed - Unspent Grants and Restricted Cash	4	0	75,000
Reserves cash backed - HACC	4	217,037	217,037
Reserves cash backed - Legal Funds	4	0	142,480
Reserves cash backed - Civic Buildings	4	0	15,183
Reserves cash backed - Strategic Asset Management	4	615,677	564,668
Reserves cash backed - Arts and Sculpture	4	192,022	192,022
Reserves cash backed - Waste	4	200,308	200,308
Reserves cash backed - Committed Works	4	737,885	0
Reserves cash backed - Commercial Precinct Development	4	50,000	0
		<u>2,194,176</u>	<u>2,082,634</u>
Other restricted cash and cash equivalents			
Unspent grants/contributions (transferred to Reserve)	22	0	0
Unspent loans	11(d)	0	0
Total restricted cash and cash equivalents		<u>2,194,176</u>	<u>2,082,634</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

TOWN OF EAST FREMANTLE
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4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Vehicle, Plant and Equipment	259,150	0	(87,903)	171,247	259,150	0	(135,532)	123,618	252,480	6,670	0	259,150
(b) Reserves cash backed - Non-current Leave	407,665	0	(397,665)	10,000	407,665	0	(397,665)	10,000	397,173	10,492	0	407,665
(c) Reserves cash backed - Office Equipment	9,121	0	(9,121)	0	9,121	0	(9,121)	0	147,992	3,910	(142,781)	9,121
(d) Reserves cash backed - Unspent Grants and Restricted Cash	75,000	0	(75,000)	0	75,000	0	(75,000)	0	181,708	75,000	(181,708)	75,000
(e) Reserves cash backed - HACC	217,037	0	0	217,037	217,037	0	0	217,037	211,451	5,586	0	217,037
(f) Reserves cash backed - Legal Funds	142,480	0	(142,480)	0	142,480	0	(142,480)	0	138,812	3,668	0	142,480
(g) Reserves cash backed - Civic Buildings	15,183	0	(15,183)	0	15,183	0	(15,183)	0	1,228,809	30,543	(1,244,169)	15,183
(h) Reserves cash backed - Strategic Asset Management	564,668	51,009	0	615,677	564,668	58,012	0	622,680	550,135	14,533	0	564,668
(i) Reserves cash backed - Arts and Sculpture	192,022	0	0	192,022	192,022	45,000	(45,000)	192,022	143,170	48,852	0	192,022
(j) Reserves cash backed - Waste	200,308	0	0	200,308	200,308	0	(200,308)	0	0	200,308	0	200,308
(k) Reserves cash backed - Committed Works	0	737,885	0	737,885	0	0	0	0	0	0	0	0
(l) Reserves cash backed - Commercial Precinct Development	0	50,000	0	50,000	0	50,000	0	50,000	0	0	0	0
	2,082,634	838,894	(727,352)	2,194,176	2,082,634	153,012	(1,020,289)	1,215,357	3,251,730	399,562	(1,568,658)	2,082,634

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
(a) Reserves cash backed - Vehicle, Plant and Equipment	30/06/2019	To support the funding of vehicle, plant and equipment purchases.
(b) Reserves cash backed - Non-current Leave	30/06/2019	To fund the non-current liability amount of annual, sick and long service leave entitlements accrued in previous financial years beyond the amount provided for in the Provision for Leave current liability account.
(c) Reserves cash backed - Office Equipment	30/06/2019	Reserve to be closed in 2018/19. Balance to be applied to the Strategic Asset Management Reserve.
(d) Reserves cash backed - Unspent Grants and Restricted Cash	30/06/2019	To restrict unspent grants and contributions at end of year.
(e) Reserves cash backed - HACC	30/06/2019	To retain surplus HACC program funds for future periods.
(f) Reserves cash backed - Legal Funds	30/06/2019	Reserve to be closed in 2018/19. Balance to be applied to the Strategic Asset Management Reserve.
(g) Reserves cash backed - Civic Buildings	30/06/2019	Reserve to be closed in 2018/19. Balance to be applied to the Strategic Asset Management Reserve.
(h) Reserves cash backed - Strategic Asset Management	30/06/2019	To fund the acquisition of new and renewal of existing Town infrastructure, buildings and other assets.
(i) Reserves cash backed - Arts and Sculpture	30/06/2019	To provide for the commissioning and purchase of public art works in accordance with the Town's Public Arts Strategy.
(j) Reserves cash backed - Waste	30/06/2019	To fund and support waste management services including but not limited to refuse collection, waste management initiatives and programs, infrastructure and buildings and legal expenses associated with waste management.
(k) Reserves cash backed - Committed Works	30/06/2019	To transfer unspent municipal expenditure on specific projects to enable identification of carryover expenditure into the next financial year.
(l) Reserves cash backed - Commercial Precinct Development	30/06/2019	To fund infrastructure, economic development programs, crime prevention programs, and business initiatives in the Town's Commercial business precincts.

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
Credit loss allowance	
Accrued Income	
Loans receivable - clubs/institutions	
GST receivable	

Non-current

Pensioner's rates and ESL deferred	
Loans receivable - clubs/institutions	

	2019	2018
	\$	\$
	265,114	245,513
	138,113	138,478
	(2,818)	0
	15,732	4,579
	3,000	3,000
	97,264	73,918
	516,405	465,488
	44,838	28,590
	21,000	24,000
	65,838	52,590

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

Classification and subsequent measurement

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.

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

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

6. PROPERTY, PLANT AND EQUIPMENT

(a) 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.

	Land - Independent Valuation 2017 - Level 2	Total land	Buildings - non- specialised - Independent Valuation 2017 - Level 2	Buildings - specialised - Independent Valuation 2017 - Level 3	Total buildings	Total land and buildings	Furniture and equipment - Independent Valuation 2019	Plant and equipment - Independent Valuation 2019	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	4,451,000	4,451,000	541,000	11,508,900	12,049,900	16,500,900	184,768	745,649	17,431,317
Additions	0	0	25,000	1,970,889	1,995,889	1,995,889	226,982	229,499	2,452,370
(Disposals)	0	0	0	0	0	0	0	(75,965)	(75,965)
Depreciation (expense)	0	0	(13,939)	(291,782)	(305,721)	(305,721)	(58,143)	(183,376)	(547,240)
Carrying amount at 30 June 2018	4,451,000	4,451,000	552,061	13,188,007	13,740,068	18,191,068	353,607	715,807	19,260,482
Comprises:									
Gross carrying amount at 30 June 2018	4,451,000	4,451,000	566,000	13,479,789	14,045,789	18,496,789	676,685	1,836,588	21,010,062
Accumulated depreciation at 30 June 2018	0	0	(13,939)	(291,782)	(305,721)	(305,721)	(323,078)	(1,120,781)	(1,749,580)
Carrying amount at 30 June 2018	4,451,000	4,451,000	552,061	13,188,007	13,740,068	18,191,068	353,607	715,807	19,260,482
Additions	0	0	0	225,443	225,443	225,443	26,052	304,580	556,075
(Disposals)	0	0	0	0	0	0	0	(123,784)	(123,784)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	246,820	246,820
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	(28,503)	0	(28,503)
Depreciation (expense)	0	0	(14,150)	(339,487)	(353,637)	(353,637)	(76,243)	(174,894)	(604,774)
Loss on Assets expensed	0	0	0	0	0	0	(8,061)	(4,903)	(12,964)
Transfers	0	0	0	1,366	1,366	1,366	(1,366)	(4,451)	(4,451)
Carrying amount at 30 June 2019	4,451,000	4,451,000	537,911	13,075,329	13,613,240	18,064,240	265,486	959,175	19,288,901
Comprises:									
Gross carrying amount at 30 June 2019	4,451,000	4,451,000	566,000	13,715,970	14,281,970	18,732,970	265,486	959,175	19,957,631
Accumulated depreciation at 30 June 2019	0	0	(28,089)	(640,641)	(668,730)	(668,730)	0	0	(668,730)
Carrying amount at 30 June 2019	4,451,000	4,451,000	537,911	13,075,329	13,613,240	18,064,240	265,486	959,175	19,288,901

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6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - Independent Valuation 2017 - Level 2	Level 2	Market approach using recent observable market data for similar properties/income approach using discount cash flow methodology.	Independent Registered Valuers	June 2017	Price per hectare / market borrowing rate.
Buildings - non-specialised - Independent Valuation 2017 - Level 2	Level 2	Market approach using recent observable market data for similar properties/income approach using discount cash flow methodology.	Independent Registered Valuers	June 2017	Price per hectare / market borrowing rate.
Buildings - specialised - Independent Valuation 2017 - Level 3	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.
Furniture and equipment - Independent Valuation 2019	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuers	June 2019	Purchase costs and current condition (level 2), residual values and remaining useful life assessment (level 3) inputs.
Plant and equipment - Independent Valuation 2019	Level 2	Market approach using recent observable market data for similar items.	Independent Registered Valuers	June 2019	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.

7. INFRASTRUCTURE

(a) 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 - Independent Valuation 2018 - Level 3	Infrastructure - Footpaths - Independent Valuation 2018 - Level 3	Infrastructure - Drainage - Independent Valuation 2018 - Level 3	Infrastructure - Parks and Ovals - Independent Valuation 2018 - Level 3	Infrastructure - Car Parks - Independent Valuation 2018 - Level 3	Infrastructure - Other Improvements - Independent Valuation 2018 - Level 3	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 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
Revaluation increments / (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)
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
Comprises:							
Gross 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
Accumulated depreciation at 30 June 2018	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
Additions	434,265	349,968	38,126	103,289	44,554	0	970,202
Depreciation (expense)	(375,739)	(79,421)	(35,015)	(1,341,067)	(33,569)	(4,278)	(1,869,089)
Transfers	0	0	0	4,451	0	0	4,451
Carrying amount at 30 June 2019	30,320,778	5,566,040	1,894,677	3,942,763	3,118,167	111,653	44,954,078
Comprises:							
Gross carrying amount at 30 June 2019	30,696,517	5,645,461	1,929,692	5,464,400	3,151,736	115,931	47,003,737
Accumulated depreciation at 30 June 2019	(375,739)	(79,421)	(35,015)	(1,521,637)	(33,569)	(4,278)	(2,049,659)
Carrying amount at 30 June 2019	30,320,778	5,566,040	1,894,677	3,942,763	3,118,167	111,653	44,954,078

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7. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads - Independent Valuation 2018 - Level 3	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 - Independent Valuation 2018 - Level 3	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 - Independent Valuation 2018 - Level 3	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 - Independent Valuation 2018 - Level 3	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 - Independent Valuation 2018 - Level 3	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 Improvements - Independent Valuation 2018 - Level 3	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.

8. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either 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 where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 and no more than five 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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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.

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8. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment - Independent Valuation 2019	123,785	115,227	12,632	(21,190)	187,000	159,753	0	(27,247)	75,964	87,909	15,021	(3,076)
	123,785	115,227	12,632	(21,190)	187,000	159,753	0	(27,247)	75,964	87,909	15,021	(3,076)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and Equipment				
Law, order, public safety				
PEMV252 - Ford Ranger Utility	12,278	20,000	7,722	0
Community amenities				
PEMV260 - Volkswagen Golf Wagon	11,500	14,727	3,227	0
Recreation and culture				
PEMV256 - Ford Ranger - Parks	29,000	22,591	0	(6,409)
Transport				
PE271 - Toro Ground Master Verge Mower	13,317	15,000	1,683	0
PE269 - Holland Wheel Loader	57,690	42,909	0	(14,781)
	123,785	115,227	12,632	(21,190)

8. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised - Independent Valuation 2017 - Level 2	14,150	13,939	13,939
Buildings - specialised - Independent Valuation 2017 - Level 3	339,487	288,077	291,782
Furniture and equipment - Independent Valuation 2019	76,243	56,541	58,143
Plant and equipment - Independent Valuation 2019	174,894	184,433	183,376
Infrastructure - Roads - Independent Valuation 2018 - Level 3	375,739	663,412	665,973
Infrastructure - Footpaths - Independent Valuation 2018 - Level 3	79,421	333,184	332,769
Infrastructure - Drainage - Independent Valuation 2018 - Level 3	35,015	137,152	136,982
Infrastructure - Parks and Ovals - Independent Valuation 2018 - Level 3	1,341,067	683,475	682,625
Infrastructure - Car Parks - Independent Valuation 2018 - Level 3	33,569	60,587	60,512
Infrastructure - Other Improvements - Independent Valuation 2018 - Level 3	4,278	274,333	273,992
	2,473,863	2,695,133	2,700,093

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

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

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

Asset Class	Useful life	Asset Class	Useful life
Buildings	25 to 55 years	Parks and Ovals - minor structure polygon	50 to 60 years
Furniture and equipment	4 to 20 years	Parks and Ovals - playground polygon	30 to 40 years
Plant and equipment	5 to 32 years	Parks and Ovals - amenities	15 to 20 years
Sealed roads, streets and carparks formation	not depreciated	Parks and Ovals - bin	15 to 20 years
sealed pavement	50 to 60 years	Parks and Ovals - lighting	20 years
kerbing	50 to 60 years	Parks and Ovals - playground point	15 to 20 years
surface	14 to 20 years	Parks and Ovals - playground lines	40 to 50 years
table drain	30 to 40 years	Parks and Ovals - public art	15 to 25 years
Footpaths - slab	20 years	Parks and Ovals - sign	15 to 20 years
Bus Shelter	20 to 30 years	Parks and Ovals - fence	30 to 40 years
Drainage - pit	50 years	Parks and Ovals - gate	30 to 40 years
Drainage - pipe	50 years	Parks and Ovals - irrigation	40 to 60 years
		Parks and Ovals - turf***	1 to 2 years
		Parks and Ovals - minor structure	20 to 30 years
		Parks and Ovals - lighting	20 years
		Parks and Ovals - bore and pump	20 years

*** Turf is assessed as a non depreciable asset from 2019/20

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2019

9. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	3,961,000	0	0	0	3,961,000	3,961,000	0	0	0	3,961,000
Revaluation surplus - Buildings - non-specialised	503,771	0	0	0	503,771	503,771	0	0	0	503,771
Revaluation surplus - Buildings - specialised	5,330,703	0	0	0	5,330,703	5,330,703	0	0	0	5,330,703
Revaluation surplus - Plant and equipment	222,818	246,820	0	246,820	469,638	222,818	0	0	0	222,818
Revaluation surplus - Infrastructure - Roads	23,839,041	0	0	0	23,839,041	26,166,712	0	(2,327,671)	(2,327,671)	23,839,041
Revaluation surplus - Infrastructure - Footpaths	2,593,889	0	0	0	2,593,889	1,717,848	876,041	0	876,041	2,593,889
Revaluation surplus - Infrastructure - Drainage	1,057,781	0	0	0	1,057,781	1,753,269	0	(695,488)	(695,488)	1,057,781
Revaluation surplus - Infrastructure - Parks and Ovals	3,158,080	0	0	0	3,158,080	6,113,988	0	(2,955,908)	(2,955,908)	3,158,080
Revaluation surplus - Infrastructure - Carparks	1,369,047	0	0	0	1,369,047	1,198,359	170,688	0	170,688	1,369,047
Revaluation surplus - Infrastructure - Other	694,091	0	0	0	694,091	2,729,185	0	(2,035,094)	(2,035,094)	694,091
Revaluation surplus - Share of SMRC Non Current Assets	371,070	0	(43,075)	(43,075)	327,995	371,070	0	0	0	371,070
	43,101,291	246,820	(43,075)	203,745	43,305,036	50,068,723	1,046,729	(8,014,161)	(6,967,432)	43,101,291

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Rates paid in advance
Accrued salaries and wages
ATO liabilities

	2019	2018
	\$	\$
	748,842	269,784
	0	54,039
	105,664	90,194
	71,812	58,284
	<u>926,318</u>	<u>472,301</u>

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. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
	\$	\$
Current	110,709	122,997
Non-current	345,836	427,423
	456,545	550,420

(b) Repayments - Borrowings

Particulars	30 June 2019	30 June 2019	30 June 2019	30 June 2019	30 June 2019
	Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Adjustment to Principal *	Actual Interest repayments
	\$	\$	\$		\$
Governance					
SMRC - Regional Resource Recovery Centre Loan	502,720	0	105,954	12,079	408,305
SMRC - Administration Building (9 Aldous Place, Booragoon) Loan	47,700	0	0	0	48,240
	550,420	0	105,954	12,079	456,545

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

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

11. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

The Town of East Fremantle did not undertake any new borrowings in the reporting period.

(d) Unspent Borrowings

The Town of East Fremantle did not have any unspent borrowings as at the reporting date.

	2019	2018
	\$	\$
(e) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	5,000
Credit card balance at balance date	0	5,000
Total amount of credit unused	120,000	110,000
Loan facilities		
Loan facilities - current	110,709	122,997
Loan facilities - non-current	345,836	427,423
Total facilities in use at balance date	456,545	550,420
Unused loan facilities at balance date	0	0

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.

Risk

Information regarding exposure to risk can be found at Note 25.

12. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave \$	Provision for Rostered Days Off	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2018				
Current provisions	327,626	28,348	247,335	603,309
Non-current provisions	0	0	54,224	54,224
	327,626	28,348	301,559	657,533
Additional provision	17,648	8,264	15,390	41,302
Balance at 30 June 2019	345,274	36,612	316,949	698,835
Comprises				
Current	345,274	36,612	253,431	635,317
Non-current	0	0	63,518	63,518
	345,274	36,612	316,949	698,835

Amounts are expected to be settled on the following basis:

	2019 \$	2018 \$
Less than 12 months after the reporting date	36,612	28,348
More than 12 months from reporting date	662,223	629,185
	698,835	657,533

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends. The Town has a Policy with regards to employees being able to accrue no more than three Rostered Days Off. It is expected that all accrued Rostered Days Off will be settled within a 12 month period.

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.

Other long-term employee benefits

The Town's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

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.

13. OTHER PROVISIONS

Provision for remediation costs

The Southern Metropolitan Regional Council (SMRC) has recognised site remediation costs within its Annual Financial Report with respect to the Regional Resource Recovery Centre (RRRC) Facility. The obligation to restore the site falls totally on the SMRC with no member Council having any obligations other than annual contributions to SMRC in accordance with the Project Participants Agreement and SMRC Establishment Agreement.

So, as no present obligation exists from the Town in relation to the SMRC site remediation costs, these costs do not meet the criteria to be reflected as a liability in the Town of East Fremantle accounts.

The present obligation to fund any shortfall in operating expenditure of the SMRC in accordance with the establishment agreement and project agreements meets the definition of a contingent liability under AASB 137.10 (b) as the obligation is unable to be reliably measured.

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:

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash and cash equivalents	4,191,260	2,473,319	3,478,644
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(895,682)	(1,552,097)	(178,790)
Non-cash flows in Net result:			
Population adjustment to share of SMRC loan liability	12,079	0	0
Depreciation	2,473,863	2,695,133	2,700,093
(Profit)/loss on sale of asset	8,558	27,247	(11,945)
Share of profit/loss of associate	158,181	0	(22,707)
Loss on revaluation of fixed assets	28,503	0	0
Loss on assets expensed	12,964	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(64,165)	0	(38,440)
Increase/(decrease) in payables	454,017	0	83,708
Increase/(decrease) in provisions	41,302	0	(8,325)
Grants contributions for the development of assets	(147,436)	(147,726)	(68,975)
Net cash from operating activities	2,082,184	1,022,557	2,454,619

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	5,568,791	5,868,821
General purpose funding	2,334,842	1,685,795
Law, order, public safety	23,441	0
Health	29,925	30,713
Education and welfare	1,399,924	1,352,190
Housing	226,100	232,050
Community amenities	1,363,698	1,562,992
Recreation and culture	11,573,171	12,851,108
Transport	46,255,671	45,024,566
Economic services	50,000	0
Other property and services	1,123,595	1,631,415
	<u>69,949,158</u>	<u>70,239,650</u>

16. CONTINGENT LIABILITIES

(a) Regional Resource Recovery Centre (RRRC) - Lending Facility

The Town is a participant in the RRRC. The project was established through the Southern Metropolitan Regional Council (SMRC) and involves the cities of Canning, Cockburn, Fremantle, Melville and the Town of East Fremantle in the development of a waste processing plant and a recyclable and green waste facility at Canning Vale.

The capital construction of the RRRC facility was funded by borrowings from the Western Australian Treasury Corporation (WATC). A \$40m lending facility was initially set up for this purpose (repayable over a term of 20 years) and this facility has since been extended to a total of \$55m. The SMRC administers the borrowings with the project participants making quarterly contributions equal to the repayment costs of these borrowings.

The Town's estimated share of the project funding is based on population percentages as derived from the Australian Bureau of Statistics census. These are now revised yearly over the life of the lending facility.

As at 30 June 2018, the balance outstanding against the lending facility stood at \$16,482,637 with the Town's share of this liability being \$502,720 (3.05%).

As at 30 June 2019, the balance outstanding against the lending facility stood at \$13,086,683 with the Town's share of this liability being \$408,305 (3.12%).

The Town has no reason to believe the SMRC would be unable to meet its future obligations in relation to the payment of the loan facility and does not currently expect to make any payments in relation to the loan facility. Should a payment be required there is no possibility of any reimbursement.

(b) Southern Metropolitan Regional Council (SMRC) - Office Accommodation Project

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

As at 30 June 2018, the balance outstanding against the lending facility stood at \$1.8m with the Town's share of this liability being \$47,700 (2.65%).

As at 30 June 2019, the balance outstanding against the lending facility stood at \$1.8m with the Town's share of this liability being \$48,240 (2.68%).

The Town has no reason to believe the SMRC would be unable to meet its future obligations in relation to the payment of the loan facility and does not currently expect to make any payments in relation to the loan facility. Should a payment be required there is no possibility of any reimbursement.

(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.

17. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

	2019	2018
	\$	\$
- capital expenditure projects	280,940	0
- plant & equipment purchases	0	0
	280,940	0

Payable:

- not later than one year	280,940	0
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Capital expenditure projects outstanding at the end of the current reporting period are:

- RFQ 2018-2 Supply and Delivery of Waste Bins	\$160,068
- RFT08 2018-19 Supply and Install Public Toilet	\$120,872

(b) Operating Lease Commitments

The Town of East Fremantle did not have any operating lease commitments at the reporting date.

(c) Operating Expenditure Commitments

- (i) The Town of East Fremantle is a member of the South West Group which operates under an agreed charter to collaborate on resource sharing and regional advocacy. Payments made to the South West Group are considered as a normal transaction with the Host Council (City of Melville). There is an annual fixed fee payable under the Charter, as detailed below:

	2019	2018
	\$	\$
Payable:		
- not later than one year	53,435	52,998
	53,435	52,998

- (ii) The Town of East Fremantle is a member of the Southern Metropolitan Regional Council (SMRC). Under the Establishment Agreement, member local governments are required to provide an annual contribution towards the operating expenses of the SMRC, covering the following activities; Governance, Office Project, Research and Development, Communication and Education.

	2019	2018
	\$	\$
Payable:		
- not later than one year	28,103	27,360
- later than one year but not later than five years	113,247	112,411
	141,350	139,772

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 of 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 on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

18. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the Mayor

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	149,532	149,000	146,861
Mayor's allowance	25,000	25,000	15,600
Deputy Mayor allowance	6,250	6,250	3,900
Telecommunications allowance	23,500	27,000	25,081
	204,282	207,250	191,442

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	556,200	546,738
Post-employment benefits	88,443	64,652
Other long-term benefits	61,412	40,324
Termination benefits	0	0
	706,055	651,714

Short-term employee benefits

These amounts include all salary, 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).

18. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019 Actual	2018 Actual
	\$	\$
Purchase of goods and services	878,044	705,864
Amounts payable to related parties:		
Trade and other payables	29,479	99,202

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 Corporate 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.

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

19. INVESTMENT IN ASSOCIATE

The Southern Metropolitan Regional Council (SMRC) is a statutory local government authority established in 1991 by the local governments of Canning, Cockburn, Fremantle, East Fremantle, Kwinana, Melville and Rockingham.

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

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

As the Town currently has 20% voting rights in the SMRC, it is considered to have significant influence over the SMRC and meets the definition of an associate under AASB 128.3. Investment in the SMRC as an associate is required by AASB 128.16 to be accounted for using the Equity Method.

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

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

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

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

(a) Existing Undertakings

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

The Town's share as at 30 June 2019:

SMRC Existing Undertakings Proportional Equity Share	2.88%	(2018: 2.90%)
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(b) Regional Resource Recovery Centre (RRRC) Project

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

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

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

The Town's share as at 30 June 2019:

RRRC Project Proportional Equity Share	5.33%	(2018: 5.32%)
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(c) Office Accommodation Project

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

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

The Town's share as at 30 June 2019:

Office Accommodation Project Proportional Equity Share	2.84%	(2018: 2.86%)
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19. INVESTMENT IN ASSOCIATE (cont.)

(a) Carrying amount of investment in associate

	2019 (Audited)	2018 (Audited)
Carrying amount at 1 July	1,133,932	1,113,519
Share of associate profit/(loss) from ordinary activities	(158,181)	22,707
Share of associate Reserve decrements during the year	(43,075)	0
Carrying amount at 30 June	932,676	1,133,932
Represented by share of SMRC's Financial Position:		
Current Assets	800,463	639,996
Non Current Assets	652,861	992,379
Total Assets	1,453,324	1,632,375
Current Liabilities	425,902	425,430
Non Current Liabilities	551,291	623,433
Total Liabilities	977,193	1,048,863
Net Assets	476,131	583,512
Add: Town of East Fremantle's share of SMRC Loan Liability	456,545	550,420
Investment accounted for using the equity method	932,676	1,133,932

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.

20. MAJOR LAND TRANSACTIONS

The Town of East Fremantle did not participate in any major land transactions during the reporting period.

21. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Town of East Fremantle did not participate in any trading undertakings or major trading transactions during the reporting period.

22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance ⁽¹⁾ 30/06/18	Received ⁽²⁾ 2018/19	Expended ⁽³⁾ 2018/19	Closing Balance 30/06/19
Community amenities							
Waste Authority - Better Bins Kerbside Collection	0	50,000	0	50,000	0	(50,000)	0
Recreation and culture							
DSR East Fremantle Oval Redevelopment	0	75,000	0	75,000	0	(75,000)	0
	0	125,000	0	125,000	0	(125,000)	0

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.

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2019

23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Back Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Interim Rate \$	2018/19 Budget Back Rate \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Residential	0.068310	3,002	90,771,570	6,200,606	13,183	0	6,213,789	6,187,656	40,000	0	6,227,656	6,060,079
Commercial	0.103738	121	12,490,588	1,295,748	7,184	0	1,302,932	1,289,794	0	0	1,289,794	1,228,955
Sub-Total		3,123	103,262,158	7,496,354	20,367	0	7,516,721	7,477,450	40,000	0	7,517,450	7,289,034
Minimum payment	\$											
Gross rental valuations												
Residential	1,080	264	3,562,930	285,120	0	0	285,120	286,200	0	0	286,200	278,520
Commercial	1,615	10	135,755	16,150	0	0	16,150	16,150	0	0	16,150	15,750
Sub-Total		274	3,698,685	301,270	0	0	301,270	302,350	0	0	302,350	294,270
Discounts/concessions (refer Note 23(d))		3,397	106,960,843	7,797,624	20,367	0	7,817,991	7,779,800	40,000	0	7,819,800	7,583,304
Prepaid Rates							176,653				0	0
Total amount raised from general rate							7,994,644				7,819,800	7,583,304
Totals							7,994,644				7,819,800	7,583,304

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.

23. RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the Town of East Fremantle during the reporting period.

(c) Service Charges

No service charges were imposed by the Town of East Fremantle during the reporting period.

(d) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

The Town of East Fremantle did not grant any discounts during the reporting period.

Waivers or Concessions

The Town of East Fremantle did not grant any waivers or concessions during the reporting period.

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	31 Aug 2018	0	0.00%	11.00%
Option Two				
First instalment	31 Aug 2018	0.00	5.50%	11.00%
Second instalment	04 Jan 2019	16.50	5.50%	11.00%
Option Three				
First instalment	31 Aug 2018	0.00	5.50%	11.00%
Second instalment	31 Oct 2018	16.50	5.50%	11.00%
Third instalment	04 Jan 2019	16.50	5.50%	11.00%
Fourth instalment	04 Mar 2019	16.50	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	45,726	35,000	39,221
Interest on instalment plan	36,589	40,000	40,279
Charges on instalment plan	41,349	40,000	41,613
	123,664	115,000	121,113

24. RATE SETTING STATEMENT INFORMATION

Note	2018/19 (30 June 2019 Carried Forward) \$	2018/19 Budget (30 June 2019 Carried Forward) \$	2018/19 Brought Forward) (1 July 2018 Forward) \$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
	Less: Profit on asset disposals		
8(a)	(12,632)	0	(15,021)
	Share of profit or loss of associate using the equity method		
	158,181	0	0
	Population adjustment to SMRC Loan Balance		
	12,079	0	0
	Movement in pensioner deferred rates (non-current)		
	(16,248)	0	28,848
	Movement in receivables (non-current)		
	3,000	0	0
	Movement in employee benefit provisions (non-current)		
	9,294	0	45,773
	Add: Loss on disposal of assets		
8(a)	21,190	27,247	3,076
	Add: Loss on revaluation of furniture and equipment		
	28,503	0	0
	Add: Loss on assets expensed		
	12,964	0	0
	Add: Depreciation on assets		
8(b)	2,473,863	2,695,133	2,700,093
	Non cash amounts excluded from operating activities		
	2,690,194	2,722,380	2,762,769
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
	Less: Reserves - restricted cash		
3	(2,194,176)	(1,215,357)	(2,082,634)
	Add: Borrowings		
11(a)	110,709	0	122,997
	Total adjustments to net current assets		
	(2,083,467)	(1,215,357)	(1,959,637)
Net current assets used in the Rate Setting Statement			
	Total current assets		
	4,707,665	2,830,321	3,944,132
	Less: Total current liabilities		
	(1,672,344)	(1,614,964)	(1,198,607)
	Less: Total adjustments to net current assets		
	(2,083,467)	(1,215,357)	(1,959,637)
	Net current assets used in the Rate Setting Statement		
	951,854	0	785,888

25. FINANCIAL RISK MANAGEMENT

This note explains the Town's exposure to financial risks and how these risks could affect the Town's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Town's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Town to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Town to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	2.14%	4,191,260	3,341,668	652,052	197,540
2018					
Cash and cash equivalents	2.47%	3,478,644	2,782,529	0	696,115

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	6,521	0

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Town manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Town does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 11(b).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

The Town's major receivables comprise rates annual charges and user fees and charges. 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.

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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables. Not all sundry receivables are included in the assessment below, due to their nature. Outstanding Parking Infringements for example are referred to the Fines Enforcement Registry, where they remain active for eight years. The gross carrying value of these debtors at 30 June 2019 was \$84,236 (2018: \$88,287). Any resulting credit loss in the event of a write off after 8 years would be immaterial and does not present a financial risk to the Town.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	62.44%	
Gross carrying amount	10,108	0	25,062	4,513	39,683
Loss allowance	0	0	0	2,818	2,818
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	13,323	5,676	14,336	5,753	39,088
Loss allowance	0	0	0	0	0

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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 and disclosed in Note 11(e).

The contractual undiscounted cash flows of the Town's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 2 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	926,318	0	0	926,318	926,318
Borrowings	110,709	345,836	0	0	456,545
	1,037,027	345,836	0	926,318	1,382,863
2018					
Payables	472,301	0	0	472,301	472,301
Borrowings	122,997	427,423	0	550,420	550,420
	595,298	427,423	0	1,022,721	1,022,721

26. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018	Amounts Received	Amounts Paid	30 June 2019
	\$	\$	\$	\$
Developer Bonds and Deposits	227,683	80,720	(103,052)	205,351
Developer Cash in Lieu	465,260	10,630	(62,024)	413,866
Mooring Pen Deposits	53,700	5,899	(10,269)	49,330
Other Bonds and Deposits	19,376	7,361	(20,105)	6,632
Unclaimed Monies	29,376	30,124	0	59,500
	795,395	134,734	(195,450)	734,679

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

28. INITIAL APPLICATION OF AUSTRALIAN 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 inconsequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Town applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Town has not restated the comparative information which continues to be reported under AASB 139.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Town's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Town's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The Town did not designate any financial assets as at fair value through profit and loss.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Town's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Town to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adopting AASB 9, the Town has not recognised an additional impairment on the Town's trade receivables.

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Town, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Town will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions of AASB 15, the Town will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

The standard impacts the timing of revenue recognition as it requires a local government to recognise revenue aligned to the transfer of promised goods or services to customers for an amount that reflects the consideration the local government is entitled for those goods or services. Given the uncertain nature of revenue of this type, the impact is not quantifiable.

(b) Leases

On adoption of AASB 16, the Town will recognise lease liabilities and in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate after 1 July 2019. The Town currently does not have any operating leases.

On adoption of AASB 16, the Town will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate.

At 30 June 2019 the Town had no leases required to be recognised.

The net impact of this standard will not be material to the Town.

(c) Income For Not-For-Profit Entities

The Town will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019, resulting in changes in accounting policies. In accordance with the transition provisions of AASB 1058, the Town will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change.

	AASB 1004		AASB 1058
	Carrying Amount		Carrying Amount
	30-Jun-19	Reclassification	1-Jul-19
Trade and Other Payables	926,318	176,653	1,102,971
Adjustment to Retained Surplus from adoption of AASB 1058		(176,653)	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore, rates received in advance give rise to a financial liability within the scope of AASB 9. On 1 July 2019 prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Town. When the taxable event occurs, the financial liability will be extinguished, and the Town will recognise income for the prepaid rates that have not been refunded.

Assets acquired for consideration and were significantly less than fair value principally to enable the Town to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost significantly less than fair value. Such assets are not required to be remeasured at fair value.

30. CORRECTION OF ERROR

1. Investment in the Southern Metropolitan Regional Council is to be accounted as an investment in associate using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Prior period investments are to be captured and disclosed as an error.

	30-Jun-17	30-Jun-18
Investment in an Associate (SMRC)		
Investment accounted for using the equity method	1,113,519	1,133,932
Share of Loan Liability - Current	(114,413)	(122,997)
Share of Loan Liability - Non-current	(531,038)	(427,423)

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

	30-Jun-17	30-Jun-18
RRRC Lending Facility		
Total Loan Liability	19,522,597	16,482,637
Town Share %	3.06%	3.05%
Town share of Liability	597,391	502,720
SMRC Office Project		
Total Loan Liability	1,800,000	1,800,000
Town Share %	2.67%	2.65%
Town share of Liability	48,060	47,700
	645,451	550,420

Statement of Financial Position (Extract)	30 June 2018 \$	Increase/ (Decrease) \$	30 June 2018 (Restated) \$	30 June 2017 \$	Increase/ (Decrease) \$	01 July 2017 (Restated) \$
Investment accounted for using the equity method	0	1,133,932	1,133,932	0	1,113,519	1,113,519
Loan Liability - Current	0	(122,997)	(122,997)	0	(114,413)	(114,413)
Loan Liability - Non-current	0	(427,423)	(427,423)	0	(531,038)	(531,038)
Net assets	67,975,884	583,512	68,559,396	75,237,551	468,068	75,705,619
Retained earnings	23,163,029	212,442	23,375,471	22,288,168	96,998	22,385,166
Share of SMRC Revaluation Reserve	0	371,070	371,070	0	371,070	371,070
Total equity	67,975,884	583,512	68,559,396	75,237,551	468,068	75,705,619
Statement of Comprehensive Income (Extract)	2018 \$	Increase/ (Decrease) \$	2018 (Restated) \$			
<i>By Nature or Type</i>						
Interest Expense	0	(25,625)	(25,625)			
Other Expenditure (Discount loan capital repayment)	(735,280)	118,361	(616,919)			
Share of profit or loss of associate accounted for using the equity method	0	22,707	22,707			
	(735,280)	115,443	(619,837)			
Net result for the period	(294,233)	115,443	(178,790)			
Total comprehensive income for the period	(7,261,665)	115,443	(7,146,222)			
<i>By program</i>						
Community Amenities	(2,191,689)	118,361	(2,073,328)			
Finance Costs - Community Amenities	0	(25,625)	(25,625)			
Share of profit or loss of associate accounted for using the equity method	0	22,707	22,707			
	(2,191,689)	115,443	(2,076,246)			
Net result for the period	(294,233)	115,443	(178,790)			
Total comprehensive income for the period	(7,261,665)	115,443	(7,146,222)			

31. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

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

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 that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment 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.

32. ACTIVITIES/PROGRAMS

The Town's operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	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.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the allocation to services.	Rating, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	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.
HEALTH	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.
EDUCATION AND WELFARE	To provide assistance to senior citizens welfare and home and community care.	Provision and maintenance of home and community care programs including in home care, home maintenance, senior outings, respite and holiday programs.
HOUSING	To assist with housing for staff and the community.	Provision and maintenance of residential rental properties.
COMMUNITY AMENITIES	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.
RECREATION AND CULTURE	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.
TRANSPORT	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.
ECONOMIC SERVICES	To help promote the Town and improve its economic wellbeing.	The regulation and provision of tourism, area promotion activities and building control.
OTHER PROPERTY AND SERVICES	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.

33. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.50	1.55	1.79
Asset consumption ratio	0.96	0.97	0.73
Asset renewal funding ratio	1.70	0.82	1.98
Asset sustainability ratio	0.57	1.13	0.82
Debt service cover ratio	11.14	20.93	22.88
Operating surplus ratio	(0.11)	(0.03)	(0.01)
Own source revenue coverage ratio	0.82	0.85	0.85

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Town of East Fremantle

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Town of East Fremantle which comprises the Statement of Financial Position as at 30 June 2019, 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 my opinion the annual financial report of the Town of East Fremantle:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Town for the year ended 30 June 2019 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

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Town in accordance with the *Auditor General Act 2006* and the relevant 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 my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Town's annual financial reporting responsibilities under the Act. Regulation 16 of the *Local Government (Financial Management) Regulations 1996*, does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Town is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of an annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Town.

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

Auditor's Responsibilities for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual 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 my 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO'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's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Town:
 - a. The Operating Surplus Ratio has been below the Department of Local Government, Sports and Cultural Industries basic standard for the past 3 years. The financial ratios are reported in Note 33 of the annual financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:

- a. For 75% of purchases we sampled below the tender threshold, there was inadequate or no evidence that a sufficient number of quotations was obtained to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement. This could also result in favouring certain suppliers, although our audit did not identify any instances.
 - b. No evidence was retained to demonstrate whether changes to supplier and employee master files, including bank account details, were being authorised by an officer other than the person making the amendment. This increases the risk that unauthorised changes may be made, resulting in errors or funds being inappropriately transferred. Our audit did not identify any instances of unauthorised changes.
 - c. Controls over changes to the Town's key systems were inadequate for ensuring that only approved changes are implemented. This could affect the availability or integrity of systems or information, however our audit testing did not identify any related adverse effects.
- (iii) All required information and explanations were obtained by me.
 - (iv) All audit procedures were satisfactorily completed.
 - (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Town for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 33 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Town of East Fremantle for the year ended 30 June 2019 included on the Town's website. The Town's management is responsible for the integrity of the Town's website. This audit does not provide assurance on the integrity of the Town's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
13 December 2019