

TOWN OF EAST FREMANTLE



ANNUAL REPORT



FOR THE YEAR ENDED
30 JUNE 2004

Annual Report 2003/2004

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Financial Statements For the Year Ended 30 June 2004



TOWN OF EAST FREMANTLE

The Municipality of East Fremantle was created in 1897, when it separated from the Town of Fremantle to become an independent local authority. The Town has a population of approximately 6,500 and is 3.2 square kilometres in area. It is bounded to the north and west by the Swan River, across which many properties enjoy expansive views. To the east it shares a common boundary with the City of Melville, to the south and west with the City of Fremantle. It is a few kilometres from the centre of Fremantle and other major retail areas and is well served by public transport.

The Town has a rich history. The local aboriginal tribe known as Nyungar obtained food and drinking water from the river edges and open grassy areas. The track which 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 settlement of the area consisted of large farm holdings, however as the colony prospered during the 1890's gold rush the nature of settlement altered dramatically, rapidly changing to a residential area.

The Plympton precinct today consists of charming worker's cottages which were established largely between 1890 and 1910. The annual East Fremantle Festival is held in historic George Street, the main street of Plympton. Riverside was established by the merchant elite of Fremantle and is perched high on the cliffs overlooking the River. Gracious homes of the goldrush era are dotted along the escarpment. Further northwards, the Preston Point area was developed in the 1950's 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. Described as 'sweetness and light' this area is characterised by its fine brick and tile bungalows on generous (quarter acre block or similar) sites with mature garden settings.

The Town of East Fremantle has strongly resisted the push for infill development and encouraged the retention of the many heritage homes, gardens and streetscapes in the municipality. Whilst pressure from various sources to increase densities may ultimately prevail, in East Fremantle the community and families currently enjoy the standard of amenity of their forebears, with space for children to play and a sense of history and community unparalleled elsewhere.

The Town At A Glance

THE TOWN AT A GLANCE

Established as a municipality:	2 April 1897
Population:	6,451 (2001 Bureau of Statistics)
Number of dwellings:	3,000 (approx)
Number of rate assessments:	3,171
Area:	3.2km ²
Area of parks & gardens:	65ha
Location:	25km from Perth GPO
Length of roads:	40km
Annual Operating Expenditure:	\$4,805,034
Rate revenue:	\$3,147,722
Employees:	42
Principal Officers (at 30 June 2004)	
Chief Executive Officer	Stuart Wearne
A/Executive Manager Finance & Admin	Mike Costarella
Town Planner	Kelvin Oliver
Principal Environmental Health Officer	Vic Andrich
Works Supervisor	Paul McGinty
Office location:	135 Canning Highway East Fremantle
Telephone:	(08) 9339 9339
Facsimile:	(08) 9339 3399
Email:	admin@eastfremantle.wa.gov.au
Office Hours:	8.30am-5.00pm Monday-Friday

Mayor & Councillors

Mayor & Councillors (as at 30 June 2004)

Mayor:

2001-2005

Mayor Jim O'Neill

72 Allen Street

East Fremantle WA 6158

9339 2425

Councillors:

Plympton Ward

2001-2005

Cr John Kirkness

87 Duke Street

East Fremantle WA 6158

9319 2371

2003-2007

Cr Peter Le May

31 Duke Street

East Fremantle WA 6158

9319 2689

Woodside Ward

2001-2005

Cr Don Hogg

78 Irwin Street

East Fremantle WA 6158

9339 4541

2003-2007

Cr Judith Kenny

59 Moss Street

East Fremantle WA 6158

9319 2457

Richmond Ward

2001-2005

Cr Liz Lovell

33 Osborne Road

East Fremantle WA 6158

9339 6755

2003-2007

Cr Drew Cary

57 Osborne Road

East Fremantle WA 6158

9438 1943

Preston Point Ward

2001-2005

Cr Marilyn Carosella

190 Preston Point Road

East Fremantle WA 6158

9319 1595

2003-2007

Cr David Martin

1 Chauncy Street

East Fremantle WA 6158

9339 7179

Mayor's Report

I would like to take this opportunity to present the Annual Report for 2003/2004. Whilst many achievements were accomplished it was with a certain amount of disappointment that a number of projects had to be put on hold. This was due to the losing of the "Cornell" case and Council decided to fund this money from current finances and not to impact financially upon ratepayers.

The case in short arises from two things which are the Town Planning Scheme Council adopted back in 1982 and a planning decision taken in 1993. In no way did it stem from this current Council.

Finance

Over the last two years the Town has tried to adopt a more transparent financial and annual reporting system and this has been further streamlined.

Mr Costarella and his team have really worked hard.

Leeuwin Chewin

The old Leeuwin Chewin is to be revamped and we look forward to the opening of the new family café called the "Zephyr". It will be connected to the sewerage system which was a priority with this Council. We could no longer justify the old septic system and the impact this was having on the river. This leads me onto the Swan River.

Swan River

The Town, under the supervision of Mr McGinty and with the Swan River Trust, has continued to rectify erosion and degradation of vegetation.

As I have stated previously, the Swan River is the integral part of Perth and Western Australia. We must ensure its survival for present and future generations.

Traffic

The traffic calming of Marmion Street has been completed and also addressed the parking situation for the East Fremantle

Football Club. As mentioned in earlier reports the calming of traffic in the Town is a main priority to ensure the safety of pedestrians, cyclists and motorists. With this in mind the Town will continue to monitor traffic and work on an overall strategic plan for the Town.

Reticulation

The Town has continued to fine tune the reticulation program. All our major parks, reserves and playing surfaces have been completed and hopefully this will continue to reduce our labour costs and lead to more efficient water programs.

Sporting Clubs

The Town has continued to support all our sporting clubs and maintain the reserves to a high standard to ensure that residents can participate in many sporting activities.

The East Fremantle Bowling Club continues to get financial support from the Town to maintain its viability.

The East Fremantle Tricolore Soccer Club has been allocated funds for minor renovations and a large amount of work has been carried out to improve the playing surface.

We have also allocated monies to some of the other clubs for minor alterations and also continued with our maintenance plan for reserves. This program will ensure that the surfaces are kept at an acceptable standard.

The problem for Council is that as facilities improve and clubs are well run then numbers increase. The increase in numbers leads to more pressure on playing reserves and therefore increased costs. We need to find the right balance and we must work together on this. To compound this problem, is the close proximity most of our reserves are to the river. This makes it even more critical that we ensure our maintenance practices are environmentally responsible.

Mayor's Report

Drainage and Works

The Town has continued to concentrate on rectifying our drainage system. This has been largely neglected over the decades however this Council, under the guidance of our Works Supervisor, is committed to tackling this problem. We will continue to allocate significant funds to ensure an acceptable drainage system. The Town will also continue with its footpath and road resurfacing program. As well the promotion of cycling as a safe and environmentally friendly means of transport.

Raceway Park

Council this year has tried to address the poor surface of this park. It appears that the under the surface poor soil and rubbish has had a negative impact. Over this year we have had expert advice on how to improve. Hopefully the measures we have taken will see a marked improvement and if not we will simply keep at it.

Ulrich Park

Due to the hard work of the CEO Mr Stuart Wearne he was able to convince the Education Department that the sump which they had installed at this reserve was not acceptable and Council was subsequently allocated approximately \$140,000 to rectify this. Council has done this and the much awaited playground will commence soon. It will reflect Council's commitment to promoting family orientated facilities and recognition that the needs of the young members of our community need to be considered as well.

Recycling and the Environment

Deputy Mayor Councillor Hogg has again continued to represent us on the RRRRC. The Town has again demonstrated its commitment to recycling and the amount of rubbish recycled is a credit to all residents. We have also continued to reduce our greenhouse gas emissions and received Milestone 5 in the Cities for Climate Protection Program. Whilst on this topic I must also recognise the efforts of our Principal Environment Officer Mr Vic

Andrich in this and other projects within the Town. Unfortunately Mr Andrich has left after many years and taken up a position with the Department of Environmental Protection. He will be greatly missed.

Town Planning

The Town continues to wait to be able to adopt the Town Planning Scheme Number 3. Which is what I stated in the Mayoral Report of last year. It has been extremely frustrating for Councillors and staff to have waited so long. The scheme reflects the desires of residents for the maintenance of our existing garden like suburb with its more harmonious densities. I would urge the Minister to allow the Town to adopt this scheme.

I would also like to recognise the efforts of Cr Kirkness as the Chair of Town Planning and the planning staff Mr Oliver, Ms Foster, Ms Cooper, Mr Arkeveld and Ms Julie Mackay .

Glyde-In, HACC and Neighbourhood Watch

The Glyde-In continues to contribute to our Town. Under the leadership of Ann Reeves its courses are second to none and the Council sees it as a vital part of our community. Please if you are interested in one of the courses take the plunge there really is something for everyone! Cr Kenny continues her excellent work as Council's representative on the Glyde-In Committee.

Ms Sue Limbert and her helpers continue their fine work in HACC. It really is something we all should be proud of. Ensuring that our elderly residents are able to stay in their homes and in their neighbourhood is a great goal. Thanks again Sue!

Mr Noel Nimmo continues his excellent work in neighbourhood Watch.

I would like to recognise the efforts of all staff and Councillors at the Town of East Fremantle. In particular Mr Wearne and Ms May. Their dedication and work ethic is extraordinary. Councillors Peter LeMay,

Mayor's Report

Marilyn Carosella, Drew Carey, David Martin, Liz Lovell, Don Hogg, Judith Kenny and John Kirkness have been a great team. We have worked together for the best possible outcomes for the Town and residents.

To finish I would like to thank you all for the great privilege to serve you as your Mayor. I want to ensure that we protect our heritage yet promote sensible development. That our Town maintains its caring and small town feel.

By working together, listening to all views and ensuring that we remain truly inclusive the Town of East Fremantle will continue to be a place we are proud to reside and work in.

JAMES O'NEILL
Mayor

Chief Executive Officer's Report

PREAMBLE

Whilst 2003-2004 was another challenging year in a number of respects, Council *did* finally begin to emerge from the four years of conflict which followed Cr Roberts' election in 1999.

Cr Roberts' election was preceded by the establishment, by Mr Roberts and others, of the so-called East Fremantle Ratepayers' Association, now defunct and discredited, an organisation largely originating in real estate and other vested interests and which "ran" four candidates in the 1999 election, including Mr Roberts. In addition, the Association claimed responsibility for having instigated the 1999 Department of Local Government *Inquiry* into the Town.

The Inquiry was announced in the lead up to the 1999 election. Council did not learn of the Inquiry through the Department, but through the press, to whom the matter had been leaked. The leaking appeared designed to damage Council, and in particular sitting elected members who were candidates in that election.

Although the Department subsequently delayed the commencement of the Inquiry until after the elections, following a request from the Chief Executive Officer, the fact the elections were held with neither Council nor the public having been told what the specific allegations were which had allegedly necessitated the impending Inquiry was considered grossly unfair.

Further, whilst this was happening, there was a claim made that the (then) Mayor and a number of elected members, were ineligible to continue to serve as elected members, due to a minor administrative error made by a former Chief Executive Officer in relation to the words used by the elected members in their "swearing in" after the 1997 election. Whilst the claim, made almost two years after the event, was ludicrous and clearly politically motivated, the Department, despite the impending election, appeared to take as

long as possible to investigate and ultimately dismiss the complaint.

Such was the climate in which Mr Roberts was elected in 1999.

Following the election, there was, at the instigation of the Chief Executive Officer, as Returning Officer, an investigation by the State Electoral Commissioner, of issues raised by the Chief Executive Officer, in relation to the 1999 Council elections, and in particular matters involving the 4 candidates "run" by the East Fremantle Ratepayers Association.

Matters referred included issues surrounding the sum of approximately \$13,000 which the four candidates legally declared had been provided by a Peter McMahon, long associated with the Swan Yacht Club, *himself*, to fund their campaigns, and the role of persons associated with the Left Bank.

Also after the election the Department Inquiry commenced.

In short, Council has always regarded the Inquiry as unwarranted, with far better (if less political) options available to the Department to examine their alleged concerns. Further, the Inquiry was conducted with scant regard to established legal principles of natural justice and procedural fairness.

In this regard it should be noted.

- Council was not (and never has been) told what the *specific* allegations were which led to the Inquiry.
- Persons giving evidence to the Inquiry did so in secret, the evidence was secret and Council was thus afforded no right of reply to their allegations.
- An FOI request to the Minister's office seeking details of the allegations which led to the Inquiry received a response that the office held no such information.
- A similar request to the Department received a response that the request was too onerous.

Chief Executive Officer's Report

- A similar request made via a Parliamentary question to the Minister for Local Government by Jim Scott MLC was rebutted by the Minister with the response (in part) that "Records are not kept in relation to each council".
- No adverse matters of substance were found. This was despite the Terms of Reference being extended in the course of the Inquiry, such extension possibly occurring when the likelihood of this outcome became progressively evident.
- Given this outcome and perhaps concerned to justify the amount of financial and administrative resources which had been devoted to the Inquiry, the then Minister for Local Government, Paul Omedei, foreshadowed a *second* Inquiry. This was later replaced, following representations by the Chief Executive Officer, with a *Monitoring Panel*.
- The Monitoring Panel performed beyond reproach and ultimately signed off, but not before the Chair of the Panel, Harry Morgan, having observed the Council in action over a considerable period (something the Inquiry Panel never did), queried the basis for the Inquiry having been held in the first place.

Perhaps the basis of the Inquiry was best summed up by Jim Scott MLC, whose comments were reported (in part) in the local press as follows:

Local Greens MLC Jim Scott has blasted the inquiry into East Fremantle Council after the Government ducked a series of questions in Parliament.

Mr Scott says the inquiry was a politically motivated sham engineered by the Liberal State Government to help powerful friends unhappy with the tiny council standing in their way.

"The investigation isn't one that has been raised automatically from community concerns," said Mr Scott.

"I clearly think, and it's very obvious to anybody that has kept abreast of it, that there is a political agenda."

The Inquiry and its associated aspects were a massive burden on Council, in particular on the Chief Executive Officer, who had been appointed to commence an organisational reform process only to almost immediately inherit the Inquiry, despite its Terms of Reference involving the five years which *preceded* his appointment.

For some time the Inquiry also caused substantial political damage to the Council, particularly after the leaking of the Draft Inquiry Report to the press. This was a highly confidential document which was intended for elected members and certain Council staff only, with heavy penalties for its improper use.

There was a Departmental investigation into the leaking and the matter was referred to the police by the Department. At the same time there was also an investigation into the whereabouts of Cr Roberts' Draft Report, which he had reported missing at the same time.

The Inquiry was not, unfortunately the only contentious matter to be associated with Mr Roberts' involvement with the Council from 1999-2003. It was only the prelude. Other matters, often also involving Cr Roberts supporter and former Mayor and Freeman of the Town, Ian Handcock, included:

- Two disqualifications of Cr Roberts under the Local Government Act for inadequate attendance at Council meetings, followed by legal challenges by Mr Roberts in each case.
- A failed challenge to the Deputy Mayor's eligibility to continue to serve as an elected member, due to circumstances caused by a minor administrative error, which had been rectified.
- A failed challenge to the Chief Executive Officer's re-appointment.
- A failed challenge to the Mayor's election.

Chief Executive Officer's Report

- A failed restraining order application by Cr Roberts against Council's Senior Ranger.
- Countless complaints against Council and in particular the Chief Executive Officer to the Department, the Minister for Local Government, the Premier and others, which were invariably dismissed, however nonetheless required time consuming investigations and official responses.
- Countless "public" questions at Council Meetings, by Cr Roberts and Ian Handcock, again requiring investigation and responses.
- Two Special Electors' Meetings called by Ian Handcock, in one case to question the Chief Executive Officer's reappointment, in the other case to argue that Council was persecuting Mr Roberts.
- Various threats of legal action against the Chief Executive Officer and others, by Cr Roberts.
- A failed attempt by the Department to mediate.
- Restraining order applications against Cr Roberts by the Mayor, Cr Hogg and Cr Carosella.
- The employment of security guards and video recording at Council Meetings for a period following the incidents involving Mr Roberts which led to the restraining order applications.

As advised in the last Annual Report, the Invalidity Complaint which Cr Roberts, with the assistance of Ian Handcock, had lodged in 2001 against Mayor O'Neill's election, had been dismissed just prior to the end of the last financial year. However the financial impact of the legal costs of that case continued to be felt during 2003-2004.

Total legal costs have been estimated at \$112,316.44. Although court costs were awarded to Council, these costs, which Mr Roberts vigorously opposed, amounted to only \$13,856.

Whilst Council accepts the Magistrate has applied the prevailing rules in such matters

fairly, Council remains deeply concerned that, despite the Magistrate finding the allegations made against the Chief Executive Officer by Mr Roberts were completely without foundation, and totally dismissing Cr Roberts' complaint, ratepayers have had to foot a bill of \$98,460.44 for the legal costs alone, ie a sum which does not include the administrative costs involved.

Mr Roberts has ignored subsequent calls by the Mayor to reimburse the balance to Council. It is also noted that Ian Handcock has failed to respond to the Mayor's call for Mr Handcock to explain and justify his role in the matter, a role which he carried out as a Justice of the Peace, notwithstanding the fact he was a Mayoral candidate in the same election, potentially stood to gain from the outcome and was thus considered to have a conflict of interest in the matter. Accordingly Mr Handcock's actions were raised by the Magistrate as a matter of considerable concern.

It might also be noted that in the course of the court case that Mr Handcock was stated by Mr Roberts' solicitor, to be a witness for Mr Roberts in the case, along with a number of other individuals, however none of those persons named, including Mr Handcock, ultimately gave evidence.

It might also be noted that evidence given by Mr Roberts to the court, under oath, regarding the donations of Peter McMahon to his 1999 election campaign, differed significantly from the statutory returns which he submitted in that election and evidence given to the Electoral Commissioner's Inquiry.

As the above legal action was drawing to a close, the applications for restraining orders against Mr Roberts, by the Mayor and Councillors Hogg and Carosella, which had commenced in May 2002, continued to be heard.

As was advised at the previous Annual Meeting of Electors, the three elected

Chief Executive Officer's Report

members, in October 2003, ultimately withdrew their applications, on the following basis:

- the Magistrate had noted Mr Roberts was no longer an elected member and he was, on this ground alone, unlikely to grant the orders.
- the significant delays which had occurred in the hearing of the matter and likely further delays.
- the financial impost on ratepayers.

Nevertheless I reiterate comments made at the last Annual Meeting of Electors, namely that

"...in my 16 years of local government experience, the conduct I witnessed on the night in question was the most appalling behaviour by an elected member which I had ever witnessed and it was entirely appropriate the police had been contacted and the restraining orders sought.

"I could not think of a more serious situation in local government than a situation in which elected members felt intimidated and physically threatened, in the course of attempting to discharge their Council responsibilities.

In addition to the legal implications, such a situation struck at the heart of the democratic process and should never be tolerated."

The Mayor, Cr Hogg and Cr Carosella are to be congratulated and thanked for taking a stand, on behalf of Council, on this fundamental matter.

Shortly after this matter was concluded, Mr Roberts withdrew his legal challenge against his earlier (and second) disqualification by the Chief Executive Officer for his non attendance at three consecutive Council meetings, without the leave of the Council.

It would be fair to say that resolutely and comprehensively dealing with these challenges to Council has been extremely time consuming. However for the sake of the

Town's reputation and the ability of elected members to continue to provide good governance, free of threats and coercion, it was necessary.

Now that these legal actions involving Mr Roberts have concluded, and with Mr Roberts having failed to be re-elected in the May 2003 elections (receiving 10 votes), Council is looking forward to a continuation of the harmonious and constructive working relationship amongst *all* elected members, which commenced immediately following Mr Roberts' final departure from the Council.

OTHER LEGAL MATTERS

In addition to the abovementioned legal matters were three significant legal issues which continued to be progressed:

- the Cornell case
- the Aldgate case
- the Left Bank lease issue.

I will only make brief comment on all three matters, as all remain subject to litigation.

Cornell

The Cornell action was commented on at the last Annual Meeting of Electors.

The Cornells had, in 1993, sought Council's planning approval to construct a residence in an area involving land which classified under Council's 1982 Town Planning Scheme as a "Landscape Protection Area" on Council's Schedule of Places of Heritage Value, with the listed attributes being:

"A site comprising limestone cliff face, rock outcrops and natural vegetation; significant for its natural characteristic which should be protected from despoliation or the intrusion of development."

The application had been unanimously rejected by elected members in December 1993.

The Cornells subsequently sought compensation under a previously uninvoked provision of Council's Town Planning

Chief Executive Officer's Report

Scheme (a provision which has since been repealed).

The Cornells commenced their legal action in 1997. On 29 August 2003 the Supreme Court ruled the Cornells were entitled to \$252,000 compensation.

Although this was considerably less than the \$600,000 claimed by the Cornells; with interest payments (approximately \$170,000), court costs, other legal costs and with provision for the estimated costs of an appeal, Council was obliged, at short notice in October 2003, to provide for unbudgeted funds of approximately \$700,000.

This outcome caused Council to make significant cuts to its earlier adopted budget, in order to avoid any further financial impact on ratepayers (such as would have been caused if Council had imposed a supplementary rate or taken out a loan, for example).

The cuts caused considerable difficulty for Council during the balance of the financial year, however were successfully managed and managed in a way which had the least impact on East Fremantle residents.

The court decision was subsequently appealed.

The appeal was heard on 17-18 June 2004 however at the time of preparing this report (September 2004) there has been no decision on the appeal.

With regard to the original decision, the Chief Executive Officer had earlier foreshadowed an approach to the WAPC and/or the Minister for Planning & Infrastructure in respect of an argument concerning the *WAPC's* financial responsibilities in the matter. In this regard Council contends that it is arguable that the compensation at issue in this case is a matter which ought to have been dealt with by the WAPC under the Metropolitan Region Scheme. In other words, it is contended that

in its original actions Council was, in a very real sense, doing the work of the WAPC, particularly given the WAPC went on to reserve the subject land. This argument has been subject to earlier meetings with the WAPC. The matter was also the subject of a unanimously carried resolution at the last Electors' Meeting, which urged Council to seek a meeting with the Minister for Planning and Infrastructure. However, on subsequent legal advice, it was decided any such approach should await the outcome of the appeal, as neither the Minister nor WAPC was likely to give any substantial consideration to Council's arguments until the appeal decision had been given.

Aldgate

This action essentially involves a damages claim, based on matters involving a planning approval and related events, which occurred in 1994-1995. The action commenced in 1998 via a claim made by Cottage Holdings Pty Ltd against the Town of East Fremantle, as the first defendant and (subsequently) McLeod and Co as the second defendant. The principles of Cottage Holdings are Peter and Leonie Randles. Leonie Randles was one of the founders of the East Fremantle Ratepayers' Association.

The matter is being handled by Council's insurers.

Left Bank Lease

This action a longstanding and complex issue, involving Lowmond Pty Ltd, the Town of East Fremantle and the Department of Planning & Infrastructure.

The matter relates to issues involving a head lease between the Town of East Fremantle and the Western Australian Planning Commission, which was entered into on 5 February 1982 and an agreement for sub-lease between Lowmond and the Town which was entered into on 27 March 1987.

The current legal action was initiated in December 2002.

Chief Executive Officer's Report

Council is named as the first defendant and the Department of Planning & Infrastructure the second defendant.

The matter is being handled by Council's insurers.

CONCLUSION

Despite the above and other challenges, the Town has emerged all the more united in its focus on providing good governance and continuously improving Council services.

This is reflected in the Mayor's and the departmental reports which outline the significant initiatives and achievements which occurred during the 2003-2004 year.

MAJOR CHALLENGES AHEAD

Amalgamation

Without a doubt the greatest challenge is the recently renewed threat to the Town of a State Government forced dissolution of the Town, with the Town then becoming part of one or more abutting local governments. The Town of East Fremantle would then cease to exist.

The current degree of elected member representation and Council accessibility and responsiveness, which East Fremantle residents receive by having "their own" Council, would also obviously cease.

Whilst the issue of amalgamation is a perennial one for local government, it has not been a matter of any immediate concern for the Town in recent years, because the relevant provisions of the Local Government Act, which have also been reflected in Government and Opposition policy, at least until recently, have all militated against involuntary amalgamations and in respect of any *voluntary* amalgamation, the East Fremantle community has, in the past, always been strongly opposed to this. This is precisely why such amalgamation has not occurred, despite a number of past attempts by outside parties.

However, despite an almost complete lack of public consultation and debate on the matter, the current Government has recently moved to amend the Act to effectively provide for involuntary amalgamations and this new direction recently appears to have gained the support of the Opposition. In each case the arguments have involved an assumption there would be increased organisational efficiencies and financial benefits and in each case the wishes of the local community appear to be considered as irrelevant.

Whilst it is noted that WALGA continues to oppose involuntary amalgamations, debate within WALGA has indicated possible support for alternative options, such as smaller local governments transferring some powers, such as planning powers, to a regional body. Any such notions would be of equal concern to the Town.

The Town already works with neighbouring local governments, for the benefit of the Town and the region, however on a *voluntary* basis and in a way which does not compromise the interests and autonomy of the Town.

If the Town of East Fremantle *were* ever to be amalgamated, against the wishes of the East Fremantle community, this would be a travesty of the very principle of *local* government and a breach of the Government's own community development policies, such as reflected in the recently adopted Western Australia Citizenship Strategy.

By definition, local government is the tier and form of government that is closest to the people, it is vital in building, empowering and maintaining strong communities, and there is no issue which should be *more dependent* on the community's wishes than the issue of how and from where that local government should be provided.

Chief Executive Officer's Report

Council will continue to oppose the principle of forced amalgamations and continue to argue the fundamental principle that amalgamations, in respect of *any* local government, should only occur if this is the wish of the majority of a local government's electors.

Town Planning

Council's new Town Planning Scheme (TPS No 3) will be adopted in 2004-2005, after several years of delay and intense scrutiny at a State Government level, and forced changes by the Minister for Planning & Infrastructure and her Department. Once adopted, Council would expect the State to respect the provisions of the Scheme and in respect of local governments generally, to ensure that no further legislative or policy changes are introduced which undermine the validity and primacy of town planning schemes in determining local planning outcomes.

Such undermining currently occurs. For example it is not widely understood by the community that presently, whereas the Town has opposed subdivision after subdivision application on the grounds of non conformity with the provisions of Council's adopted Town Planning Scheme (ie previously adopted at Council *and* State level) such Council opposition is being consistently ignored at a State level, with numerous subdivisions, many involving under-sized lots, as the result.

Council has always opposed increased and inappropriate developments which are at the expense of community interest, reflecting the long and strongly expressed wishes of the East Fremantle community. Yet there are increasing indications by the Minister for Planning and Infrastructure, that, if the Town does not voluntarily implement the Minister's desire for increased densities in the Town, that measures will ultimately be taken to oblige the Council to do so.

Yet the same Minister has, laudably and more than any other current Minister, promoted

community consultation and public participation in respect of State planning decision making eg the Minister's "Dialogue with the City" initiative. Also commendably, the same Minister, after decades of complaint by local government, quickly moved, once in government, to terminate Ministerial powers in terms of town planning appeals (the former "Ministerial appeal" system).

Yet even this act gives rise to a further example of contradictory policies and practices on the part of the State, namely the Minister for Heritage choosing to retain *his* right to reject Heritage Council of WA decisions on State Heritage listings, *if an owner objects*, (eg in the case of John Tonkin's house).

In the face of such issues and contradictory policies the Town believes there should be a full review of the town planning system as currently exists at a State level, aimed in particular towards restoring rightful autonomy to local government in local town planning decision making.

Cost-Shifting and Fiscal Reform

A major challenge is to manage the ongoing shifting of responsibility by State and Federal Government for various existing and new programs and services, onto local government, without adequate financial and other necessary resources.

Examples include the responsibilities imposed by the State on local government in respect of the introduction of the Emergency Services Levy and State Record Keeping Act; significant cuts to local government road funding; an inadequate sharing of recycling and waste management costs; shifts in responsibility for crime prevention, community safety, emergency management and animal welfare; inadequate spending on libraries; and greatly increased costs of property valuations, river bed lease rentals and vehicle search fees.

Chief Executive Officer's Report

Almost all of these developments have occurred over *approximately the last 12 months alone!*

Related issues, such as an inadequate responsibility by the State in respect of foreshore rehabilitation and erosion control along the banks of the Swan River, and associated Native Title based consultation requirements, are ongoing concerns.

Financial pressures on local governments, particularly local governments with limited rate bases and few alternative sources of revenue, such as the Town of East Fremantle, have a number of causes.

Causes include cost shifting, as described above, particularly by the State Government; the limited capacity of local government to raise revenue; State charges increased beyond Council's rate increases; the fact Federal and State Government grants have declined in terms of the real costs of providing services and maintaining infrastructure; pressure on councils to depress rates; the cost of the ever increasing levels of appeals and litigation (eg in response to town planning decisions) and ever increasing community expectations of more and improved council services.

In early 2004, a Federal Parliament investigation into cost shifting onto local government found that:

- whereas local governments' responsibilities had increased dramatically over recent decades, revenues had lagged significantly
- cost shifting to local government totalled between \$500 million and \$1.1 billion *annually*
- Had local governments' revenues increased as fast as those of the Commonwealth, local governments across Australia would have \$3 billion extra to spend each year.
- Council rates in Australia represent only a very small percentage of total taxation – about 3%.

Council has joined local governments across Australia for a fairer system, for example through a share of national taxation revenue, via a fixed percentage of Federal Government receipts.

Asset Renewal

Related to the above issue is the issue of the maintenance, renewal and upgrading of Council's roads, drainage and other aging infrastructure. There is a massive cost involved. Council's annual budget situation, based on curbing rate increases, means funds often extend to yearly maintenance tasks only. The management of this problem is a significant challenge for Council.

This is an issue common to a large number of local governments in Australia, particularly longstanding local governments such as the Town of East Fremantle, where much of its public infrastructure dates from the early post war period, and is decaying and often inadequate in any event for current circumstances, eg increased housing in the Town.

A recent statement by the President of the Australian Local Government Association advised:

"the gap between what the community and other levels of government demand from councils, together with councils' assets renewal requirements, when compared to the funds that local government has to meet these demands, is growing at an alarming rate."

In this regard there is no doubt that there is an overwhelming case for greatly increased funding, both federal and state, to help local governments in this situation meet the cost of renewing such infrastructure.

Council considers this position analogous with the situation pertaining to new developments on the outskirts of the city. Here WA taxpayers currently meet 74% of the cost of providing new services such as drainage and roads whereas such funds are

Chief Executive Officer's Report

essentially not available to existing local governments for *renewing* such services.

Equity in rates and other income sources

In recent years no local government in WA appears to have done more than the Town of East Fremantle, to attempt to more equitably share the burden of rates and charges throughout the community. This has particularly been through the rating of previously unrated properties and the introduction of lease payments for organisations formerly on peppercorn rentals.

Council takes the view that all property owners or occupiers of land in the Town should pay a fair share of the costs to run the Town, unless legally exempt.

Council's position is the opposite of the State's position – this is not cost *shifting*, this is cost *sharing*.

There have been legal challenges to Council's actions.

Dealing with such challenges has been seriously handicapped by the grossly inadequate and unclear provisions of the Local Government Act, as they pertain to rating exemptions, and a consistent refusal by the Department to effect improvements in this regard.

Whilst the State and Commonwealth devote huge resources to their own taxing powers and accompanying detailed legislation, local government is forced to rely on archaic provisions, in the case of "charitable purposes" exemptions for example, the principles of the Charitable Uses Act of 1601.

The disinterest, if not vested interest, of the State and Commonwealth may stem from the fact *they* pay no rates on *their* land, despite the fact those local governments which host State and/or Commonwealth land are still expected to manage the infrastructure and road networks in and around that land.

This is also an area in which Council believes WALGA should be doing much more in terms of lobbying the State for legislative change.

Nevertheless a number of previously unrated properties in the Town *are* now subject to rates, and negotiations are either under way or planned in regard to lease payments in a number of other owner/occupiers, replacing previous peppercorn arrangements, as existing leases come up for renewal.

OTHER CHALLENGES

- Optimal **environmental initiatives** eg greenhouse gas reduction, recycling and waste management initiatives, reduction in use of plastic bags, water pollution reduction eg the Town's recently installed gross pollutant traps, Swan River foreshore erosion control and foreshore rehabilitation.
- Optimal feasible **crime prevention and community safety measures** which are appropriate for local government involvement and do not represent a shift in the cost of responsibility from the State to local government.
- Balancing the *provision* of a range of **recreational, sporting and community facilities** (eg passive reserves, club rooms, Glyde-In, East Fremantle Oval) with the *cost* of operating and maintaining those facilities.
- Unacceptable levels of **unemployment** in the region, particularly youth unemployment, which Council continues to endeavour to address, through a range of regional development and job creation initiatives such as those of the South West Group, "Bridging the Gap" and "Work for the Dole".
- Adoption and implementation of Town Planning Scheme No 3.

Chief Executive Officer's Report

- Completion of Municipal Inventory.
- Progress on restoration of "Dovenby", Town Hall and Old Police Station.
- Resolution of future ownership, use and restoration of Royal George Hotel.
- Resolution of Left Bank lease issue.
- Completion of Ulrich Park.
- Reopening of "Leeuwin Chewin", now "Zephyr Café & Kiosk".
- New traffic management initiatives.

APPRECIATIONS

I thank the Mayor and Councillors for their continued commitment, hard work, support and co-operation.

Since my appointment in 1999, I have not seen a more harmonious and hard working team of elected members, each with a sense of purpose and focussed on common goals.

The community should feel very fortunate to have such an able and committed group at its helm.

I would also like to thank the Town's hard working staff. Over the last 12 months, with no increase in staff resources, further commitments have been taken on in a number of areas (as discussed above) and discharged admirably. As previously noted, as a very small local government, the Town operates with limited staff resources and officers are expected to take on a much broader range of tasks and be much more flexible in terms of work arrangements than occurs at most other local governments. I am proud of the way staff meet this challenge.

I thank Sue Limbert's HACC volunteers, Noel Nimmo's Neighbourhood Watch volunteers, the Friends of East Fremantle Foreshore, the George Street Festival

volunteers and all of those other residents who have offered their time to assist Council and improve the quality of life in the Town.

As always, a special thanks to my Personal Assistant, Ms Janine May. Janine has given another year of outstanding service, frequently working beyond the call of duty.

Janine commenced with Council almost 29 years ago in a simpler, pre-computer age; a slower age in a Town which had had only had three Town Clerks in almost 100 years and in many respects was akin to a country town (Merv Cowan called it "sleepy hollow").

There were horse stables, a butcher's shop, drapery and a bakery in George Street. The Town was not cut in two by a freeway. There were Friday night trots at Richmond Raceway and weekend crowds at East Fremantle Oval to see their beloved "Old Easts" in action. Down at the river the "Oyster Beds" had never heard of a red herring.

Janine serves as an invaluable repository of Council knowledge, tradition and experience.

Whilst the Town, its population and its pace of life has changed, Janine has never forgotten which values are important for the Town and there is no abler representative of the *ethos* of community care and community spirit, which the Council strives to maintain and enhance.

Janine, thank you once again.

Finally, a heartfelt thank you to my wife Raya and my children for their tolerance and understanding of work requirements which involve frequent evening and weekend work away from home.

It is with pleasure that I now present the reports for each of the Town's operating divisions.

STUART WEARNE
Chief Executive Officer

Finance & Administration

The function of the Finance and Administration staff of the Town covers a broad range of activities from Council support, financial reporting, rating and debt collection and administrative services. These include asset management, records management, human resource management, payroll, accounting and information technology.

Its primary focus is on financial management and statutory compliance in terms of transparency and disclosure. To this end, the Town prepares a Principal Activities Plan, an Annual Budget and audited Annual Financial Statements each year. During the year regular financial reporting assists the Council in its role of the management of Council's financial and physical resources.

Principal Activities Plan

The Principal Activities Plan outlines the Town's major activities over the next four years and establishes performance measures and desired outcomes in respect of each. It is updated annually and effectively forges a link between the Council's Strategic Plan and its Annual Budget. The Town's Principal Activities Plan for 2003/2004 to 2006/07 identified the following goals: -

- Infrastructure maintenance; (streets, roads, bridges & car parking)
- Travel management; (streets, roads, bridges & car parking)
- Heritage & conservation; (town planning, building & community amenities)
- Environmental management; (waste management)
- Image and profile; (members of Council)
- Corporate services & resourcing; (administration)
- Health & community services. (law, health, welfare & recreation)

The goals provide a "management tool" and represent a summary of the various activities and functions which attribute to the day to day management and future focus of the Council. This is particularly prevalent in the

development of Council's works programs and future developments.

A statement showing variances between the Town's 2003/2004 to 2006/2007 Principal Activities Plan and the actual results for the year is attached with the audited financial statements.

2003/04 Annual Budget

The Budget focused on bringing forward works to a successful conclusion, in addition to the development of its infrastructure assets as new works. General maintenance funding has been retained at current levels with specific funding included to address drainage problems, footpath works and Marmion Street reconstruction totalling some \$425,000. Additional specific funding has been provided for traffic treatments, kerbing, streetscape and resurfacing local roads which totals an additional \$40,000.

The Budget also provided for the development of facilities and other works on recreation reserves including Ulrich Park, Wauhop Park reticulation, boat ramp upgrades, Raceway Park, cricket/lacrosse club building and ground renovations and Locke Crescent Nature Reserve totalling \$215,055.

Council has also been successful in external grant applications for the redevelopment of Dovenby House which is estimated to cost \$442,700. The building will provide a superb facility for HACC purposes.

Funds were allocated to complete Town Planning Scheme No 3 and to commence the refurbishment and conservation of the Town Hall and Old Police Station.

The Budget provided for the raising of a loan totalling \$185,000 for road and footpath construction as well as a self supporting loan totalling \$15,000 for the Richmond Primary School. The loans were to be provided by the WA Treasury Corporation and taken over a 10 year and 3 year period respectively at the prevailing interest rates.

Finance & Administration

Council had budgeted for an overall rate income of 5% for residential and commercial rates. As the third and final underground power levy was raised in 2002/03, most properties that were included in the Stage 2 Underground Power project will see a reduction in the total of rates and charges payable.

Annual Financial Statements

The Annual Financial Report for the year ended 30 June 2004 has been prepared in accordance with the Australian Accounting Standards and complies with the provisions of the Local Government Act 1995 and regulations under that Act. The audit was conducted by Barrett & Partners - DFK and their Audit Report was presented to Council at its meeting held on the 7 September 2004. Copies of the Audited Financial Report are included in this document.

Operating Statement

The Operating Statement shows a deficit of \$60,833 compared with budgeted surplus amount of \$13,319. The increase in the operating deficit was mainly attributed to the less than budgeted income from rates of some \$36,000 and profit on sale of vehicles of \$4,000. Additional operating expenses totalling \$7,000 associated with the administrative costs were also incurred during the year.

Consolidated Surplus

The consolidated surplus consists of Municipal and Reserve funds for the Town of East Fremantle. The Financial Position Statement for the year ended 30 June 2004 shows a surplus of \$407,960. This includes Restricted Cash and Reserves funds of some \$1,214,000 held by Council (see note 3 of the Annual Financial Report) for the future development of assets of the Town of East Fremantle. The amount also includes the balance of estimated costs associated with the Supreme Court case for No 91 Preston Point Road.

Statement of Changes in Equity and Statement of Financial Position

This statement provides for the assets, liabilities and equity for the Town of East Fremantle. The net equity increase from the 2002/03 financial year Financial Position Statement to the 2003/04 year is represented by the operating deficit of \$60,833.

Council invests surplus funds in term deposits with banks, building societies and property trusts to provide a positive return on its investment. The interest received for the 2003/04 year was \$125,880 and included \$27,707 transferred to Council's Reserve Funds.

Council continues to monitor its debt service level and where possible maintains a reduction debt strategy. In accordance with Council's budget, Council raised a loan of \$185,000 for the purpose of road construction. The loan debt for the 2003/04 year was reduced by some \$420,700. The outstanding loan principal as at the 30 June 2004, totals \$1,375,000.

Financial Ratios

In assessing the performance of the financial resources, Council statements include ratios which provide a comparison between the three financial years. This report details a comparison between the 2001/02 financial year, 2002/03 financial year and the 2003/04 financial year. The ratios include:-

Finance & Administration

	2003/04	2002/03	2001/02
Current Ratio equals Purpose: To assess adequacy of working capital and the ability to satisfy short term obligations. <i>The figures shows a decrease in the current equity which is mainly due to the reduction on the payments for Underground Power project.</i>	1.42:1	1.25:1	1.13:1
Debt Ratio equals Purpose: To identify exposure to debts by measuring the proportion of assets funded by creditors. <i>The figures show a reduction in the debts outstanding which is mainly due to the Underground Power project loans outstanding.</i>	11.50%	14.73%	17.71%
Debt Service Ratio equals Purpose: To assess the degree to which revenues are committed to the repayment of debt. <i>The figures show a reduction in the amount of Loan repayments from income which is also mainly due to the Underground Power project loan repayments decrease. In Stage 1 repayments ended in 2001/02 financial year</i>	11.23%	23.76%	29.26%
Rate Coverage Ratio equals Purpose: To assess the degree of dependence upon revenue from rates <i>The figures show a decrease in the income received from rates</i>	66.68%	66.48%	71.02%
Outstanding Rates Ratio equals Purpose: To assess the impact of uncollected rates on liquidity and the adequacy of recovery efforts. <i>The figures show a reduction in outstanding rates and charges which have been levied</i>	4.34%	3.76%	4.70%

RECORDS KEEPING PLAN - STATE RECORDS ACT 2000

The Town of East Fremantle has demonstrated its ongoing commitment to good and compliant record keeping practices by developing a Record Keeping Plan which was adopted by Council in March 2004. This plan has been established as the primary means of providing evidence to the Town's customers of its compliance with the State

Records Act 2000. The plan has been submitted to the State Records Commission and is expected to be endorsed by the end of August 2004.

During the process of developing this plan, a number of policies and procedures were developed including Council's Policy for Record Keeping and a staff induction program. The staff induction program has been developed to familiarise staff with the requirements of the State Records Act and informs staff of the Town's Record Keeping Policy's intent and objectives.

All correspondence is registered in Council's records system (Synergysoft) and stored electronically for distribution and archive purposes. The electronic recording system was implemented in October 2002 and is maintained by ITVISION.

For the year ending 30 June 2004, 7485 individual items of correspondence were recorded, scanned and processed through this system. This equates to an average of 29 items per day.

Recent improvements to Council's archive storage area has provided a more consistent retention and disposal program to operate. Additionally staff will be including destroy dates on each file volume consistent with the Local Government Retention and Disposal Schedule.

To ensure Council's continued compliance with the State Records Act and procedures, Council is an active member of the Local Government Records Management Group which consists of member councils from the 144 councils within Western Australia. The group liaises with the State Records Office to ensure compliance and clarification of current issues.

Town Planning/Public Domain

The financial year of 2003–2004 was a successful year for the Works area in difficult circumstances of reduced funding due to the outcome of the Cornell claim against the Town. We still managed to carry out capital works to the value of \$541,000 in the Parks and Engineering area even though funds were removed from the capital budget. Some of the major projects carried out were as follows:

- Protection of the boat ramp by replacing the revetment wall on the southern side of the ramp and installation of new lighting to improve the safety for ramp users and also the provision of a safer pedestrian crossing at the boat ramp for pedestrians and boat owners when accessing and egressing the river. This work was valued at \$25,000.
- Erosion protection works along the Leeuwin car park and the installation of pedestrian facilities along the river to connect with the new kiosk facilities located on John Tonkin reserve. This work was valued at \$80,000 with a funding contribution of \$30,000 from the Swan River Trust Riverbank funding program.
- Marmion Street had lane reduction works carried out through funding provided by the state government and municipal funding (\$35,000) creating a safer environment for cyclists and motor vehicles to travel through the Town. This involved the installation of improved drainage facilities and road resurfacing with the creation of parking embayments along the northern side of Marmion Street. Cost associated with these works was \$195,000.
- Petra Street had crack sealing works carried out for the preservation of the road surface. This works cost the Town \$3,600 with funding for the City of Melville side of the road being provided by the City of Melville with a similar contribution of \$3,600.
- The 1st Leeuwin Scout Group building had the hazardous material asbestos removed from the roof with a new roof installed at a cost of \$7,500. These works were carried out in full compliance with occupational health and safety regulation and the material was disposed of in the appropriate manner at an approved disposal site.
- Tree planting was carried out towards the end of the year with 110 new trees being planted in the Town at a cost of approximately \$8,000.
- Wauhop upper and lower reserves were reconstructed and in the process new turf was planted replacing the couch turf with kikuyu stolons. This work was deemed necessary due to the inability of the couch turf to recover in the winter months and now that kikuyu has grown successfully the playing fields will recover faster from the playing season and produce a sound playing surface in the years to come. Works on these reserves also included the reconfiguration of the reticulation system to allow for economical watering and compliance with watering restrictions of the reserves along the river and the active sporting grounds. Costs associated with the reconstruction and replacement of turf with alterations to the reticulation system was \$28,000.
- The difficult problem of the weed infestation on Raceway Park was addressed during the year with the turf being removed and new kikuyu stolons planted throughout the reserve. Once the kikuyu grass is established over the next few years the grass will eventually naturally control the weed infestation. Alterations and repairs were carried out to deficiencies in the developers' design of the irrigation system during the course of the works. Costs associated with these works were \$30,000. These works

Town Planning/Public Domain

should address long standing problems on this reserve over the coming years.

- The issue of access for Preston Point ward ratepayers to Preston Point Road along Woodhouse Road was addressed by the construction of a path and stair access to Preston Point road through Locke Crescent Nature Reserve. This involved the construction of the path and staircase in keeping with the amenity of the park and this was achieved through the use of limestone materials. Costs associated with these works were \$19,700.
- Ulrich Park redevelopment was commenced in late June 2004 with completion of the redevelopment due to completion in early August. Once completed a successful new park will result. Costs allocated for this development are \$145,000.

ones. These actions were carried out on the advice of professional contractors employed by the Town with staff carrying out general husbandry pruning of the trees.

Additional to the capital improvements made throughout the Town of East Fremantle in this financial year, the Town's Works staff continued to provide a maintenance service for the Town's assets. Some \$815,000 was spent on asset preservation for maintenance of streets and road reserves, including costs associated with the verge mowing that the Town undertakes as a service to its ratepayers. Council undertook to mow all verges in the Town three times per year with an allowance for another mow if deemed required keeping the town looking as tidy as possible. Cost for this mowing was \$27,500.

The Parks and Gardens area were kept very busy maintaining the active and passive recreation reserves. Mowing of the reserve were programmed to be undertaken on a monthly basis and due to unseasonable weather mowing in some cases was actually carried out more frequently due to extended growth period and improvements to the Town's irrigation systems. Pruning of the Town's street trees was maintained with the removal of dying trees and the few unsafe

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Health Services

Food Premises & Food Surveillance

Food premises inspections are undertaken periodically to ensure hygiene standards, product quality and compliance with the New (ANZFA) Food Safety Standards.

A total of 68 food product recalls were recorded for 2003/2004 comprising:

- Class Nil 25 (information only)
- Class One 16 (immediate action)
- Class Two 28 (follow-up)

Council's Principal Environmental Health Officer ensures all food recalls are removed from public accessibility.

Water Sampling Testing

Water sampling of public pools is carried out to determine water quality and contamination by bacterial and amoebic pathogens.

Where problems are detected immediate action is instigated to ensure public health is not compromised.

Notifiable Diseases

For the period under review 9 cases of notifiable diseases were recorded. Follow up action by Council's Environmental Health Officer ensured that no hazard was evident to the public.

The diseases reported were:

Campylobacteriosis	4
Listeriosis	1
Giardiasis	1
Salmonellosis	3

Head Lice

The solution for the treatment of this parasitic insect pest is available free of charge from the Council.

Pollution.

Council's Principal Environmental Health Officer is available to provide advice in relation to most environmental matters, and can investigate complaints relating to noise,

air and water borne pollution. In the event that Council's officer is unable to help, the Department of Environmental Protection and the Swan River Trust may be of assistance.

Disability Services Plan

As per the requirements of the Disability Services Amendment Bill 1999 Council is required to include outcome-based achievements as part of its annual report and these are set out below:

Existing services are adapted to ensure they meet the needs of people with disabilities.

Council continued its commitment with the Disability Services Plan. During the year works on improving footpaths were as per Council's adopted footpath replacement program. As footpaths were repaired/replaced, disability access issues were addressed including the installation of ramps at various locations throughout the Town. Works completed include ramp facilities at the rowing club and footpath reconstruction in a number of streets, and along the river foreshore.

Access to buildings and facilities is improved.

Council buildings and all public buildings are inspected to ensure compliance with the Public Building Regulations 2002.

Information about services is provided in formats which meet the communication requirements of people with disabilities.

Council is able to provide information in various forms including large print, disk and tape upon request. A Better Hearing card is displayed on the reception counter. Fax and email addresses are displayed on all Council letterhead. Council continued to develop its web site (www.eastfremantle.wa.gov.au) to further improve information services.

Advice and services are delivered by staff who are aware of and understand the needs of people with disabilities.

Health Services

Council's Principal Environmental Health Officer continued to liaise with the Disability Services Commission in order to be kept informed of issues related to disability access.

Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes.

People with disabilities are able to participate at public meetings, functions, Council meetings and in local government elections. Should there be any difficulty in access, Council officers will assist.

Information

Council provides extensive coverage of services and activities on its website. Minutes of meetings, elected member information, services provided and general advice on most Council related activities are available at www.eastfremantle.wa.gov.au

Three Freedom of Information (FOI) applications were received during this period.

Waste Management & Recycling

Council continued its active participation in the Southern Metropolitan Regional Council, which researches and develops waste minimisation strategies at a regional level.

Residents' increased use of the yellow top recycling bins has further increased recycling tonnages. This initiative was consistent with Council's strategic plan and the integration of Council's waste and recycling collection service into the standard adopted by the Southern Metropolitan Regional Council. A total of 855.60 tonnes of recyclables have been processed at the RRRC site for 2003/04. This is more than double that of 2001/2002 (385.36 tonnes) and approximately 200 tonnes more than 2002/2003.

Council's domestic refuse collection service was augmented by three green waste verge collections, two junk verge collections,

fortnightly recycling collection, two green waste only RRRC passes and one general waste tip pass. Compost bins are also still popular at \$45, including free delivery and a booklet on "How to Compost".

Regional Waste Activities

Continuous development has taken place during 2003/2004 for the Southern Metropolitan Regional Council (SMRC) in terms of achieving its primary objective of minimising the environmental impact of municipal solid waste on the regions environs.

There are two regional working groups:

1. RRRC Education Centre Steering Group, established to promote the RRRC's education facility and raise the facility's profile. This attracts numerous and diverse interest groups to the centre and ensures that the RRRC is recognised as being a valuable asset for the region. The group comprises representatives from the waste industry & government.
2. Regional Media Coordination Group, which comprises all member councils' key media personnel. It has a valuable contribution to make in achieving a number of the broader education and communication goals, including strengthening the regional collection system at a household level, promoting the RRRC's operations, promotion of a paradigm shift ("Rubbish to Resource") and development of community pride in the RRRC.

Green Waste Processing continued at the RRRC site and 334.54 tonnes of greenwaste has been processed from East Fremantle, 40 tonnes less than 2002/2003. All greenwaste is mulched and diverted from landfill.

The Education/Visitors Centre visual display was designed and commissioned during the year under review. Complete with visual displays, interactive lighting, cartoon

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presentations and recycled art works it forms the gateway to the RRRC.

The Centre offers a comprehensive overview of the regional waste management strategy. Visitors can explore the different components in detail before embarking on a site tour of the project, viewing actual processing of the sorting of recyclables and greenwaste shredding. Community volunteers assist tour groups, mostly school children, with the opportunity to see the RRRC.

Cities for Climate Protection Program

The Southern Metropolitan Regional Council (SMRC) continued with *Cities for Climate Protection Australia* with the aim involving member councils in reducing greenhouse gas emissions. Council officers regularly attended regional CCP meetings to help develop a regional approach to cross border issues. A regional CCP officer has been engaged and assists the Town with Regional CCP initiatives. These issues include street lighting, energy consumption in the business sector, transportation (including alternative fuels), green purchasing policy and education/promotion.

Council achieved Milestone 3 and is well on the way to achieving Milestone 4. Milestone 3 recognises the development and adoption of a comprehensive Local Action Plan and Milestone 4 the implementation of policies and measures to reduce greenhouse gas emissions.

Miscellaneous Services

Council's Environmental Health Service provides a range of miscellaneous products including free rat bait and head lice solution, and at-cost Coopex household insecticide, ant baits and East Fremantle licence plates.

Child Health Centre

The Sumpton Green facility provided by Council hosts the East Fremantle Playgroup and the Child Health Clinic.

Over the past 12 months the Child Health Clinic has provided enormous assistance to residents and their young families. The service has had over 1728 appointments, doubling last years, dealing with a host of issues including nutrition, post natal depression and development screening. Other services include weekly "new parent groups" and a "sleep program" which assists parents on a needs basis in settling techniques for newborns. Services are available on a regular basis and through appointment by contacting Community Nurse, Dianna Ryan, on 93192384.

Community Services

Sue Limbert Community Services Officer

Once again, it is my pleasure to provide you with the Neighbourhood Link Annual Report.

Operating since 1989 the program provides basic maintenance and support services to the HACC target population which includes frail aged people and younger disabled people with disabilities, and their carers. The program assists participants to remain at home and to prevent inappropriate or premature admission to institutional care.

The program has played a pivotal role in the well being of 380 participants and has significantly added to the quality of life and social fabric of East Fremantle and surrounding communities.

As a result of providing domestic assistance, social support, centre-based respite care, transport, school holiday respite care, in-home respite care, home maintenance, assessment, case planning, review and co-ordination, counselling, support, Information and advocacy we have been able to achieve the program's objectives.

Ten community services students from Central TAFE and Swan TAFE participated in work experience placements. Student placements are an invaluable experience to the student and a great resource to the

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program. This is where the students get to put into practice the skills and knowledge they have been taught. This is where individuals are exposed to the workplace and workforce.

Eight work opportunities were undertaken under the Work for the Dole projects. These opportunities have opened doors for job seekers who had had difficulty entering the labour market. Experience included hands on practical every day duties in the areas of administration, community care and home maintenance.

Extensive planning to restore 'Dovenby House' which is situated at the rear of the Council Chambers still continues. Once completed, the restored facility will provide a great Administration/Training Office for the HACC Neighbourhood Link Services.

The Neighbourhood Link Programs are managed through the Community Services Officer and without exception the 10 HACC staff and 85 volunteers have made an outstanding contribution. The HACC staff and volunteers continue to adopt a professional approach to their roles and I sincerely offer my sincere thanks to them all. My thanks also go to the administration staff at the Town of East Fremantle for their assistance, support and enthusiastic contribution.

It is an honour to manage the Neighbourhood Link Program and I thank Stuart Wearne for his ongoing support and for the confidence that he has placed in me. I would also like to thank and acknowledge the input of our HACC Project Officer Simon Neilson, who deals with our project in a very efficient, professional and supportive manner.

Community Arts

East Fremantle Festival December 2003

The 2003 East Fremantle Fiesta was held on Sunday December 7th from 3pm - 10pm.

Celia Cheffins organised the event. Celia was assisted by Sunny Wignall as Assistant Festival Coordinator and Stalls Coordinator. The Festival Coordinator's and Assistant Festival Coordinator's contract fee is paid out of the budget allocated for the Community Arts Officer. An allocation is made out of the project budget to pay for the Stalls Coordinator.

Attendance numbers meant it was the largest Festival ever held.

The 2003 East Fremantle Fiesta was delivered within budget.

The 2003 Fiesta provided interactive family activities programmed at Glasson Park, a main stage situated at Sewell Street and a performance area at King Street intersection. Lipton Ice Tea Café area was located near the King Street intersection and a Buskers Area was organised adjacent. This was an informal set-up with six buskers paid a small honorarium with audience encouraged to contribute to the 'hat'.

Glasson Park worked extremely well as an acoustic and interactive performance area focussing on children and families. The Gymbus and the Climbing Wall all contributed to a carnival feeling, WA Modelling Academy performing story-telling and Bella Music providing quality interactive entertainment. The official Glasson Park Opening was conducted by the Mayor and engaged children in hula hoop competitions with prizes. Many groups availed themselves of the shady grassed areas and spent the bulk of the afternoon relaxing there.

At the Hubble Street intersection artist Carre Wylder worked with eight local families to design and paint their wheelie bins. The result was astounding and attracted much interest from festival-goers.

In the alcove, next door to George Street Bistro, young local DJ Shannon demonstrated and assisted young people in a DJ workshop.

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The main stage at Sewell Street provided a range of high quality entertainment from the local bands.

The stand-out hit of the musical program, however would have to be young funk band Dyslexic Fish. Wasamba was a focal event as usual, with their remarkable costumes and well choreographed parade from one of the festival sites to the other. The Fiesta wound down with a DJ Dance party by Brother B.

Overall audience numbers and stall bookings were up on previous years and the feedback was very positive. Celia Cheffins has been contracted to organise the event in December 2004.

Neighbourhood Watch

With Coordinator Noel Nimmo and Area Managers Barrie Renouf and Norman Baker, East Fremantle Neighbourhood Watch brings together 45 Area Coordinators and street representatives, 26 volunteers delivering newsletters and an estimated 2012 Neighbourhood Watch members.

Meetings of the East Fremantle Neighbourhood Watch Committee are held every second Thursday of the month and are attended by Fremantle police, Suburb Coordinator, two Area Managers and Neighbourhood Watch volunteers.

3000 Neighbourhood Watch newsletters are delivered to all homes in East Fremantle around the second week of the each month. East Fremantle has been divided into two areas, north and south of Canning Highway. It is hoped that the newsletter helps to alleviate the fear of crime by advising the community of what crime has happened in a particular locality. No names, addresses or personal details are revealed, only street, day and time and a general description of the crime are recorded.

The object of the monthly newsletter is to:

- Promote protection and security for

seniors at risk.

- Assist in dealing with telephone solicitations and door-to-door salesmen.
- Provide information on how to avoid becoming a victim of crime.
- Provide home security information and inspections by police.
- Advise of current frauds and scams.
- Advise of crime prevention programs.
- Promote expanded involvement in Neighbourhood Watch.
- Provide a list of important phone numbers to police.

A free monthly raffle for a chance to win a smoke alarm is also incorporated at our monthly meeting. During the year 10 smoke alarms and 2 personal alarms were awarded to residents. If members advise Neighbourhood Watch they will be away, other members will regularly check the front of the house.

When graffiti is reported to Neighbourhood Watch, a photo is taken and the details recorded. This information is then passed on to the appropriate departments involved with removal of the offending material. A follow up photo is taken to check the graffiti has been removed. The graffiti program was started in September 2001. This 2003/2004 year in excess of 500 photos were taken at 45 sites and resulting in 76 formal police reports.

Engraving of valuables can be arranged through Neighbourhood Watch. Items that cannot be engraved can be photographed for members.

Crime statistics are collected from the police each week and are then broken down to particular crime scenes. A Crime Alert is then delivered to homes or units around this area as soon as possible after the crime.

482 phone calls (on graffiti, stealing, car theft, suspicious persons and other worries people have) were recorded on our Neighbourhood Watch phone over the last twelve months from concerned residents who wanted to

Health Services

ensure the police received any relevant information.

Unfortunately no grants were received from the State to assist with the program. Nevertheless the Town of East Fremantle provides an annual budget allocation for expenses and with the help of all our volunteers, Neighborhood Watch has had a very active and successful year. The committee would like to record its appreciation and thanks to the Town, the Principal Environmental Health Officer and other staff for their help and guidance over the year.

Ranger Services

Services and Responsibilities

Rangers are Authorised Officers under the following Acts and Regulations:

- Dog
- Litter
- Bush Fires
- Off Road Vehicles
- Local Government
- and all Town of East Fremantle's Local Laws

Council's Ranger Services are also responsible for:

- Assisting with road closures
- Parking and temporary permits
- Mooring pens/launching ramp maintenance
- Cash collections and banking
- Courier duties
- Community education programs
- Insurance applications
- Safety and security of Council property
- Liaising with emergency services

Dog Statistics

Attacks

From 1 July 2003 to 30 June 2004 seven dog attacks involving actual injuries to persons and / or dogs occurred. All of these files have now been closed with most cases settled with medical and/or veterinary costs reimbursed by

the dog owners. On average Rangers attend seven (7) minor dog incidents per week, with numbers increasing during the summer months. These minor incidents usually involve a dog's intimidating and aggressive behaviour or general nuisances. Some of these problems are resolved over the telephone; however most require a Ranger's immediate attendance with follow up action to ensure that the Dog Act was enforced.

Education

Ranger Services have conducted an extensive "Dog Awareness" program in the Town of East Fremantle. This included Rangers being rostered on duty between the hours of 7am and 7pm. Numerous dog owners were spoken to for various offences with verbal and written cautions, and on occasion infringement notices being issued. Ranger Services staff designed a Town of East Fremantle "Dog Information" brochure, which was handed out to dog owners on the street and when registering their dogs.

Barking

Rangers have investigated eleven (11) official dog barking complaints (official complaints involve at least three complainants, two from different residences for each complaint). Rangers receive on average four (4) complaints a week with most resolved by encouraging the complainant to talk to their neighbours. Rangers provide the owners of barking dogs with many alternatives to modify the animal's behaviour including restricting the animal's view of the street and increasing exercise times to provide information and contact details to numerous animal behaviourists and trainers.

During 2004 Ranger Services utilised the recently adopted Joint Metropolitan Animal Control Committee (JMACC) Dog Barking investigation procedure. This gives Ranger Services a step by step procedure to follow, which has greatly simplified the investigation procedure for all parties concerned and has so far proven to be very successful.

Health Services

Of the eleven (11) official complaints, all have been solved with the cessation of the problem barking.

Stray/Impounded Dogs

Total dogs reported lost	60
Returned to owners	85%
Dogs never found	8%
Dogs unknown status	7%
Total dogs impounded	23
Dogs reclaimed by owners	85%
Dogs unclaimed and re-homed	13%
Dogs destroyed	2%

Registrations

For financial year 2003/2004, Council received \$7842.40 in dog registrations. This is a 3.32% increase on the previous financial year. A total of 877 dogs were registered with the Town with 62.3% of these dogs sterilised.

ParkingLaunching Ramp

Income from the two (2) parking ticket machines located at the Launching Ramp totalled \$60,200.76. This is a 26% decrease on the previous financial year. Council issued 52 permits to ratepayers wishing to utilise the Leeuwin Launching facility reflecting a small decrease from the 69 issued in 2002/2003.

Parking Infringements

In financial year 2003/2004, Council received \$58,235 in parking infringement penalties. Ranger Services staff issued numerous caution notices and educated the public in relation to Council's Parking Local Laws.

Town Planning/Private Domain

The general purpose of Town Planning is to ensure development meets the existing and future amenity needs of the Town. Amenity relates to pleasantness and is defined as the sum of the expectations of the residents concerning the character and quality of their environment.

Town planning has two discrete but interrelated themes, referred to as Orderly Planning and Proper Planning.

Orderly Planning, based on procedural theory, relates to the processes involved in assessing development, making Policy, Scheme amendments etc. Examples of Orderly Planning include:

- Seeking neighbour comment on a boundary wall
- Seeking public comment on Policies, Town Planning Scheme amendments.

Proper Planning is based upon substantive theory, and relates to the impact (now or in the future) of a development upon the environment. Examples of Proper Planning include:

- Height controls to ensure solar access and views are conserved
- Density controls to ensure the retention of open space
- Setback, fenestration, roof pitch controls and the like to ensure streetscape harmony
- Location of trip attractors within easy walking distance of a bus stop

Decisions made by Council on Town Planning issues are directed and guided by the Town's Town Planning Scheme No 2 and Policies.

The objectives of Town Planning Scheme No 2 include:

- to retain the district primarily as a residential area;
- to protect and enhance the environment, character and pleasantness of the district; and

- to protect the significant places of heritage value within the district.

The Town employs a Town Planner, Senior Planning Officer, Heritage Planner and Planning Officer/Building Surveyor to assist residents and developers with these matters. The Planning Department liaises with Building and Environmental Health departments, via weekly Development Control Unit meetings.

During the year Mr. Kelvin Oliver continued as the Acting Town Planner and Mrs Beryl Foster continued as the Senior Planning Officer. Ms Judie McKay was appointed as part time Heritage Planner to advise Council on heritage issues.

Development and activity in 2003/4 included:

- Town Planning Scheme No. 3 was returned from the Hon Minister for Planning and Infrastructure with a request for Council to reconsider its objectives in terms of residential densities. Council maintained its stance in regard to zoning the Town with low density R-Coding in order to limit further subdivision of the area into smaller lots. After some discussion between the Council and the WAPC it was agreed that Council could retain low density development within the majority of the Town on the basis that land adjacent to Canning Highway was increased in density. Following a period of public advertising the Scheme has been returned to the Hon Minister for final approval.
- During the past 12 months 2 amendments to TPS 2 were initiated and 1 received final approval.
- Amendment 40 to TPS 2 rezoned the Kaleeya Hospital site to allow further extension of the hospital and also to allow for additional on site parking.
- Council continues to update and make available to the public its internet site. A wide body of information is available on this facility, including:

Town Planning/Private Domain

- agendas and minutes of meetings
- detailed Town Planning information
- virtual heritage trail
- general information on rates, rubbish collection and public transport
- business directory

Council monitoring of the number of 'visits' indicates the site has been well used and is being increasingly used.

- Following the elections in May 2003 there was a change in the composition of the Town Planning and Building (Private Domain) Committee. The committee consists of Cr J Kirkness as Chair, Mr J O'Neill (Mayor), Cr L Lovell, Cr P Le May, Cr J Kenny and Cr M Carosella.
- Council is participating in the WAMA developed Heritage Loans Scheme. Council committed funds to allow residents to participate in the Scheme, which continues to assist residents in obtaining low interest rate loans.
- With the introduction of the new Town Planning Appeal Tribunal Council is finding more of its time and funds are being absorbed in defending its decisions on town planning matters. It is expected that as with most other Councils the cost to the community in terms of finance and staff resources will increase if a strong stance is taken in trying to defend and justify local planning principles and objectives.

Town Planning/Private Domain

Town Planning		Building	
Town Planning Fees Received	\$73,224	Building Fees Received	\$42,054
Planning Consent Granted	141	Building Licences Issued:	
<i>Special Approval</i>	78	Class 1 (Single House)	22 \$ 5,548,610
<i>Approvals</i>	10	Class 1A (Duplex)	1 725,000
<i>Demolition Approvals</i>	12	Group Housing	1 160,000
<i>Revocations Approved</i>	8	Additions/Alterations	47 4,516,680
<i>Delegated Authority</i>	33	Patios/Pergolas	30 151,630
Planning Consent Deferred/Withdrawn	14	Garages	10 242,012
Planning Consent Refused	9	Carports	8 51,000
<i>Demolition</i>	1	Swimming Pools	19 303,268
<i>Revocation</i>	2	Outbuildings	12 166,352
<i>Other</i>	6	Fences/Retaining Wall	7 68,750
Home Occupations Approved	10	Commercial/ Public Buildings	2 826,000
Change of Use Approved	3		<u>159</u> \$12,757,302
Planning Consents Appealed	16		=====
<i>(inc Brought Forward</i>	3)	Demolition Licences Issued	24
<i>Upheld</i>	7	<i>Residences</i>	14
<i>Dismissed</i>	3	<i>Part Demolition</i>	2
<i>Withdrawn by Applicant</i>	3	<i>5 x Residential Units</i>	1
<i>Awaiting Determination</i>	2	<i>Kiosk</i>	1
<i>Adjourned</i>	1	<i>Other</i>	6
Subdivision/Amalgamation Applications considered by Council:	35		
<i>Green Title</i>	12		
<i>Survey Stratas</i>	21		
<i>Amalgamation</i>	2		
<i>Recommended for Approval by Council</i>	13		
<i>Green Title</i>	6		
<i>Survey Strata</i>	5		
<i>Amalgamation</i>	2		
<i>Recommended for Refusal by Council</i>	22		
<i>Green Title</i>	6		
<i>Survey Strata</i>	16		
<i>Approved by WAPC</i>	28		
<i>Green Title</i>	10		
<i>Survey Strata</i>	16		
<i>Amalgamation</i>	2		
<i>Awaiting Decision by WAPC</i>	7		
<i>Green Title</i>	2		
<i>Survey Strata</i>	5		

TOWN OF EAST FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004

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TOWN OF EAST FREMANTLE

FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2004

**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 being the annual financial report and other information for the year ended 30 June 2004 are in my opinion properly drawn up to present fairly the financial position of the Town of East Fremantle at 30 June, 2004 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards (except to the extent that these have been varied in the Statement of Accounting Policies required by Australian Accounting Standards AAS6 "Accounting Policies" and the accompanying notes to the annual financial report) and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 9 day of August 2004

M Costarella
Act Executive Manager of Finance & Administration
(Delegated Officer)

S Wearne
Chief Executive Officer

**TOWN OF EAST FREMANTLE
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2004**

NOTE	2003/2004 Actual \$	2003/04 Budget \$	2002/03 Actual \$
OPERATING REVENUES			
Governance	6,349	25,900	48,323
General Purpose Funding	3,485,051	3,525,622	3,925,593
Law, Order, Public Safety	19,132	17,460	17,486
Health	1,803	2,350	1,934
Education & Welfare	448,529	430,377	619,741
Housing	31,331	34,800	35,226
Community Amenities	157,910	137,122	129,585
Recreation and Culture	137,510	120,852	148,269
Transport	110,146	214,000	198,906
Economic Services	68,418	67,950	86,961
Other Property and Services	104,014	108,415	140,368
TOTAL OPERATING REVENUE	<u>4,570,191</u>	<u>4,684,848</u>	<u>5,352,392</u>
OPERATING EXPENSES			
General Purpose Funding	163,045	190,396	189,219
General Administration	485,262	477,034	370,121
Law, Order, Public Safety	89,138	111,544	167,149
Health	94,959	102,167	132,923
Education and Welfare	539,678	524,037	519,862
Housing	21,703	26,065	23,298
Community Amenities	1,058,709	1,191,369	1,650,202
Recreation & Culture	897,683	1,019,371	894,892
Transport	1,152,989	1,239,633	1,273,383
Economic Services	104,942	107,881	145,266
Other Property and Services	193,297	193,747	220,185
TOTAL OPERATING EXPENSE	<u>4,801,407</u>	<u>5,183,244</u>	<u>5,586,500</u>
Grants/ Contributions for the Development of Assets			
Welfare		201,350	-
Recreation & Culture	12,757	25,000	81,768
Transport	138,000	235,000	-
	<u>150,757</u>	<u>461,350</u>	<u>81,768</u>
Disposal of Assets			
Proceeds of Sale	166,205	166,507	235,891
Book Value	(146,579)	(142,580)	(214,249)
Profit on Disposal	19,626	23,927	21,642
Asset Revaluation Adjustment			
Recreation & Culture	8	-	-
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	<u>2</u> <u>(60,833)</u>	<u>(13,119)</u>	<u>(130,698)</u>

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

TOWN OF EAST FREMANTLE
STATEMENT OF FINANCIAL POSITION

AS AT THE 30 JUNE 2004

	NOTE	2003/2004	2002/2003
		\$	\$
CURRENT ASSETS			
Cash Assets	3	1,058,012	1,482,952
Receivables	4	144,666	337,782
Stock on Hand	5	-	-
Land Held for Resale	6	-	-
TOTAL CURRENT ASSETS		<u>1,202,678</u>	<u>1,820,734</u>
CURRENT LIABILITIES			
Payables	9	678,807	1,082,112
Interest- Bearing Liabilities	10	115,910	420,747
TOTAL CURRENT LIABILITIES		<u>794,717</u>	<u>1,502,859</u>
NET CURRENT ASSETS		<u>407,960</u>	<u>317,875</u>
NON-CURRENT ASSETS			
Receivables	4	148,424	150,795
Property, Plant and Equipment	7(a)	8,323,118	8,660,122
Infrastructure	7 (b)	8,370,932	8,168,453
TOTAL NON-CURRENT ASSETS		<u>16,842,474</u>	<u>16,979,370</u>
NON-CURRENT LIABILITIES			
Payables	9	20,110	75,181
Interest- Bearing Liabilities	10	1,259,876	1,190,783
TOTAL NON-CURRENT LIABILITIES		<u>1,279,986</u>	<u>1,265,964</u>
NET ASSETS		<u>15,970,448</u>	<u>16,031,281</u>
EQUITY			
Accumulated Surplus		15,233,068	14,966,543
Reserves - Cash Backed	11	737,380	1,064,738
TOTAL EQUITY		<u>15,970,448</u>	<u>16,031,281</u>

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 2004

	NOTE	2003/04 \$	2002/03 \$
ACCUMULATED SURPLUS			
Balance as at 1 July		14,966,543	15,560,379
Change in Net Assets Resulting from Operations		(60,833)	(130,698)
Transfer from/(to) Reserves		327,358	(463,138)
Balance as at 30 June		<u>15,233,068</u>	<u>14,966,543</u>
RESERVES - CASH BACKED			
Balance as at 1 July		1,064,738	601,600
Amount Transferred (to)/from Accumulated Surplus		(327,358)	463,138
Balance as at 30 June	11	<u>737,380</u>	<u>1,064,738</u>
TOTAL EQUITY		<u>15,970,448</u>	<u>16,031,281</u>

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

**TOWN OF EAST FREMANTLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004**

	NOTE	2003/04 Actuals \$	2003/04 Budget \$	2002/03 Actuals \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,289,781	3,103,693	3,541,784
Grants and Subsidies		801,736	592,074	949,055
Contributions, Reimbursements & Donations		164,858	116,624	90,472
Fees and Charges		524,639	529,318	517,314
Interest Earnings		125,892	174,000	157,665
Other		30,869	152,126	182,972
GST Refund		346,623		343,754
		<u>5,284,398</u>	<u>4,667,835</u>	<u>5,783,017</u>
Payments				
Employee Costs		(1,487,351)	(1,742,270)	(1,441,884)
Materials and Contracts		(2,563,567)	(2,282,411)	(2,552,084)
Utilities (gas, electricity, water, etc)		(255,543)	(51,907)	(321,260)
Interest		(92,629)	(177,613)	(125,259)
Contributions & Donations		(517,547)	(98,884)	(465,766)
Other		(81,701)	(34,869)	(129,719)
		<u>(4,998,337)</u>	<u>(4,387,954)</u>	<u>(5,035,973)</u>
Net Cash Provided By (Used In)				
Operating Activities	12(b)	<u>286,061</u>	<u>279,881</u>	<u>747,044</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(244,285)	(951,600)	(221,539)
Payments for Construction of Infrastructure		(408,349)	(665,055)	(745,952)
Grants/ Contribution Development of Assets			461,350	
Proceeds from Sale of Plant & Equipment		166,205	142,580	84,272
Property Investments		-		151,618
Net Cash Provided By (Used In)				
Investing Activities		<u>(486,429)</u>	<u>(1,012,725)</u>	<u>(731,601)</u>
Cash Flows from Financing Activities				
Repayment of Loans		(420,746)	(421,910)	(1,132,325)
Proceeds from Self Supporting Loans		11,173	15,352	10,460
Proceeds from New Loans		185,000	185,000	200,000
Net Cash Provided By (Used In)				
Financing Activities		<u>(224,573)</u>	<u>(221,558)</u>	<u>(921,865)</u>
Net Increase (Decrease) in Cash Held		(424,941)	(954,403)	(906,422)
Cash at Beginning of year		1,482,953	1,701,750	2,389,375
Cash at End of Year	12(a)	<u>1,058,012</u>	<u>747,347</u>	<u>1,482,953</u>

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

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards and the Local Government Act 1995 (as amended) and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting except where otherwise stated.

(b) The Local Government Reporting Entity

All Funds through which the Council 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, but a separate statement of those monies appears at Note 18 to this financial report.

(c) Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

(d) Depreciation of Non-Current Assets

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

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

Buildings		40 years
Infrastructure	Various over life expectancy	
Plant and Equipment		8 years
Mobile Equipment		5 years
Furniture & Office Equipment		10 years
Electronic Equipment		5 years
Tools		5 years

(e) Non-Current Assets

(i) Council has adopted the following Asset Capital threshold:-

Land & Buildings	\$ 1,000
Infrastructures	\$ 1,000
Plant & Equipment	\$ 500
Furniture & Office Equipment	\$ 500

(ii) The accounting policies adopted are consistent with those of the previous year management has resolved that each class of property, plant equipment and infrastructure assets are carried at cost less any accumulated depreciation.

Other non-current assets are measured on the cost basis. The carrying amount of non-current assets are reviewed annually by management to ensure that they are not in excess of the recoverable amount.

The value of land under roads has not been recognised as an asset in the statement of financial position as at 30 June 2004.

(f) 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 council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004

1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(g) **Investments**

All investments are valued at cost and interest on those investments is recognised when accrued.

(h) **Joint Venture**

The Council's interest in a joint venture is set out in Note 15.

(i) **Employee Entitlements**

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

(i) **Annual Leave Provision**

The provision has been calculated at nominal amounts based on expected wages and salary rates on settlements and represents the amount the council expects to pay when the liabilities are paid resulting from employees services provided to the balance date and includes related on-costs

(ii) **Long Service Leave**

The provision for employees' entitlements for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service to balance date.

(iii) **Sick Leave**

A liability for sick leave is recognised based on the pattern of claims and the use of estimations techniques for the portion which is expected to result in payment to employees. However this amount was not material at balance date and therefore not recognised in the statement of financial position and operating statement.

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

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

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 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 2(d). 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 operation for the current reporting period.

(k) **Superannuation**

The Town of East Fremantle contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

(l) **Rounding Off Figures**

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

(m) **Comparative Figures**

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

(n) **Impacts of adopting to International Financial Reporting Standards (IFRS)**

IFRS is effective for all financial reports beginning on or after the 1 January 2005. For Local Government, the first annual financial report to which they relate, will be for the year ended 30 June 2006. All comparatives in the financial report, being the figures for the year ended 30 June 2005, are also to be restated so that they are also consistent with IFRS.

The change to IFRS is being managed via a process of education which includes technical training and liaison with Council's auditors and industry groups. This will include a review of the pending standards to determine the effect on Council's existing accounting policies and treatments. It is not anticipated that the adoption of the IFRS, when they become applicable, will result in any major changes in the accounting policies or treatments of Councils.

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE PERIOD ENDED 30 JUNE 2004

2. OPERATING REVENUES AND EXPENSES

	2003/04 \$	2002/03 \$
(a) The change in net assets from operations was arrived at after:		
Auditors Remuneration		
- Audit	9,475	9,240
- Other Services	-	-
	9,475	9,240
Provision for Doubtful Debts	18,234	29,544
Depreciation		
Buildings	244,724	245,155
Furniture and Equipment	170,023	33,317
Plant and Equipment	19,965	211,697
Infrastructure	205,867	189,366
	640,579	679,535
Assets Sold		
Carrying amount of non-current assets sold.	146,579	214,250
Significant Item		
Supreme Court Decision-93 Preston Point Road	-	417,300
Borrowing Costs		
- Bank Overdraft	-	-
- Loans	93,637	147,092
	93,637	147,092
(ii) Crediting as Revenues:		
Proceeds from the disposal of non-current assets		166,205
		235,891
	2003/04 Actual \$	2003/04 Budget \$
Interest Earnings		2002/03 Actual \$
Investments		
- Reserve Funds	27,708	30,000
- Other Funds	98,185	131,000
	125,892	161,000
	125,892	157,665

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004

2. OPERATING REVENUES AND EXPENSES (Continued)

(b) Operating Revenues and Expenses Classified According to Nature and Type	2003/04 \$	2002/03 \$
Operating Revenues		
Rates	3,147,722	3,577,828
Grants and Subsidies - operating	801,736	942,881
Contributions, Reimbursements and Donations	138,777	55,246
Profit on Asset Disposals	23,253	21,641
Fees & Charges	473,580	522,149
Interest Earnings	125,892	157,665
Other Revenue	33,241	178,388
	<u>4,744,201</u>	<u>5,455,799</u>
Operating Expenses		
Employee Costs	1,461,771	1,469,756
Materials and Contracts	1,751,899	2,440,198
Utilities (gas, electricity, water, etc)	255,543	301,124
Depreciation on Non-current Assets	640,577	679,535
Interest	92,629	130,398
Loss on Sale of Assets	3,627	-
Contributions & Donations	517,547	435,766
Other	81,441	129,719
	<u>4,805,034</u>	<u>5,586,498</u>
Operating Surplus(Deficit)	<u>(60,833)</u>	<u>(130,699)</u>

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004

2. OPERATING REVENUES AND EXPENSES (Continued)

(c) Components of the Operating Statement by Function and Activity

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

The Activities relating to the Town's components reported in the Operating Statement are as follows:

GOVERNANCE

Objective: To provide a decision making process for the efficient allocation of scarce resources.

Activities: Administration and operation of facilities and services to members of council; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.

Activities: Rating, General Purpose Government Grants and the earning of Interest.

LAW, ORDER, PUBLIC SAFETY

Objective: To provide Bushfire Prevention Services and Animal (Dog) Control services.

Activities: Supervision, Enforcement of Bushfire Act and Dog Act.

HEALTH

Objective: To provide an operational framework for good community health in conjunction with the Health Department of W.A.

Activities: Health Inspection Services regarding food quality, pest control etc and the provision of Child Health Clinics.

EDUCATION AND WELFARE

Objective: To provide assistance to senior citizens, welfare and home and community care, and provision of services including meals on wheels

HOUSING

Objective: Help to ensure that adequate housing is available to staff and the community.

Activities: Provision and maintenance of 5 Staff Houses.

COMMUNITY AMENITIES

Objective: To provide community amenities and other infrastructure as required by the community.

Activities: Rubbish Collection and Disposal, maintenance of Rubbish Tips and recycling, administration of Town Planning Schemes for the whole of the Town including the provision of residential and commercial land and Town scaping facilities.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004

2. OPERATING REVENUES AND EXPENSES (Continued)

(c) Statement of Objective (Continued)

RECREATION AND CULTURE

Objective: To establish and manage efficiently sport and recreation infrastructure and resources which will help the social wellbeing and health of the community.

Activities: The provision and maintenance in conjunction with the various communities of public halls, recreation grounds, sport pavilions and the joint operation of the City of Fremantle Library.

TRANSPORT

Objective: To provide effective and efficient transport infrastructure to the community.

Activities: Construction and maintenance of streets, roads, bridges; the cleaning and lighting of streets;

ECONOMIC SERVICES

Objective: To help promote the Town and improve its economic wellbeing.

Activities: The regulation and provision of tourism, area promotion activities, and building control

OTHER PROPERTY & SERVICES

Objective: To provide other services etc not elsewhere included.

Activities: Private Works operations, Council plant repairs and operation costs and depot maintenance.

	2003/04	2002/03
	\$	\$
(d) Conditions Over Contributions		
(1) Grants which were recognised as revenues during the year but have yet to be applied in that manner at the reporting date were:		
Office Of Crime Prevention- Graffiti Program	-	-
Department of Health- HACC Program	7,720	8,760
Office Of Crime Prevention- Norm McKenzie Lighting	-	201,350
(2) Grants which were recognised as revenue in a previous year and have not yet been applied in the manner specified by the grantor were:	6,000	
	201,350	
(3) Grants which were recognised as revenue in a previous year and were expended in the current year in the manner specified by the grantor were:		
Office Of Crime Prevention- Graffiti Program	(8,760)	-
	<u>206,310</u>	<u>210,110</u>

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2004

	2003/04 \$	2002/03 \$
3. CASH ASSETS		
a) Cash on Hand	600	600
Cash At Bank	130,552	944,950
Term Deposits	926,860	537,402
	<u>1,058,012</u>	<u>1,482,952</u>
b) Unrestricted	(156,305)	(41,497)
Restricted	1,214,317	1,524,449
	<u>1,058,012</u>	<u>1,482,952</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Restricted Funds

Mooring Pens	41,200	40,000
Sundry Liability		-
Bonds	36,038	16,883
Footpaths	198,346	192,717
Unspent Grants (refer Note 2(d))	201,350	210,110
General Funds		-
Reserve Accounts		
Specified Area Rate	20,518	527,337
Long Service Leave Reserve	25,640	36,956
Plant Replacement Reserve	28	28
Asbestos Reserve Account	6,472	6,170
Arts Recreation Reserve	542,666	359,168
Office Reserve	14,281	13,589
Annual Leave Reserve	78,867	74,990
T/Planning Reserve	20,892	19,868
Leeuwin Reserve	25,424	24,159
Centennial Reserve	2,594	2,474
	<u>1,214,317</u>	<u>1,524,449</u>

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2004

4. RECEIVABLES	2003/04	2002/03
	\$	\$
Current		
Rates Outstanding	52,649	65,225
Loan Club & Organisations	11,934	11,173
Accrued Income-ESL	1,974	10,800
Sundry Debtors	96,343	280,129
Less: Provision for Doubtful Debts	(18,234)	(29,544)
	<u>144,666</u>	<u>337,783</u>
Non-Current		
Loans - Clubs/institutions	59,012	70,946
Rates Outstanding - Pensioners	89,412	79,849
	<u>148,424</u>	<u>150,795</u>
5. STOCK ON HAND	<u>-</u>	<u>-</u>
6. LAND HELD FOR RESALE	<u>-</u>	<u>-</u>

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2004

	2003/04 \$	2002/03 \$
7(a) PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	10,322,833	10,308,226
Less Accumulated Depreciation	<u>(2,564,856)</u>	<u>(2,320,130)</u>
	7,757,977	7,988,096
Furniture and Equipment - Cost	432,945	416,028
Less Accumulated Depreciation	<u>(347,556)</u>	<u>(332,911)</u>
	85,389	83,117
Plant and Equipment - Cost	1,458,110	1,448,957
Less Accumulated Depreciation	<u>(978,357)</u>	<u>(860,048)</u>
	479,752	588,909
	<u>8,323,118</u>	<u>8,660,122</u>
7(b) INFRASTRUCTURE		
Streets at Cost	475,395	475,395
Less Accumulated Depreciation	<u>(26,626)</u>	<u>(16,249)</u>
	448,768	459,145
Reserves at Cost	576,095	376,390
Less Accumulated Depreciation	<u>(23,329)</u>	<u>(13,920)</u>
	552,766	362,470
Rivers at Cost	181,011	181,011
Less Accumulated Depreciation	<u>(29,956)</u>	<u>(25,636)</u>
	151,055	155,375
Roads at Cost	5,322,082	5,113,441
Less Accumulated Depreciation	<u>(656,907)</u>	<u>(548,830)</u>
	4,665,175	4,564,611
Paths at Cost	1,180,054	1,180,054
Less Accumulated Depreciation	<u>(152,126)</u>	<u>(128,521)</u>
	1,027,928	1,051,533
Signs at Cost	79,433	79,433
Less Accumulated Depreciation	<u>(38,890)</u>	<u>(31,554)</u>
	40,543	47,879
Irrigation at Cost	274,346	274,346
Less Accumulated Depreciation	<u>(54,696)</u>	<u>(42,451)</u>
	219,650	231,895
Parks at Cost	296,041	296,041
Less Accumulated Depreciation	<u>(52,061)</u>	<u>(37,259)</u>
	243,980	258,782
Car Parks at Cost	387,045	387,045
Less Accumulated Depreciation	<u>(54,285)</u>	<u>(46,542)</u>
	332,760	340,503
Drains at Cost	731,658	731,658
Less Accumulated Depreciation	<u>(43,350)</u>	<u>(35,398)</u>
	688,309	696,260
	<u>8,370,933</u>	<u>8,168,453</u>
TOTALS		
Total Net Value of Property, Plant & Equipment, and Infrastructure Assets	<u>16,694,051</u>	<u>16,828,575</u>
SUMMARY ASSET TOTALS		
Property, Plant & Equipment, and Infrastructure Less Accumulated Depreciation	21,717,047	21,268,024
Written Down Value	<u>(5,022,996)</u>	<u>(4,439,449)</u>
	16,694,051	16,828,575

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2004

7 (c) PROPERTY, PLANT AND EQUIPMENT (cont)
 MOVEMENTS IN CARRYING AMOUNTS

Movements in the carrying amounts for each class of property, plant and equipment and infrastructure assets between the beginning and end of the current financial year.

CLASSIFICATION	OPENING BALANCE	ADDITIONS	DISPOSAL	DEPREC EXPENSE	CARRYING AMOUNT AT THE END OF THE YEAR
LAND & BUILDINGS	7,988,095	14,606	-	244,724	7,757,977
PLANT & EQUIPMENT	588,910	205,049	144,183	170,023	479,752
FURNITURE & EQUIPMENT	83,118	24,630	-	19,965	85,388
STREETS	459,145	-	-	10,376	448,769
RESERVES	362,469	199,708	-	9,412	552,765
RIVERS	155,376	-	-	4,321	151,055
ROADS	4,564,611	208,641	-	108,076	4,665,176
PATHS	1,051,533	-	-	23,604	1,027,929
SIGNS	47,878	-	-	7,336	40,542
DRAINS	696,260	-	-	7,952	688,308
IRRIGATION	231,895	-	-	12,244	219,651
PARKS	258,782	-	-	14,802	243,980
CAR PARKS	340,503	-	-	7,744	332,759
	16,828,574	652,634	146,579	640,579	16,694,051

8 Land & Buildings Valuation

As per the requirements of AAS36, the Council undertook a valuation of its Land and Buildings in June 2004. The valuation of \$12,296,000 was arrived at based on an independent valuation carried out by the Valuer General's Office. The valuation was undertaken on the replacement basis.

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2004

	2003/04	2002/03
	\$	\$
9. PAYABLES		
Current		
Sundry Creditors	216,461	723,202
Accrued Interest on Loans	6,103	26,458
Provision for Annual Leave	113,871	64,183
Provision for Long Service Leave	66,788	16,477
Income received in Advance	-	2,192
Bonds & Deposits	275,584	249,600
	<u>678,807</u>	<u>1,082,112</u>
Non Current		
Provision for Long Service Leave	20,110	75,181
	<u>20,110</u>	<u>75,181</u>
10. INTEREST-BEARING LIABILITIES		
Current		
Loans	115,910	420,747
Non-Current		
Loans	1,259,876	1,190,783
	<u>1,375,786</u>	<u>1,611,530</u>
TOTAL BORROWINGS	<u>1,375,786</u>	<u>1,611,530</u>

Additional detail on borrowings is provided in Note 21.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004

	2003/04 Actuals \$	2003/04 Budget \$	2002/03 Actuals \$
11. RESERVES - CASH BACKED			
(a) Specified Area Reserve			
Opening Balance	524,271	524,271	-
Amount Set Aside / Transfer to Reserve	20,518	-	524,271
Amount Used / Transfer from Reserve	(524,271)	(503,753)	-
	<u>20,518</u>	<u>20,518</u>	<u>524,271</u>
(b) Plant Replacement			
Opening Balance	28	28	28
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>28</u>	<u>28</u>	<u>28</u>
(c) Annual Leave Reserve			
Opening Balance	74,990	75,029	71,561
Amount Set Aside / Transfer to Reserve	3,877	2,752	3,429
Amount Used / Transfer from Reserve	-	-	-
	<u>78,867</u>	<u>77,781</u>	<u>74,990</u>
(d) Office Reserve			
Opening Balance	13,755	14,007	13,141
Amount Set Aside / Transfer to Reserve	526	689	614
Amount Used / Transfer from Reserve	-	-	-
	<u>14,281</u>	<u>14,696</u>	<u>13,755</u>
(e) Town Planning Reserve			
Opening Balance	19,868	19,945	18,962
Amount Set Aside / Transfer to Reserve	1,024	780	906
Amount Used / Transfer from Reserve	-	(20,500)	-
	<u>20,892</u>	<u>225</u>	<u>19,868</u>
(f) Leeuwin Reserve			
Opening Balance	24,159	24,198	23,042
Amount Set Aside / Transfer to Reserve	1,265	917	1,117
Amount Used / Transfer from Reserve	-	-	-
	<u>25,424</u>	<u>25,115</u>	<u>24,159</u>
(g) Centennial Reserve			
Opening Balance	2,308	2,345	2,201
Amount Set Aside / Transfer to Reserve	286	115	107
Amount Used / Transfer from Reserve	-	-	-
	<u>2,594</u>	<u>2,460</u>	<u>2,308</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004

	2003/04 Actuals \$	2003/04 Budget \$	2002/03 Actuals \$
11. RESERVES - CASH BACKED cont.			
(h) Art & Recreation Community Reserve			
Opening Balance	362,233	361,485	416,942
Amount Set Aside / Transfer to Reserve	180,434	22,477	29,068
Amount Used / Transfer from Reserve	-	(330,555)	(83,777)
	542,667	53,407	362,233
(i) Long Service Leave Reserve			
Opening Balance	36,956	37,199	49,819
Amount Set Aside / Transfer to Reserve	1,892	2,018	2,290
Amount Used / Transfer from Reserve	(13,210)	(15,361)	(15,153)
	25,639	23,856	36,956
(j) Asbestos Removal Reserve			
Opening Balance	6,170	6,220	5,902
Amount Set Aside / Transfer to Reserve	300	252	267
Amount Used / Transfer from Reserve	-	(6,000)	-
	6,470	472	6,170
Total Cash Backed Reserves	737,380	218,558	1,064,738

All of the cash backed 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.

11. RESERVES (Continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Specified Area Rate Reserve

- a Statutory requirement to transfer surplus funds from Specified Area Rates to a Reserve Fund

Plant Reserve

- to be used for the purchase of major plant

Annual Leave Reserve

- to be used to fund accrued annual leave requirements

Office Reserve

- to be used for the purchase of major office equipment

Long Service Leave Reserve

- to be used to fund long service leave entitlements of staff.

Town Planning Reserve

- to be used to fund expenditure relating to Town Planning Scheme reviews

Leeuwin Reserve

- to be used for the funding of major expenditure for the boat ramp located at Centennial Reserve

Centennial Reserve

- to be used for the funding of expenditure in the Town's centennial year

Art, Recreation & Community Reserve

- to be used for the funding of any major art, recreation or community project

Legal Funds Reserve

-to be used for the funding of legal costs associated with the Cornell Supreme court Judgement

Asbestos Removal Reserve

- to be used to fund any asbestos removal throughout the Town of East Fremantle

Usage of Reserves

All Reserves are on-going and are not expected to be totally utilised within a set period as further transfers to and from the Reserve accounts are expected as the funds are utilised in this and future budgets.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004

12. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, 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:

	2003/04 Actuals \$	2003/04 Budget \$	2002/03 Actuals \$
Cash - Unrestricted	(156,305)	(62,382)	(41,497)
Cash - Restricted	1,214,317	809,729	1,524,449
	<u>1,058,012</u>	<u>747,347</u>	<u>1,482,952</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Change in Net Assets Resulting from Operations

Change in Net Assets Resulting from Operations	(60,833)	(13,119)	(130,698)
Depreciation	640,579	689,167	679,535
(Increase)/Decrease in Receivables	190,747	(23,927)	(2,746)
(Profit)/Loss on Sale of Asset	(19,626)	25,658	(21,641)
(Increase)/Decrease in Stock on Hand	-	-	-
Increase/(Decrease) in Payables	(439,226)	63,452	208,930
Increase/(Decrease) in Employee Provisions	(25,580)	-	13,663
Grants/ Contributions for the Development of Assets	-	(461,350)	-
Net Cash from Operating Activities	<u>286,061</u>	<u>279,881</u>	<u>747,044</u>

13(a) Loan Facilities

Loan Liability - Current	115,910	420,747
Loan Liability - Non-Current	1,259,876	1,190,783
Total Facilities in Use at Balance Date	<u>1,375,786</u>	<u>1,611,530</u>

(b) Unused Loan Facilities at Balance Date

	<u>-</u>	<u>-</u>
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TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004

	(unaudited) 2003/04 \$	2002/03 \$
13 (c) Capital Expenditure Commitments		
<u>Joint Venture Entity Capital Commitment</u>		
At the reporting date, Council's share of the Regional Resource Recovery Centre's capital commitment was as follows:-	(unaudited)	
Total Joint Venture RRRC Construction Contract	-	1,605,000
Council's share of this contract	-	40,929
		2.55%

14. CONTINGENT LIABILITIES

Nil

Regional Resource Recovery Centre- Lending Facility

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

The capital construction of the facility will be funded by borrowings from the Western Australian Treasury Corporation. A \$40 million lending facility has been set up for this purpose, repayable over a term of 20 years. The SMRC will receive and administer the borrowings and the project will make quarterly contributions towards repayment of these borrowings.

The Council's estimated share of the project funding is based on population percentages (census figures each 5 years) over the life of the loan, currently at 2.55%. As at June 2004 \$34,942,098 had been drawn against the lending facility, with the Council's share of this liability being \$892,127.

It is estimated that once fully drawn, Council's annual contribution towards the repayment of interest and principal will be in the region of \$70,000 to \$80,000 over the 20 year loan period. Council has guaranteed by way of agreement its share of the loan liability to the SMRC and the Western Australian Treasury Corporation (funding body)

15. JOINT VENTURE
INTEREST IN JOINT VENTURES

South West Group

The Council is a member participant in a project for the South West Management Groups with the cities of Cockburn, Fremantle, Melville, Rockingham & Town of Kwinana.

	(unaudited) 2003/04	2002/03
Council's share in the net assets of the South West Groups as at 30 June was:		
Amount of interest	1,241	1,241
Cost/profit sharing ratio	15.61%	15.61%

Southern Metropolitan Regional Council (SMRC)

General Funds

The Council is a member of the Southern Metropolitan Regional Council. SMRC was established in accordance with the Local Government Act 1995 and consist of seven local governments namely cities of Canning, Cockburn, Fremantle, Melville, Rockingham & towns of East Fremantle and Kwinana.

	(unaudited) 2003/04	2002/03
Council's share in the net assets of the SMRC (excluding the RRRC project) as at 30 June was:-		
Amount of interest	8,232	7,209
Cost/profit sharing ratio	1.80%	1.94%

The RRRC project is disclosed separately as it has a different cost/profit sharing ratio to that for the SMRC's general funds.

Regional Resource Recovery Centre (RRRC)

This project is undertaken on behalf of SMRC's five participating Council's being the cities of Canning, Cockburn, Fremantle, Melville & Town of East Fremantle. The venture was established through the SMRC as a major trading undertaking. The RRRC joint venture's principal activity is the development of a waste processing plant & recyclable & green waste facility at Canning Vale.

Participating Councils 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. The capital costs for each participating Member Council is based on the Australian Bureau of Statistics census of population statistics. Each project participant will develop equity in the project equal to the relevant proportion of the total capital loan repayments made by the project participant.

	(unaudited) 2003/04	2002/03
The Council's interest in the Joint Venture as at 30 June (as calculated by the SMRC):		
Amount of interest	1,023,793	976,401
Cost/profit sharing ratio	2.55%	2.55%

It is estimated the capital cost of the project will be \$40 million to be funded by borrowings repayable by annual contributions from the five participating Local Governments. Council's portion of the Capital repayment commenced in the 2001-2002 financial year and continue for a period of 20 years. The contribution for 2003-2004 by the council is \$ 77,492 and this expenditure is reflected in Council's financial statements as an operating expense.

TOWN OF EAST FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2004

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2003/04	2002/03
	\$	\$
Governance	1,928,320	1,928,320
Law, Order, Public Safety	30,929	30,929
Health	76,184	76,184
Education and Welfare	458,530	458,530
Housing	350,400	350,400
Community Amenities	1,747,542	1,747,542
Recreation and Culture	6,445,823	6,445,823
Transport	5,825,233	7,116,557
Economic Services	16,935	16,935
Other Property and Services	1,165,256	628,884
	<u>18,045,152</u>	<u>18,800,104</u>

17. FINANCIAL RATIOS	2003/04	2002/03	2001/02
Current Ratio	1.40	1.09	1.13.1
Debt Ratio	11.50%	14.73%	17.71%
Debt Service Ratio	11.23%	23.76%	29.26%
Rate Coverage Ratio	66.68%	66.48%	71.02%
Outstanding Rates Ratio	4.34%	3.76%	4.70%

The above rates are calculated as follows:

Current Ratio equals

Purpose: To assess adequacy of working capital and the ability to satisfy short term obligations.

$$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$

Debt Ratio equals

Purpose: To identify exposure to debts by measuring the proportion of assets funded by creditors.

$$\frac{\text{Total liabilities}}{\text{Total assets}}$$

Debt Service Ratio equals

Purpose: To assess the degree to which revenues are committed to the repayment of debt.

$$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$$

Rate Coverage Ratio equals

Purpose: To assess the degree of dependence upon revenue from rates

$$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$$

Outstanding Rates Ratio equals

Purpose: To assess the impact of uncollected rates on liquidity and the adequacy of recovery efforts.

$$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$$

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004

18. TRUST FUNDS

Funds held at balance date over which the Council has no control and which are not included in the financial report are as follows:

	Balance 1-Jul-03 \$	Amounts Received \$	Amounts Paid \$	Balance 30-Jun-04 \$
Covered Seating Liability	10,305	526	-	10,831
Nomination Deposit	40	-	-	40
General Funds	9,594	12,238	4,143	17,690
Rates in Advance	-	-	-	-
Tramway Trust	128,281	4,990	8,631	124,640
Underground Power in Adv	-	-	-	-
Training Levy	-	-	-	-
Left Bank Rent	145,273	14,466	-	159,739
AUSTPROP funds	8,377	446	-	8,823
Unclaimed Wages	-	-	-	-
	301,870	32,665	12,774	321,761

19. DISPOSALS OF ASSETS - 2003/04 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land and Buildings	-	-	-	-	-	-
Furniture and Equipment	2,395	-	239	-	(2,156)	-
Plant & Equipment - Motor Vehicles	144,183	142,580	165,965	166,507	21,782	23,927
	-	-	-	-	-	-
	146,579	142,580	166,205	166,507	19,626	23,927

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004

20. BUDGET COMPARISON

2003/04
Actual
\$2003/04
Budget
\$

(a) Non Operating Income and Expenditure

The following non operating income and expenditure and movements to and from reserve accounts are not included in the operating statement.

Non Operating Income

Proceeds on sale of assets	166,204	166,507
Loans raised	185,000	200,000
Transfers from reserves	537,481	876,169

Non Operating Expenditure

Principal repayment of loans	420,746	421,910
Construction/purchase of assets		
Land and Buildings	14,606	693,200
Plant and Equipment	205,049	234,400
Furniture & Equipment	24,630	39,000
Infrastructure	408,349	665,055
Transfers to Reserves	210,126	30,000

(b) Net Current Asset Position at 1st July 2003

The net current position balance carried forward from the previous financial year for the purpose of the 2003/04 budget was \$217,805.

The actual net current asset position balance shown in the audited financial report as at 30th June 2003 after adjustment for restricted assets, was \$ 107,765

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004**

21. INFORMATION ON BORROWINGS (Interest-Bearing Liabilities)

(a) Loan Repayments

Particulars	Rate	Lender	Date Funded	Term in Years	Principal		New		Interest Repayments		Principal Repayments		Principal	
					1-Jul-03	Loans	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Administration														
Organisational Reform -179	7.11	WATC	27-Jun-00	15	218,521	-	15,326	15,376	12,047	12,047	206,474	206,474	0	
Community Amenities														
George St Beautification-173	6.85	WATC	28-Jun-99	15	61,722	-	4,161	4,251	3,917	3,917	57,805	57,805	0	
Recycling Bins-176	6.36	WATC	27-May-99	10	100,949	-	6,197	7,018	14,305	14,305	86,644	86,644	0	
Underground Power St 2-181	6.63	WATC	1-Nov-00	3	324,979	-	10,773	10,773	324,980	324,979	-1	-1	0	
Recreation & Culture														
* East Fremantle Tennis Club-165	6.89	WATC	22-Aug-97	10	42,718	-	2,801	3,975	8,401	8,401	34,317	34,317	0	
* East Fremantle Bowling Club-167	6.12	WATC	29-Jul-98	15	39,401	-	2,369	3,416	2,772	2,772	36,629	36,629	0	
Foreshore & Landscaping-169	6.85	WATC	28-Jun-99	15	115,214	-	7,769	7,935	7,312	7,312	107,902	107,902	0	
Playground Equipment-171	6.85	WATC	28-Jun-99	15	65,836	-	4,439	4,534	4,178	4,178	61,658	61,658	0	
Automatic Reticulation-175	6.85	WATC	28-Jun-99	15	90,526	-	6,104	6,235	5,745	5,745	84,781	84,781	0	
Richmond Primary School- 183	5.13						386		1,164		0	0	0	
Transport														
Footpath Construction-168	6.85	WATC	28-Jun-99	15	123,443	-	8,324	8,502	7,835	7,835	115,608	115,608	0	
Construction Works-170	6.85	WATC	28-Jun-99	15	55,961	-	3,774	3,854	3,552	3,552	52,409	52,409	0	
Local Area Traffic Management-174	6.85	WATC	28-Jun-99	15	41,148	-	2,775	2,834	2,612	2,612	38,536	38,536	0	
Road & Footpath Construction-178	7.11	WATC	27-Jun-00	15	131,114	-	9,196	9,175	7,228	7,228	123,886	123,886	0	
Road & Footpath Construction-182	4.96	WATC	13-Jun-03	10	200,000	-	9,630	9,977	15,862	15,618	184,138	184,382	0	
Road & Footpath Construction -184	5	WATC		10										
					1,611,532	185,000	93,637	98,241	420,746	421,665	1,375,786	1,376,031	0	

Note: * Self-Supporting Loan financed by repayments from third parties.
All other loan repayments were financed by general purpose income.

(b) New Borrowings

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used		Balance Unspent \$
	Actual	Budget						Actual	Budget	
Loan 184 - Roads & Path Construction	0	185,000	WATC	Debenture	10	56,195	5.45%	-	185,000	185,000

(c) Overdraft

Council established an overdraft facility in 1997 with Commonwealth Bank of \$100,000 to assist with short term liquidity requirements. In conjunction with this facility Council has arranged for the limit to increase to \$300,000 during the months July to September to overcome liquidity problems until adoption of the annual budget.

Although Council utilised these facilities during the reporting period the balance of the Overdraft as at 30 June 2004 was NIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004

22. RATING INFORMATION - 2003/04 FINANCIAL YEAR

RATE TYPE	Rate in \$ cents	Number of Properties	Rateable Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
GRV - General Rate Residential	8.0500	2,830	30,891,418	2,486,753	-2,100	0	2,484,653	2,477,427	30,000	0	2,507,427
GRV - Commercial Rates Commercial	10.0630	94	5,614,771	565,014	0		565,014	563,130	0	0	563,130
Sub-Totals		2,924	36,506,190	3,051,767	-2,100	0	3,049,668	3,040,557	30,000	0	3,070,557
Minimum Rates	Minimum \$										
- GRV Valuations	\$520	244	1,323,144	126,880	0	0	126,880	127,400	0	0	127,400
	\$649	3	13,640	1,947	0		1,947	1,947			1,947
Sub-Totals		247	1,336,784	128,827	0	0	128,827	129,347	0	0	129,347
Discounts							3,178,495				3,199,904
Totals							3,178,495				3,199,904
							(30,773)				(30,773)
							3,147,722				3,169,131

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004

23. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2003/04 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
General Rates	Discount	-	30,773	30,773

24. INTEREST CHARGES AND INSTALMENTS - 2003/04 FINANCIAL YEAR

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10	-	15,951	15,000
Interest on Instalments Plan	5.5	-	12,301	13,000
Charges on Instalment Plan	0.0	10	20,800	21,000
			49,052	49,000

Ratepayers had the option of paying rates in one, two or four equal instalments, due on 22 August 2003 (one payment) and 22 August 2003 and 31 October 2003 (two payments) and/or four payments due 22 August 2003, 31 October 2003, 9 January 2004 and 12 March 2004. Administration charges and interest applied for the final three instalments.

25 Leases

Lease payments under operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the periods they are incurred

Operating Lease Commitment Payable

Not Later than one (1) year

Later than one (1) year but not later than five (5) years

2004	2003
\$	\$
16,357	16,357
49,071	65,428
65,428	81,785

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004

26. FEES & CHARGES	2003/04 \$	2002/03 \$
Governance	13,907	591
General Purpose Funding	49,655	14,370
Law, Order, Public Safety	10,540	1,321
Health	1,618	1,875
Welfare	12,410	4,801
Housing	31,331	35,226
Community Amenities	149,822	129,774
Recreation & Culture	18,396	32,042
Transport	60,201	173,763
Economic Services	54,188	67,894
Other Property & Services	71,513	60,492
	<u>473,580</u>	<u>522,149</u>

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

27. GRANT REVENUE

General Purpose Funding	161,793	156,176
Governance	2,192	8,808
Welfare	416,726	588,424
Community Amenities	20,719	14,433
Recreation and Culture	56,871	125,484
Transport	143,436	49,556
	<u>801,736</u>	<u>942,881</u>

28. COUNCILLORS' REMUNERATION

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

	2003/04 Actual \$	2003/04 Budget \$	2002/03 Actual \$
Meeting Fees	45,000	48,000	43,500
Mayoral Meeting Fees	9,000	12,000	12,000
Mayoral Allowance	10,000	10,000	10,000
Deputy Mayoral Allowance	2,500	2,500	2,500
Conference & Other Expenses	4,746	2,400	185
	<u>71,246</u>	<u>74,900</u>	<u>68,185</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004

29 FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 of the accounts.

The following table details the Council's exposure to interest rate risk as at the reporting date.

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity			Non-Interest Bearing \$	Total \$
			Less than 1 Year \$	1 to 5 Years \$	More Than 5 Years \$		
2003 Financial Assets							
Term Deposits	5	537,402					537,402
Cash at Bank	4	944,950					944,950
Trade Receivables						249,085	249,085
Rate Receivables						65,225	65,225
		1,482,352	-	-	-	314,310	1,796,662
2003 Financial Liabilities							
Trade Payables						972,802	972,802
Loans	7	1,611,530					1,611,530
		1,611,530	-	-	-	972,802	2,584,332
2004 Financial Assets							
Term Deposits	5	926,859					926,859
Cash at Bank	4	130,553					130,553
Trade Receivables						151,031	151,031
Rate Receivables						52,649	52,649
		1,057,412	-	-	-	203,680	1,261,092
2004 Financial Liabilities							
Trade Payables						698,917	698,917
Loans	7	1,375,786					1,375,786
		1,375,786	-	-	-	698,917	2,074,703

b) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial report represents their respective net fair values determined in accordance with the accounting policies disclosed in Note 1.

c) Credit Risk Exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report. The Town does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Town.

INDEPENDENT AUDIT REPORT

TO: RATEPAYERS OF THE TOWN OF EAST FREMANTLE

PARTNERS

Ronald E Barrett FCA

Anthony D Macri FCPA

Domenic A Macri CPA

Scope

We have audited the financial report of the Town of East Fremantle, comprising the Operating Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the notes to and forming part of the financial report for the year ended 30 June 2004. The Council is responsible for the preparation and presentation of the financial report and the information contained therein. We have conducted an independent audit of the financial report in order to express an opinion on it to the ratepayers of the Town of East Fremantle.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Local Government Act 1995 and Regulations under that Act, Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view of the Town of East Fremantle which is consistent with our understanding of its financial position, the results of its operations and its cash flows.

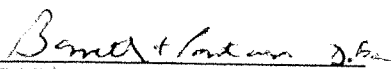
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Town of East Fremantle:

- (a) present fairly the financial position of the Town of East Fremantle as at 30 June 2004 and the results of its operations for the year then ended in accordance with applicable Accounting Standards; and
- (b) are prepared in accordance with the requirements of the Local Government Act 1995 and Regulations under that act and other mandatory professional reporting requirements.

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government Act and Regulations under that Act.


BARRETT & PARTNERS — DFK
CERTIFIED PRACTISING ACCOUNTANTS
28 THOROGOOD STREET
BURSWOOD WA 6100


A MACRI
PARTNER

PERTH
DATED THIS 31st DAY OF AUGUST 2004.