



Town of East Fremantle
Annual Report 2016/17



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APPENDIX I **Financial Statements for the year ended 30 June 2017**





TOWN of
EAST FREMANTLE

Our Vision

"Inclusive community, balancing growth and lifestyle"

Created in 1897, when it separated from the Town of Fremantle to become an independent local authority, the Town of East Fremantle now has a population of approximately 7,700.

It is 3.2 square kilometres in area, bounded to the north and west by the Swan River. To the east it shares a common boundary with the City of Melville, to the south and west with the City of Fremantle.

The Town has a rich history. The local Aboriginal tribe known as Nyungar/Whadjuk obtained food and drinking water from the river foreshore and open grassy areas.

The track that linked the fledgling Swan River Colony based in Fremantle to the future city centre of Perth in 1831 is documented traversing along the East Fremantle cliff edge finishing at the river ferry crossing at Preston Point.

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

The Plympton precinct today contains many charming worker's cottages which were established largely between 1890 and 1910. Riverside was established by the merchant elite of Fremantle and is perched high on the cliffs overlooking the River. Gracious homes, some from the goldrush era, are dotted along the escarpment.

Further northwards, the Preston Point area was developed in the 1950s with houses typical of the period also enjoying the expansive views over the river.

The Woodside and Richmond precincts contain many homes dating from 1900–1940.

Acknowledgment of Country

The Town of East Fremantle acknowledges the Whadjuk Nyungar people, who are the traditional custodians of the land in the region. The Town also acknowledges other Aboriginal language groups who live in the area.



“Our community focus, supported by a progressive and committed Council ensures transparent reporting and accountability to the community.”

Mayor's Message

Welcome to the 2016/17 Town of East Fremantle Annual Report.

Another busy year has seen engaging with the community continue to be a large focus for the Town, the highlight of which was the Leeuwin Vision Plan Design Forum.

Largely due to the persistence of the Town, the Department of Defence agreed to collaborate with the Town to develop a Vision Plan for the Leeuwin site prior to its sale. The four-day design forum held in September 2016 brought together government agencies, residents, politicians, engineering, town planning and design experts, to work through a number of key themes.

The Town was really pleased with the response from the community and resulted in a generally positive feel towards the project. I thank the community for the energy and passion they brought to the process.

The Final Vision Plan was presented and endorsed by Council in December 2016 and was subsequently presented to the Department of Defence.

Council also adopted the Recreation and Community Facilities Strategy this year. The engagement process brought together sporting and community groups, residents and interested people, to share ideas to help form the strategies for inclusion in a long-term plan. This will guide future investment and management of recreation and community assets.

The Town continued to lobby against the proposed Perth Freight Link and Roe 8. The Town of East Fremantle and the efforts of the Cities of Fremantle, Cockburn and Kwinana paid off with the new Labour State Government putting a stop to Freight Link route.

Another significant milestone this year was the progress made in relation to the tenure of the Royal George Hotel.

The Town, whilst not directly involved in the sale, are pleased that this important East Fremantle landmark will be renovated and revitalised. The Council acknowledges there are still a number of steps to work through in the town planning process to ensure a development that contributes positively to the local community. Height, scale, design, parking and traffic will need to be carefully addressed.

Our Community Perceptions Survey conducted earlier in 2017 provided valuable information to the Town and assisted with setting the priorities of our Strategic Community Plan 2017-2027, and towards the development of our Public Art Strategy. Thank you again to the business community and the residents and ratepayers who continue to contribute and provide valuable feedback.

To the staff at the Town, thank you again for your ongoing hard work and professionalism throughout the year. And to all elected members, thank you for your commitment to your role as Councillor and for the support you provide to enable me to represent the Town as Mayor.

The future of East Fremantle has never looked brighter.

A handwritten signature in black ink, appearing to read 'Jim O'Neill', written in a cursive style.

Jim O'Neill
Mayor
Town of East Fremantle

Chief Executive Officer's Message



The Town is committed to maintaining financial sustainability and has ended the year in a sound financial position, with an end of year surplus of \$1,386,955.

This surplus was achieved whilst still delivering on Council's services and planned key projects within the budget parameters set by Council.

Since my appointment I have undertaken a review of the organisation that resulted in a number of changes in our operations and the establishment of a new contemporary organisation structure which has brought about some immediate service improvements, but will more importantly allow for additional service improvements over time.

Another focus has been the updating of the Town's Strategic Informing Plans. In particular, the production of new detailed Asset Management Plans for Parks & Reserves, Buildings, Footpaths, and Roads. These plans will be used to develop a more meaningful and useful Long Term Financial Plan (LTP) & Corporate Business Plan (CBP).

The Town again undertook its Community Perception Survey (CPS) in 2016/17 and the results were very pleasing. The Town of East Fremantle is setting the MARKYT Industry standard in 2 areas;

- Sense of Community
- Sense of belonging

The Town's Overall Performance Index Score was 75 out of 100, placing the Town 3rd and 10 points above the index average for WA.

Together, we are working towards making East Fremantle a better place, through the implementation of the Town's Strategic Community Plan.

Some of the highlights for 2016/17 included;

- Corporate rebranding of the Town – New Logo.
- Development and endorsement of Leeuwin Vision Plan.
- Adoption of the Recreation and Community Facilities Strategy.
- Completion of planned Capital Works Program
- Revised Workforce Plan.
- New Community Engagement Plan.
- Commenced a Customer Service Review process.
- Adopted various new and updated Local Laws.
- Developed Asset Management Plans.

I wish to express my sincere appreciation to the Mayor and Councillors for their leadership and support in assisting me with transitioning very smoothly into my role as Chief Executive Officer for the Town.

I would also like to take this opportunity to particularly thank all of the Town's staff for their acceptance of change and for their ongoing loyalty, commitment and positive contribution over the last 12 months.

The following Annual Report has been prepared in accordance with section 5.53 of the Local Government Act 1995, and details the operations of the Town for the 2016/17 financial year.

A handwritten signature in blue ink, which appears to read 'Gary Tuffin'. The signature is fluid and cursive, written over a white background.

Gary Tuffin
Chief Executive Officer
Town of East Fremantle

Elected Members 2016-17

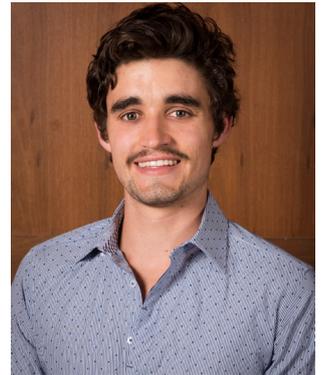


Mayor Jim O'Neill

Preston Point Ward



Cr Michael McPhail
(Deputy Mayor)

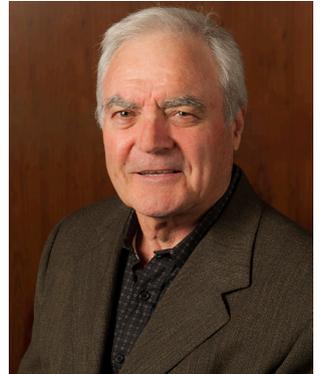


Cr Luke Nicholson



Cr Andrew White

Woodside Ward



Cr Tony Watkins



Cr Andrew McPhail

Richmond Ward



Cr Dean Nardi



Plympton Ward



Cr Cliff Collinson



Cr Jenny Harrington



The Town is represented by nine elected members made up of the Mayor and eight Councillors, including the Deputy Mayor. Each elected member, including the Mayor and Deputy Mayor, represents one of the Town's four wards, but governs for the entire Town.

The elected representatives work together to provide good governance through effective strategic planning and policy, and by balancing competing interests openly and fairly.

Meeting Attendance 2016/17

| <i>Elected Member</i> | <i>Ordinary Meetings (11 per annum)</i> | <i>Town Planning Committee (11 per annum)</i> | <i>Audit Committee (3 per annum)</i> | <i>Finance Committee</i> | <i>Annual Electors Meeting</i> |
|------------------------------|--|--|---|---------------------------------|---------------------------------------|
| Mayor Jim O'Neill | 10 | 7 | 2 | 1 | - |
| Cr Michael McPhail | 9 | 9 | 2 | 1 | 1 |
| Cr Luke Nicholson | 8 | 9 | 1 | - | - |
| Cr Andrew McPhail | 8 | - | 2 | 1 | 1 |
| Cr Dean Nardi | 10 | 7 | - | - | - |
| Cr Tony Watkins | 10 | 1 | 1 | - | 1 |
| Cr Andrew White | 9 | 7 | 2 | 1 | 1 |
| Cr Jenny Harrington | 10 | - | - | | |
| Cr Cliff Collinson | 9 | 8 | - | - | 1 |

Key points of our Strategic Community Plan 2015-2025

Investments and enhancements:

Six priorities from community engagement, highlighted in the community survey 2014:

- Footpaths and cycleways: This area will be addressed in two ways. Priorities relating to recreational walkways and cycleways, and access to community facilities, will be included in the Recreation and Community Facilities Plan (see below). The question of standards (service levels) for footpaths in the Town generally will be included in the major strategic review.
- Streetscapes: This area will also be addressed in two ways. First, Council will investigate an urban forestry approach (in conjunction with climate change adaptation). Second, service levels for streetscapes (such as verge maintenance) will be included in the major strategic review.
- Sport and recreation facilities and activities: This will be the subject of a Recreation and Community Facilities Plan, to be developed in 2015/16 and implemented in the following years. It will include oval redevelopment, club facilities, recreational walkways and cycleways, parks and playgrounds, connectivity and access etc.
- Parks and playgrounds: See sport and recreation facilities and activities above
- Swan River foreshore: The draft Swan River Foreshore Master Plan will be finalised in 2015/16. Aspects of this will inform the Recreation and Community Facilities Plan. Some recommendations from the Master Plan will assist with climate change adaptation (protection of natural and infrastructure assets).
- Preservation and promotion of local heritage: Heritage precinct development, including the Royal George Hotel (see also strategic sites development below).

Strategic sites development (note this program will take around a year longer than the life of this plan):

- Town Centre (includes the Town Hall and ancillary buildings)
- Former Kaleeya Hospital
- Woodside Hospital
- Leeuwin Barracks
- Royal George Hotel

Climate change mitigation and adaptation: Regional work is being undertaken on this over the first year of the Plan. Following this, a local Climate Change Mitigation and Adaptation Plan will be prepared.

Revamp of the Town's website, social media and community engagement methods
Strengthening capacity

Furthermore, a number of initiatives are planned to strengthen the delivery of high quality, affordable services to the community:

- Development of a revenue strategy.
- Shared service delivery with the City of Fremantle (or other parties) where beneficial.
- Incremental improvement to the standard of asset management planning.

Note – a comprehensive Review of this Plan commenced during the year 2016/17.

Integrated Planning and Reporting Framework

The Town commenced a review of the 2015-2025 Strategic Community Plan during the year.

The Strategic Community Plan is a long-term planning document that sets out the Town of East Fremantle's vision, aspirations for the future, and the key strategies we will need to focus on to achieve our aspirations. The Plan will be used to:

- Guide Council decision-making and priority setting.
- Engage local residents and ratepayers, local businesses, community groups, and education providers that contribute to the future of our community.
- Inform decision-making with respect to other partners and agencies, including the State Government, other local governments, WALGA, and the private sector.
- Provide a clear avenue to pursue funding and grant opportunities by demonstrating how projects align with the aspirations of our Council, and within the strategic direction outlined in this Plan.
- Inform future partners of our key priorities, and the ways in which we seek to grow and develop.
- Provide a framework for monitoring progress against the community's vision and aspirations.

The 2015-2025 Strategic Community Plan was adopted by Council in July 2015 and the Key Focus Areas are set out below. The current review is due for adoption in August 2017.

On the following pages, we have outlined the implementation of our strategic objectives for the year under review.



| Key Focus Area | Community strength and identity | Infrastructure and waste services | Built and natural environment | Governance and leadership |
|--------------------|--|--|--|---|
| Aspirations | <p>Our community is strong, safe and close-knit: we support and foster a sense of identity and belonging</p> <ul style="list-style-type: none"> ■ Library ■ Arts & Culture ■ Events ■ Community health and safety ■ HACC | <p>The needs of our community are met through the provision of high quality infrastructure and waste services</p> <ul style="list-style-type: none"> ■ Parks ■ Street trees ■ River and foreshore ■ Roads, drainage, footpaths, cycleways ■ Public transport (bus shelters etc) ■ Waste management services ■ Council-owned buildings ■ Recreational facilities | <p>Our town is developing in harmony with our unique character within the fabric of the region's built and natural environment</p> <ul style="list-style-type: none"> ■ Land use planning ■ Strategic sites development ■ Building Services ■ Heritage protection | <p>The community is served by a leading and listening local government</p> |
| Services | | | | <ul style="list-style-type: none"> ■ Councillor support and meetings ■ Compliance ■ Risk Management ■ Local Laws ■ Policies and procedures ■ Communications and community engagement ■ Customer service ■ Advocacy ■ Strategic and corporate planning ■ Stewardship of assets ■ Financial management ■ Skilled, effective, and equipped workforce |

Strategic Community Plan 2015-2025 – Score Card 2016/17

| KEY FOCUS AREA 1: Community strength and identity | | | | | |
|---|--|---|------------------|--|---|
| Aspiration: Our community is strong, safe and close-knit: we support and foster a sense of identity and belonging | | | | | |
| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
| 1.1 Access to information resources, culture and entertainment | <ul style="list-style-type: none"> Provide access to the City of Fremantle library which is a joint enterprise with the City and the Library Board of WA. | The Town contributed funding to the City of Fremantle Library service. | Maintain | Yes | Council continued to provide funding to the City of Fremantle to provide a library service to residents of the Town of East Fremantle. |
| 1.2 Celebrate and develop of the community's identity through arts and culture | <ul style="list-style-type: none"> Purchase public art as a means of building community spirit. Provide or support the provision of selected community events. Promote local events | <p>The Town provided an annual allocation to the Public Art Fund reserve</p> <p>The Town funded the East Fremantle Festival December 2016 and two Outdoor Film Nights in February 2017.</p> | Maintain | Yes, in part, Council allocation was made to Reserve | <p>No purchases occurred in 2016/17 – The development of a public art strategy commenced.</p> <p>These events were promoted by the Town through its website, Facebook page and local media and were well attended</p> <ul style="list-style-type: none"> East Fremantle Festival December 2016 Two outdoor film nights in April 2016 Comedy Nights – August and September 2017 |

KEY FOCUS AREA 1: Community strength and identity

Aspiration: Our community is strong, safe and close-knit: we support and foster a sense of identity and belonging

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|--|--|--|---------------------------------|-------------------------|--|
| 1.3 Protection of community health, safety and amenity | <ul style="list-style-type: none"> Administer laws and undertake activities to ensure public health is maintained in the Town. Enforce relevant acts, legislation and local laws to ensure the safety and amenity of local residents and visitors. | <p>Environmental Health Services</p> <p>Ranger services provided 8 am to 4 pm, Monday to Sunday excluding Christmas Day and Boxing Day</p> | <p>Maintain</p> <p>Maintain</p> | <p>Yes</p> <p>Yes</p> | <p>Ongoing provision of Environmental Health Services.</p> <p>The Review of all Local laws commenced –during the year the following local laws were Gazetted:</p> <ul style="list-style-type: none"> Meeting Procedure Local Law 2016 Repeal Local Law 2017 Waste Local Law 2017 Cat Local Law 2016 Dog Local Law 2016 Parking Local Law 2016 Public Places & Local Govt. Property Local Law 2016 <p>With the following awaiting Gazettal:</p> <ul style="list-style-type: none"> Plastic Bag Reduction Local Law (Disallowed) |
| 1.4 Provision of HACC Services in the Town | <ul style="list-style-type: none"> The Town of East Fremantle Neighbourhood Link provides a | <p>Services provided include home help, home maintenance, social support, in-</p> | <p>Maintain</p> | <p>Yes</p> | <p>Updates and improvements to the service commenced.</p> |

KEY FOCUS AREA 1: Community strength and identity

Aspiration: Our community is strong, safe and close-knit: we support and foster a sense of identity and belonging

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|----------|--|--|------------------|-------------------------|--|
| | comprehensive range of home and community care services (HACC) to the frail, aged and people with disabilities living in the region. | home respite, centre based respite, community bus service, social outings, counselling, advocacy and referral, centre based day care, assessment, case planning, review and co-ordination. | | | For details of services, refer to page 38. |

KEY FOCUS AREA 2- Infrastructure and waste services

Aspiration: The needs of our community are met through the provision of high quality infrastructure and waste services

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|---|--|---|--|-------------------------|--|
| 2.1 Provide amenity, recreation opportunities and enhancement of the natural environment. | <ul style="list-style-type: none"> Provide and manage parks and open space | Management and development of parks, open spaces and public places including 5.5 km of parks paths. | Increase to be determined through a Recreation and Community Facilities Plan, tested against overall priorities (2015/16). | Yes | Council adopted the Recreation and Community Facilities Strategy. The Town currently maintains 22 parks. |
| | <ul style="list-style-type: none"> Provide and manage a network of street trees | The Town manages and maintains a diverse range of well-developed trees of both native and exotic species of various ages and sizes. | Maintain. Urban forest to be considered in conjunction with the Climate Change Mitigation and Adaptation Plan. | Yes | Street tree planting continued with over 100 trees being planted. |

KEY FOCUS AREA 2- Infrastructure and waste services

Aspiration: The needs of our community are met through the provision of high quality infrastructure and waste services

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|---|--|--|--|-------------------------|--|
| 2.2 Ensure the Town is connected, safe and accessible | <ul style="list-style-type: none"> Maintain foreshore amenity and protection against erosion and flooding | <p>Maintain 3 km of River foreshore incl. approx. 1-2 km of river wall</p> <p>Work with Swan River Trust to ensure public access to the river is protected or enhanced</p> | Increase to be determined in conjunction with the Swan River Foreshore Masterplan (2015/16). | Yes | <p>Town of East Fremantle Foreshore Masterplan guided plans and work along the Swan River foreshore:</p> <ul style="list-style-type: none"> John Tonkin Headlands design. Mooring Pen jetties maintenance and treatment. Jerrat drive fence replacement. |
| | <ul style="list-style-type: none"> Manage and maintain roads, drainage, footpaths and cycleways | <p>Maintenance and renewal of infrastructure assets:</p> <ul style="list-style-type: none"> 46 km of sealed roads 56 km footpaths Pedestrian access and traffic management strategies being developed and implemented | Maintain | Yes | All planned capital works were completed within budget. |
| | <ul style="list-style-type: none"> Provide and manage bus shelters Provide public information on transport | <p>26 Bus shelters are provided and maintained. Grant for renewals - approx. one per year.</p> <p>Public transport information is provided to the community, including Travelsmart map</p> | Maintain | Yes | Maintenance as per ongoing schedule, graffiti removal, repainting. One removed due to deterioration caused by white ants (heritage report supplied). |

KEY FOCUS AREA 2- Infrastructure and waste services

Aspiration: The needs of our community are met through the provision of high quality infrastructure and waste services

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|---|--|--|--|-------------------------|---|
| 2.3 Promoting sustainable environmental management and use of sustainable resources | <ul style="list-style-type: none"> Provide waste collection and disposal services | Disposal of waste to Southern Metropolitan Regional Council facility for diversion (target approx. 85%) prior to transfer of 15% residual waste to landfill | Maintain | Yes | As a Member of the South Metropolitan Regional Council (SMRC) and continues to maintain high levels of diversion – above 65% |
| 2.4 Council owned buildings for public use are maintained, accessible and safe | <ul style="list-style-type: none"> Provide facilities for sport and recreation | <p>The Town provides and maintains the East Fremantle (EF) Oval precinct.</p> <p>The Town provides other buildings for recreational use including:</p> <ul style="list-style-type: none"> EF Lacrosse Club and change rooms EF Tennis Club Pavilion and Courts EF Tricolore Soccer Club community centre and change rooms Fremantle Sea Scouts Hall and Boat sheds Leeuwin Sea Scouts Club Rooms EF Bowling Club - Club House EF Croquet Club - Club House Administration and Function Centres for the East Fremantle Yacht Club and the Swan Yacht Club | Increase to be determined through a Recreation and Community Facilities Plan, tested against overall priorities (2015/16). | Yes | <p>Council adopted the Recreation and Community Facilities Strategy.</p> <p>Asset management plans for the following have been developed to ensure ongoing maintenance is provided:</p> <ul style="list-style-type: none"> Buildings Footpaths Roads Parks & Reserves |
| | <ul style="list-style-type: none"> Provide buildings for other public purposes | <p>Annual maintenance and renewal of building assets including:</p> <ul style="list-style-type: none"> Town Hall and Administration Building Dovenby House EH Gray Building (Independent Mid-wife Centre) Sumpton Green Child Health Clinic Glyde In Community Learning Centre | Maintain | Yes | <p>TownHall refurbishment commenced.</p> <p>Staff relocated to Dovenby House and Old Police Station during refurbishment.</p> <p>HACC services</p> |

KEY FOCUS AREA 2- Infrastructure and waste services

Aspiration: The needs of our community are met through the provision of high quality infrastructure and waste services

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|----------|--------------------------|---|------------------|-------------------------|---|
| | | <ul style="list-style-type: none"> - Old Police Station) - J P MacKenzie Building (East Fremantle Kindergarten) - Richmond Primary School Kindergarten - Works depot (comprising administration and store building, vehicle garage and pump house) - Five residential units - Commercial building (128 George St) - Zephyr Kiosk (Zephyr Cafe and Kiosk) | | | <p>administration moved to Tricolore Community Centre.</p> <p>Other minor maintenance undertaken as required.</p> |

KEY FOCUS AREA 3 - built and natural environment

Aspiration: Our Town is developing in harmony with our unique character within the fabric of the region's built and natural environment

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|--|--|---|------------------|-------------------------|--|
| 3.1 Facilitating sustainable growth whilst maintaining urban and natural character | <ul style="list-style-type: none"> ■ Strategic Land Use Planning and Development applications | <p>Local Planning Strategy currently under review.</p> <p>Administer Town Planning Scheme # 3</p> <p>Provide general town planning advice on demand</p> | Maintain | Yes | Town Planning services continued to be provided in the Town. |

KEY FOCUS AREA 3 - built and natural environment

Aspiration: Our Town is developing in harmony with our unique character within the fabric of the region's built and natural environment

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|---|--|---|--|-------------------------|---|
| | <ul style="list-style-type: none"> Develop Strategic Sites (identified as Special Control Areas in the Local Planning Strategy) to achieve sustainable and strategic objectives for economic prosperity and urban amenity. <p>The Town will apply a combination of appropriate planning instruments, advocacy/facilitation and possibly some direct development activity (Town Hall and ancillary buildings).</p> | <p>(a) Underdeveloped strategic sites considered as having medium to high density housing potential:</p> <ul style="list-style-type: none"> Leeuwin Army Barracks (long term strategic plan). Woodside Hospital and Moss Street (nursing) Lodge (medium term strategic plan). <p>(b) The former Kaleeya Hospital has been purchased for aged care purposes and is currently being renovated.</p> <p>(c) The Royal George Hotel site has undeveloped mixed use potential for heritage preservation, residential, commercial and retail activities</p> <p>(d) Town Centre (includes the Town Hall and ancillary buildings) has undeveloped potential for a range of mixed uses - commercial, retail, civic and community services</p> | <p>Increase: Substantial progress towards strategic sites development.</p> | <p>Yes</p> | <p>Council adopted the Leeuwin Vision Plan. Department of Lands finalising the sale of the Royal George Hotel with developer. Roofing 2000 owners/ developers initiated Scheme Amendment 14 Special Control Area 93-95 Canning Highway.</p> |
| 3.2 Maintain a safe and healthy built and natural environment | <ul style="list-style-type: none"> Building control | <p>Process building permit applications within required time frames.</p> | <p>Maintain</p> | <p>Yes</p> | <p>Private swimming pool inspections commenced and completed –total 545 Food, water and pest inspections carried out on a regular basis. Contaminated sites monitored throughout the year.</p> |

KEY FOCUS AREA 3 - built and natural environment

Aspiration: Our Town is developing in harmony with our unique character within the fabric of the region's built and natural environment

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|---|---|---|---|-------------------------|---|
| <p>3.3 Community values and protects its built heritage</p> | <ul style="list-style-type: none"> ■ Heritage planning ■ Identify and protect significant heritage buildings ■ Undertake projects to preserve the Town Hall precinct | <p>Maintain planning controls to ensure new developments are appropriate to the built heritage and character of streetscapes</p> <p>Undertake projects to protect heritage values</p> | <p>Possible increase, subject to a business case to consider purchase and renovation of the Old Post Office building to preserve the heritage of the Town 2016/17 onwards</p> <p>Refit the Town Hall for office accommodation for staff and civic purposes.</p> <p>Refit the Old Police Station for office accommodation and commercial tenancy or civic use.</p> | <p>Yes</p> | <p>TownHall refurbishment commenced.</p> <p>Staff relocated to Dovenby House and Old Police Station during refurbishment.</p> <p>Town Planning Heritage assessments continue to be undertaken throughout the development application process.</p> |

KEY FOCUS AREA 4 - Governance and leadership

Aspiration: The community is served by a leading and listening Local Government

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|---|---|---|--|-------------------------|--|
| 4.1 Effective Leadership and Governance | <ul style="list-style-type: none"> Maintain a high standard of governance and accountability | <p>Provide timely information, advice, agendas, minutes to enable effective decision making:</p> <ul style="list-style-type: none"> agendas available at least 6 days prior to meetings minutes available at least 5 (committee) and 10 (Council) days after meetings <p>Maintain a register of delegations</p> <p>Conduct Council elections by Electoral Commission</p> <p>Governance Training</p> | <p>Increase:</p> <ul style="list-style-type: none"> Reviewed delegations Reviewed agenda format and distribution Governance training (more) Reviewed Committee Structure in conjunction with review of standing orders | Yes | Training undertaken to elected members in relation to Town Planning; governance and delegations. |
| | <ul style="list-style-type: none"> Develop and implement a Strategic Community Plan, Corporate Business Plan and an integrated suite of informing strategies, in accordance with the Local Government Act 1995 | <p>Integrated Planning and Reporting (IPR) Framework in place:</p> <ul style="list-style-type: none"> Strategic Community Plan and Corporate Business Plan operative Major strategic review scheduled 2015/16 Alignment with Long Term Financial Plan, Workforce Plan and Asset Management Plans | <p>Increase:</p> <p>Improved IPR through strategic review; work on priority informing strategies in recreation and community facilities; foreshore; climate change mitigation; and revenue strategy</p> | Yes | Major review of Strategic Community Plan commenced. Development of Public Art Strategy commenced. (Both adopted by Council September 2017) |
| 4.2 Well managed organisation meeting all compliance requirements | <ul style="list-style-type: none"> Compliance with all Acts and Regulations and common law requirements governing the actions and activities of local government | <p>Submit Compliance Return to DLGC by 31 March each year with all requirements having been complied with; in the event of any areas of non-compliance evidence of action to become compliant.</p> | Maintain | Yes | Compliance Audit Return completed and submitted on time. Achieve 'unqualified' status. |

KEY FOCUS AREA 4 - Governance and leadership

Aspiration: The community is served by a leading and listening Local Government

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|---|--|--|--|-------------------------|--|
| | <ul style="list-style-type: none"> Provide assurance that all required risk management processes are in place and managed to a high standard | Manage Section 17 of the Local Government Audit Regulations 1996 risk management process | Increase: Business continuity planning | Yes | Risk Management foundations project completed in accordance with Regulation 17. Ongoing review. Business Continuity Plan commenced. |
| 4.3 Efficient regulatory tools to enhance public safety and amenity | <ul style="list-style-type: none"> Maintain a suite of up to date local laws to regulate nuisances, enhance public safety and to give effect to the functions of the Town | The Local Law Register indicates 45 local laws in force in the Town all of which are overdue for review under S3.16 of the Local Government Act 1995 | Increase: Complete review of local laws pursuant to S3.16 of the Local Government Act 1995 | Yes | The review of all Local laws commenced –during the year the following local laws were Gazetted: <ul style="list-style-type: none"> Meeting Procedure Local Law 2016 Repeal Local Law 2017 Waste Local Law 2017 Cat Local Law 2016 Dog Local Law 2016 Parking Local Law 2016 Public Places & Local Govt. Property Local Law 2016 With the following awaiting Gazettal: <ul style="list-style-type: none"> Plastic Bag Reduction LocalLaw (Disallowed) |
| 4.4 Clear policies and procedures to guide the planning and operations of the Council | <ul style="list-style-type: none"> Maintain up to date policies and procedures to ensure clarity of the Council's intent on planning and operational matters | Policies and procedures in place and reviewed in accordance with the relevant Acts and Regulations | Increase: Review policies and procedures in 2015/16 | Yes | Policies adopted: <ul style="list-style-type: none"> Community Design Advisory Panel Drug & Alcohol Policy Loss of License Policy IT Policy |

KEY FOCUS AREA 4 - Governance and leadership

Aspiration: The community is served by a leading and listening Local Government

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|---|--|---|---|-------------------------|--|
| 4.5 Effective communications and community engagement | <ul style="list-style-type: none"> ■ Consult and engage with the community on issues, projects and decisions that affect them ■ Conduct workshop and information sessions on key strategic issues ■ Publish information on issues on the Council website, newsletter and in local media | <p>Councillors and staff inform, consult and engage on key issues of interest to the community.</p> <p>Workshops and information sessions are conducted as required.</p> <p>Website and social media information is provided on an on-going basis.</p> <p>Regular media releases</p> <p>The Council newsletter is published quarterly</p> | <p>Increase: develop a Communication Plan in 2015/16 to include a communications strategy, branding and stakeholder relationships. It will also include upgrading the website and use of social media</p> | <p>Yes</p> | <ul style="list-style-type: none"> • Social media Policy • Staff recruitment & retention policy • Purchasing Policy <p>Communication Plan under review; new logo adopted, Town website updated with new modules for increased functionality; social media ongoing; review of newsletter format to include e-News; Community Engagement Plan adopted February 2017</p> |
| 4.6 High standards of service to the Town's customers | <ul style="list-style-type: none"> ■ Provide customer service to the community via the front counter, telephone and email | <p>Provide direct customer service via telephone or in person between 8.30am and 5 pm Monday to Friday</p> | <p>Maintain</p> | <p>Yes</p> | <p>Snapshot assessment of Customer Service processes undertaken to assist with developing Customer Service Charter and best practice customer service activities.</p> |
| 4.7 Effective leadership and governance | <ul style="list-style-type: none"> ■ Advocate on key issues and work with other local authorities and organisations for the benefit of the community | <p>Advocate on key issues of community interest and build relationships with key stakeholders to better understand issues, influence decisions and lobby for funding</p> <p>Collaborate with neighbouring Councils and other agencies where appropriate for improved services</p> | <p>Maintain</p> | <p>Yes</p> | <p>Council continued to work with neighbouring Councils (South West Group – Cockburn, Fremantle, Melville, Kwinana, Rockingham, East Fremantle) to advocate on key issues such as the Perth Freight Link, Outer Harbour.</p> |

KEY FOCUS AREA 4 - Governance and Leadership

Aspiration: The community is served by a leading and listening Local Government

| Outcomes | How the Town contributes | Activity /Action | Level in 4 years | Did we meet the target? | Comment |
|--|---|---|---|-------------------------|---|
| 4.8 Prudent management of Council infrastructure and building assets to support the delivery of services that meet community needs | <ul style="list-style-type: none"> Manage assets for the benefit of present and future communities | Maintenance and upgrade of assets in accordance with the relevant Asset Management Plans | Increase: Improve standard of asset management planning, possibly as a shared service with City of Fremantle | Yes | <p>Asset Management Plans for the following have been developed:</p> <ul style="list-style-type: none"> Buildings Footpaths Roads Parks & Reserves |
| 4.9 A financially sustainable Town | <ul style="list-style-type: none"> Provide financial management services to enable the Town to sustainably provide services to the community | <p>Financial management that meets all legislative requirements</p> <p>Long term financial plan</p> <p>Annual report on the financial activities and position of the Town</p> <p>Notify annual rates and fees through annual budget process</p> <p>Provide financial information to enable modelling of the cash and benefits of strategic scenarios and delivery options</p> | Increase: prepare a Revenue Strategy to guide the raising of revenue on a sustainable basis | No | <p>Financial Management Review undertaken in accordance with Regulation 5 of the Local Government (Financial Management) Regulations 1996</p> <p>Annual Budget – balanced budget adopted.</p> <p>Long Term Financial Plan under review.</p> |
| 4.10 A strong, capable organisation with appropriately qualified staff supported with the necessary tools | <ul style="list-style-type: none"> Manage and develop the Town's workforce to enable delivery of services to the community Provide IT infrastructure and resources to effectively support the delivery of services Manage and operate a fit for purpose vehicle fleet, plant and equipment | <p>Workforce plan in place, payroll system maintained, training and development as required</p> <p>Administer the requirements of the Occupational Health and Safety Act</p> <p>Provide and maintain IT system (support is outsourced)</p> <p>Provide fit for purpose vehicle fleet, plant and equipment</p> | Consider purchase of services from neighbouring local governments e.g. project m' ment, design, mapping, finance, HR organisational development | Yes | <p>Organisation review undertaken.</p> <p>Workforce Plan includes HR management position; consistent processes development for staff recruitment;</p> <p>Website provides information about all advertised vacant positions</p> |

Statutory Reporting

Record Keeping

The Town has an ongoing commitment to recordkeeping in accordance with the State Records Act 2000 and Records Management Standard AS ISO 15489 which is supported through the use of a corporate electronic document management system (EDRMS).

The Town's Recordkeeping Plan details the process for management and disposal of records which are entered into the electronic records system.

National Competition Policy

The application of national competition policy (NCP) in Western Australian local government is guided by the Clause 7 Statement which requires annual reporting of the implementation, application and effects of NCP principles as well as structural reform of public monopolies and legislative review.

Competitive Neutrality

Competitive neutrality principles apply to business activities that generate income in excess of \$200,000 per annum for one or more local governments. In the year under review the Town undertook no activities that met the financial benchmark.

Structural Reform of Public Monopolies

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

Legislative Review

All local laws are currently being reviewed for compliance with NCP and all amendments to existing, and all future local laws are monitored to ensure no anti-competitive practices are included.

Freedom of Information

The Freedom of Information Act 1992 allows the public the right to apply for access to information held by the Town of East Fremantle. The Act requires the adoption of a Freedom of Information Statement, to be reviewed annually. A copy of the current statement is available on the Shire website. During the year under review the Town received five (5) applications for information under the Act.

Disability Access and Inclusion Plan 2016-2020

The Town is committed to facilitating the inclusion of people with disabilities through the improvement of access to its services and facilities. The Town reviewed the existing Disability Access and Inclusion Plan

(DAIP) in April 2016 which included consultation and feedback from all interested residents and visitors to the Town. The information identified areas of activity undertaken through the plan to achieve the proposed DAIP objectives, providing an opportunity to update our strategies.

Register of Complaints (Rules of Conduct)

Minor breaches of the rules of conduct or a local law adopted in accordance with the Local Government Act 1995 by Council members and any action taken are recorded in a register of complaints. No complaints pursuant to the Rules of Conduct were received by the Town in the year under review.

Employee Remuneration

In accordance with Regulation 19B of the Local Government (Administration) Regulations 1996 the Shire is required to disclose the number of employees with an annual cash salary of more than \$100,000.

The number of employees with an annual salary entitlement that falls within each band for 2016/17 is as follows:

| | |
|-----------------------|---|
| \$100,000 - \$109,999 | 1 |
| \$120,000 - \$129,999 | 2 |
| \$170,000 - \$179,999 | 1 |

Local Laws

The Town currently has the following Local Laws:

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

In the year under review 557 cautions were issued in relation to breaches of local laws including the Litter Act.

Key Highlights of the Year

New Logo Adopted

The Town signalled its move into the future with the creation of a brand-new logo. The new logo was the result of the Council reflecting on the need to celebrate and reinforce the community passion and refresh the Town's logo. The new logo takes inspiration from the surrounding Swan River, with the colours portraying the area as positive, progressive, clean and welcoming. The elements of the logo combine to portray the Town as a lifestyle destination and promote the community as a pleasant place to both live and visit. The flowing lines represent the Swan River, the swan symbolises the surrounding fauna, the sails denote the aquatic lifestyle, and the sun signifies the bright and positive community. The elements on the right side include two different figures symbolising the active and diverse community, along with the structured buildings representing the riverside businesses.



TOWN *of*
EAST FREMANTLE

The modern font portrays the Town as a relaxed, vibrant and welcoming community. The fading of turquoise, dark blue and greener shades reinforces the Town's identity as a community surrounded by incredible natural beauty, notably the Swan River and local parks.

It is important to note, that the current Crest will continue to be used for formal and civic uses such as invitations, official council documents, more specifically minutes, reports and agendas, and the new logo for general corporate branding which has been detailed in a new Corporate Style Guide.

Recreation and Community Facilities Strategy Adopted

Council adopted the Recreation and Community Facility Strategy in December 2016.

Across all engagement activities, there were common themes that emerged including suggestions relating to multipurpose community and recreation facilities, the revitalisation of East Fremantle Oval Precinct; possible co-location and resource sharing between clubs and associations and neighbouring local governments. Priorities also include a Cycle path and Footpath Plan to ensure connections across the town for pedestrians and cyclists.





Business Breakfast

As part of the review of the Town's Strategic Community Plan, members from the East Fremantle business community were invited to participate in a Business Breakfast.

This was the first time that such a workshop had been held by the Town for the business community and attracted over 30 people from 18 businesses across the Town.

Information from the workshop was fed back into the Strategic Community Plan (adopted in September 2017). Council are keen to continue to work with all businesses across the Town to continue to engage in interactive discussions on future growth and economic development across the Town.

Leeuwin Vision Plan

In December 2016 Council adopted the Leeuwin Vision Plan, following a 14 day public review period.

The final documentation was forwarded to the Department of Defence in early 2017.

The development of this Vision Plan is only the very beginning of the site's redevelopment journey. There will be the statutory requirement for much greater detailed planning and site investigation to amend the sites zoning in both, the Regional Metropolitan Scheme (MRS), and the Town of East Fremantle's Town Planning Scheme #3. Council and Defence will continue to work collaboratively during the statutory planning and sale processes to ensure the most optimal outcome is achieved for the East Fremantle community and the members of the Australian Defence Force.



Community Perceptions Survey – Excellent Scorecard result

The 'Overall Performance Index Score' from the Survey is a combined measure of the Town of East Fremantle as a 'place to live' and as a 'governing organisation'.

The Town of East Fremantle's overall performance index score is 75 out of 100, placing the Town in equal 3rd place and 10 index points above the industry average for Western Australia. In comparison to the 40 other local governments who participated in the survey, the Town is setting the MARKYT Industry Standard in 2 areas:

- Sense of community
- Sense of belonging

The Community Perception Survey identified seven priority areas that the Community would like the Town to focus on:

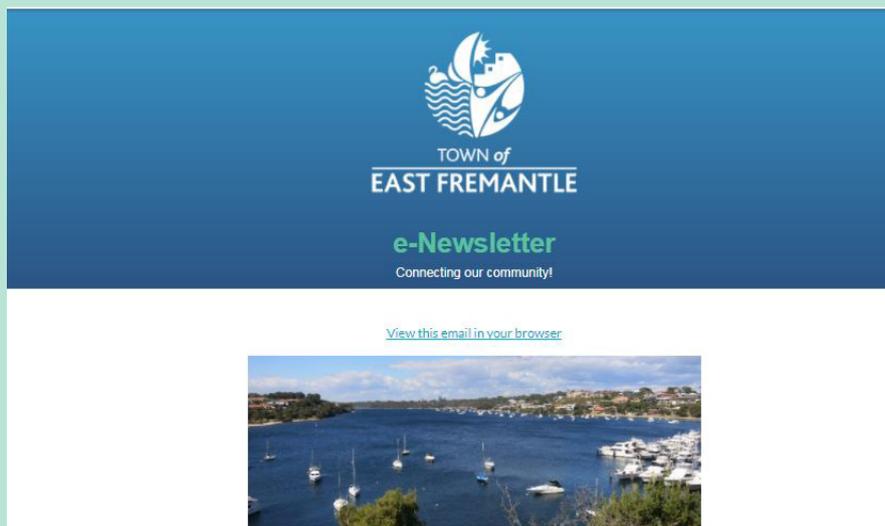
- Continue to protect and maintain the town's unique character and identity
- Consistent decision making with planning and building approvals
- Take action with the East Fremantle Oval Precinct
- Improve the appearance of streetscapes
- Improve footpaths and cycleways, using asphalt for dual use paths
- Address concerns with traffic congestion and on-street parking
- Address safety concerns with break-ins

This information has been used to assist with the review of the Strategic Community Plan.

New E-Newsletter

In February 2017 the Town introduced its new E-newsletter to provide information and news on a regular basis – if you want to receive a copy, please visit the Town's website www.eastfremantle.wa.gov.au and follow the links on the front page to subscribe.

Printed versions of the e-newsletter are available on request. Phone (08) 9339 9339.



Communication and Community Engagement

In February 2017 the Town of East Fremantle adopted the Community Engagement Plan. The Community Engagement Plan aims to establish a standard process for community engagement; ensures that the process is implemented by Town staff and external consultants; ensure that inclusive and efficient consultation is undertaken at all times; and that the Community is kept informed of decisions.

Community members are given the opportunity to contribute to processes through their opportunity to provide comment and feedback, which provides Council with the opportunity to consider Community input before making decisions.

The Community Engagement Plan relates to many activities undertaken by the Town with the exception of notifications in relation to statutory notifications. Where legislative requirements exist which address specific information / consultation processes, the legislative requirements take precedence.

Benefits from having a Community Engagement Plan, include:

- Commits the Town and Council to being open and accountable;
- Assists the Town and Council to plan services that continue to meet Community needs;
- Enables the Town and Council to prioritise services and make better use of resources;
- Allows the broadest range of views to be expressed;
- Ensures the maximum amount of information is gathered prior to making decisions;
- Sees the Town, Council and Community working together to achieve balanced decisions;
- Offers opportunities for the Community to contribute to and influence outcomes which directly affect their lives;
- Ensures an open and familiar process which becomes easier for Community member participation.

E-Newsletter - In February, the town also introduced an E-Newsletter. Produced and circulated to subscribers on a monthly basis, the E-Newsletter provides information and links to relevant and timely information on the Town's website. You can subscribe to the E-Newsletters via the website link or email the Town and request being included on the email list. Hard copies of the newsletter are available on request and can be posted.

Website – ongoing updates on the website will provide the opportunity to source information, make online payments, provide feedback. A staged approach to developing our website ensures that each year we increase the functionality and accessibility to the Town's services - go to www.eastfremantle.wa.gov.au

Facebook – the Town's Facebook page provides up to date information about events, local businesses, meetings etc. www.facebook.com/townofeastfremantle

Community workshops – during the review of the Strategic Community Plan and the development of the Public Art Strategy, the Town hosted workshops with local businesses and community members to seek their input and feedback. Council is committed to continuing to provide as many opportunities as possible for community and stakeholder involvement.

Community Perception Survey /Community Scorecard – the Town invited all residents to participate in the Community Scorecard. The Town was eager to hear community views on local services and facilities and about how the local area can be improved. This information assisted the Council in reviewing its current Strategic Community Plan and plan for future community needs.

Operations - works and services, parks and reserves

The Town of East Fremantle expended the following amounts on its capital works program:

| | Actual |
|---|------------|
| • Buildings | \$276,270 |
| • Footpaths | \$ 206,329 |
| • Swan River Foreshore | \$ 297,760 |
| • Parks | \$ 221,988 |
| • Roads | \$ 585,810 |
| • Art & Sculpture Reserve - Outdoor Sculpture | \$ 7,450 |
| • IT Furniture and Equipment | \$ 151,117 |
| • Plant Replacement | \$ 291,060 |

Works completed in 2016/17

Swan River Foreshore Infrastructure

- John Tonkin Headlands design and documentation completed
- Mooring Pen Jetties Maintenance Program and Treatment undertaken and completed
- Jerrat Drive fence replacement

Parks Infrastructure

- E.I. Chapman Reserve Playground installation
- Glasson Park Perimeter fence replacement
- Ulrich Park Shade Sail installed
- I.G. Hancock Reserve carpark and landscape works

Footpath Infrastructure completed during the year

- Bedford St (George to Canning) West Side
- Bolton St (Preston Pt to Angwin St) North Side
- Fletcher St (Allen to Irwin) North Side
- Allen St (Fletcher to Canning) West Side
- Alcestor St (Preston Pt – Staton) North Side
- Wolsely St (Preston Pt to 55m east) North Side
- Canning Hwy (Angwin to 60m east of Preston Pt) North Side
- Walter St (Canning to Fraser) East Side
- King St (George to St Peters) Both Sides

Road Infrastructure completed

- Riverside Road redesign
- Habgood St pavement reconstruction
- Chauncey St pavement reconstruction
- Angwin St asphalt overlay
- Bolton St asphalt overlay
- Coolgardie St asphalt overlay
- Pier St (Easton St to Clayton St) asphalt overlay
- Fletcher St (Dalgety to Petra) asphalt overlay
- Hillside Rd asphalt overlay
- Surbiton Rd asphalt overlay
- Reynolds Rd asphalt overlay
- Wauhop Rd asphalt overlay



Regulatory Services

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

Strategic Planning

During the year the Town began a review of the existing Local Planning Strategy, which will implement changes to the Town Planning Scheme – No. 3. This process has progressed with the engagement of an Urban Project Planner to progress the Local Planning Strategy.

Town Planning Scheme No. 3 (TPS 3)

In 2014 Council prepared and advertised Amendment No. 10 to TPS 3 which included a suite of modifications to TPS 3 which were intended to progress the recommendations of the LPS.

However, as Amendment 10 reflected LPS proposals, which at that time was yet to be advertised, the Minister for Planning at the time, subsequently advised that all modifications to TPS 3 relating to Scheme Amendment 10 that were informed by the strategy were to be deleted, essentially significantly modifying the intent of the Amendment.

Other scheme amendments advertised during the year under review include:

Amendment No. 11 to TPS 3 Adopted

Council received the Minister for Planning's decision on Scheme Amendment No. 11 to Local Planning Scheme No. 3 and accordingly it was published in the Government Gazette 13 June 2017.

The amendment reads as follows:

Pursuant to clause 87(2) of the Planning and Development Act 2005 (the Act), the Minister for Planning has granted final approval of Amendment No. 11 to the Town of East Fremantle's Local Planning Scheme No. 3 on 1 June 2017 for the purpose of:

- Modifications to the provisions of Amendment 10 that is, R20 be modified to R17.5 for sections of the Richmond Hill and Richmond Precincts.
- Amending the Scheme Maps to change zoning from R12.5 to R17.5 where marked on the Scheme Map.

Amendment No. 12 to TPS 3 – 18 Dalgety Street - Adopted

Scheme Amendment 12 proposed to rezone the subject site from Reservation- 'Public Purposes- Hospital' to 'Residential' with a density coding of 'R15'. Council adopted the Scheme Amendment. The WAPC supported the amendment and subsequently In June 2017 the amendment was approved by the Minister of Planning and included in the Government Gazette.

Amendment No. 13 to TPS 3 – Kaleeya Hospital Site - Adopted

The proposed amendment deleted the Special Use zone entries numbers 1 and 2 in Schedule 4 of TPS No.3. which relate to the Kaleeya Hospital site. These provisions restricted the use of the Hospital site specifically to the uses of 'hospital' and 'office' identified in the Schedule. Council adopted the Scheme Amendment. The WAPC supported the amendment which was approved by the Minister of Planning and included in the Government Gazette in October 2016.

Amendment No. 14 to TPS 3 – 91-93 Canning Highway - Advertised

The proposed Scheme Amendment was prepared by planning consultants on behalf of the owners of the site. The amendment proposes to introduce Special Control Area No. 1 (SCA 1) into Local Planning Scheme No. 3 (LPS 3) for the four lots bound by Canning Highway to the north, Stirling Highway to the east, St Peters Road to the south and Sewell Street to the west. The site has a total land area of 3,841m² and has been identified in the draft Local Planning Strategy 2016 as an 'iconic' site which is an integral part of the East Fremantle Town Centre and the Canning Highway transport/commercial corridor. Development controls for the subject site have been included in the Amendment was advertised in June 2017. Submissions closed in August 2017 a will be considered by Council in due course.



Amendment No. 15 to TPS 3 – Royal George Hotel Site – approved for advertising Significant modifications to Scheme Amendment No.10 were made by the WAPC, however the provisions relating to the Royal George Hotel site (in their entirety), a revised Zoning Table and other administrative provisions were approved. Accordingly, this raised concerns with the provisions of the Scheme Text and the redevelopment of the Royal George Hotel. Council drafted the Amendment with the intent to include development standards for the Royal George Hotel and it was advertised in July/August 2017. The submission period closed in September 2017 and will be considered by Council in due course.

Leeuwin Barracks – Leeuwin Vision Plan Endorsed

In June 2015, the Department of Defence (Defence) announced its intention to sell the Leeuwin Barracks in East Fremantle. Recognising the strategic importance of the site, the Town coordinated a partnership with Defence to commence a Master Visioning Planning process to include stakeholders, the community and a multi-disciplinary team of consultants.

The focus of this visioning process, a four-day design forum took place between 12 - 15 September 2016 culminating in a final Master Visioning Plan for the site. In December 2016, the Leeuwin Vision Plan was adopted by Council and presented to the Department of Defence. The Vision Plan is only the start of a long and collaborative process for the Town and Department of Defence. It must be noted that the Leeuwin Vision Plan is not a statutory document and therefore is not binding. There will be the statutory requirement for much greater detailed planning and site investigation to amend the sites zoning in both, the Regional Metropolitan Scheme (MRS), and the Town of East Fremantle’s Town Planning Scheme #3.

Council and Defence continue to work collaboratively and are keen to ensure the most optimal outcome is achieved for the East Fremantle community and the members of the Australian Defence Force.

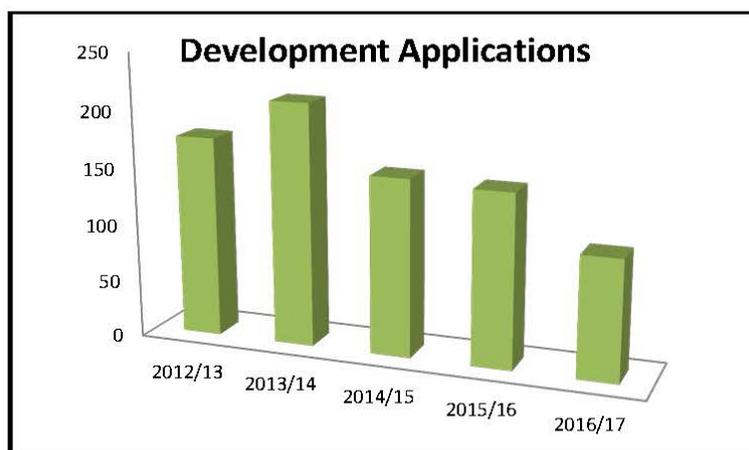
Statutory Planning

The Planning Department received 105 development approval applications for a range of developments comprising dwellings, additions and alterations, mixed use and change of use applications. The total value of the Planning approvals issued was approximately \$20 million.

There was one (1) appeal made to the State Administration Tribunal, which resulted in a mediated outcome.

| | |
|---|--|
| <p>Town Planning & Building Committee members Meets monthly and is an official committee of council with delegated authority</p> | <p>Cr Cliff Collinson as Presiding Member Mayor Jim O’Neil Cr Michael McPhail (Deputy Mayor) Cr Luke Nicholson Cr Andrew White Cr Dean Nardi</p> |
| <p>Community Design Advisory Committee members Meets as required – this committee has no delegated authority</p> | <p>Cr Cliff Collinson (Chair), Dr Johnathan Dalitz Mr Clinton Matthews Mr David Tucker Mr Donald Whittington Ms Alex Wilson</p> |

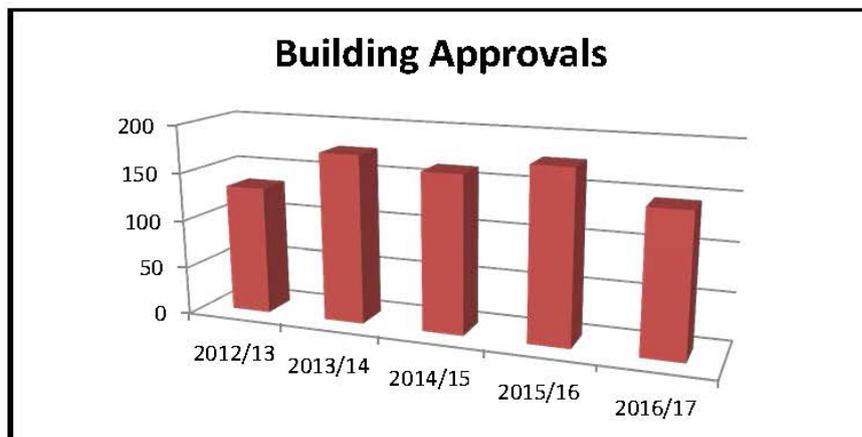
| Development Applications 2017 | | |
|--|---------------|-----------------------|
| Type | Number | (\$) Value |
| Residential Dwelling | 23 | 5,374,425 |
| Alterations/Additions | 33 | 9,415,000 |
| Mixed Use Development | 1 | 4,000,000 |
| Ancillary Accommodation | 4 | 517,146 |
| Outbuildings/Studios | 2 | 50,000 |
| Patios/Alfresco/Landscaping | 11 | 114,818 |
| Carports/Garages | 6 | 207,070 |
| Balconies/Verandahs/Decks | 3 | 65,000 |
| Fencing / Retaining Walls | 7 | 59,300 |
| Home Occupation | 2 | 0 |
| Changes of Use | 5 | 0 |
| Solar Panels | 1 | 5,800 |
| Shed | 2 | 13,700 |
| Privacy Screen | 1 | 2,000 |
| Shade Sail | 1 | 3,600 |
| Storage Containers | 2 | 0 |
| Retrospective Approval | 1 | 0 |
| Alterations to Mixed Use | 0 | 0 |
| Restoration | 0 | 0 |
| Conversion to Habitable Room | 0 | 0 |
| Commercial Fitout | 0 | 0 |
| Commercial Alt/Additions | 0 | 0 |
| Swimming Pools/Spas | 0 | 0 |
| Short Term Accommodation | 0 | 0 |
| Roof Alterations | 0 | 0 |
| Lift | 0 | 0 |
| Demolition | 0 | 0 |
| Crossovers | 0 | 0 |
| Signage | 0 | 0 |
| | 105 | 19,827,859 |



Building Activity

The Building Department received 145 building permit applications for a range of developments.

The total value of the building permits issued was approximately \$37 million.



| Building Permits 2017 | | |
|----------------------------------|---------------|-----------------------|
| Type of Permit | Number | (\$) Value |
| Residential Dwellings | 8 | 7,744,473 |
| Alterations/Additions | 38 | 10,665,209 |
| Swimming Pools/Spas | 16 | 554,846 |
| Outbuildings | 3 | 55,617 |
| Fencing (inc Pool Barriers) | 18 | 125,224 |
| Patios/Alfresco | 13 | 153,672 |
| Carports/Garages/Sheds/Studios | 8 | 171,217 |
| Ancillary Accommodation | 5 | 430,473 |
| Roofing | 3 | 73,909 |
| Commercial Fitout | 9 | 981,382 |
| Commercial Alterations/Additions | 5 | 15,979,610 |
| Demolition Permits | 6 | 72,880 |
| Change of Building Class | 1 | 0 |
| Part Demolition | 5 | 54,300 |
| Occupancy Permit | 2 | 0 |
| Storage of Verge Materials | 3 | 0 |
| Extension of Building Permits | 2 | 0 |
| Balcony/ Verandah | 0 | 0 |
| Signage | 0 | 0 |
| | 145 | 37,062,812 |

Ranger Services

The Town's rangers provide services across the following areas or responsibility:

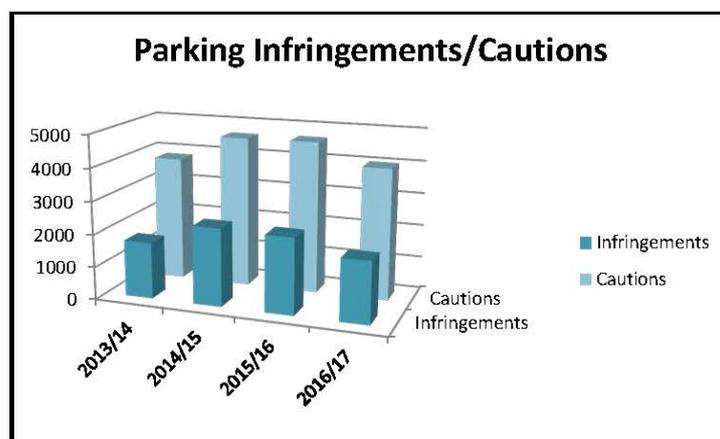
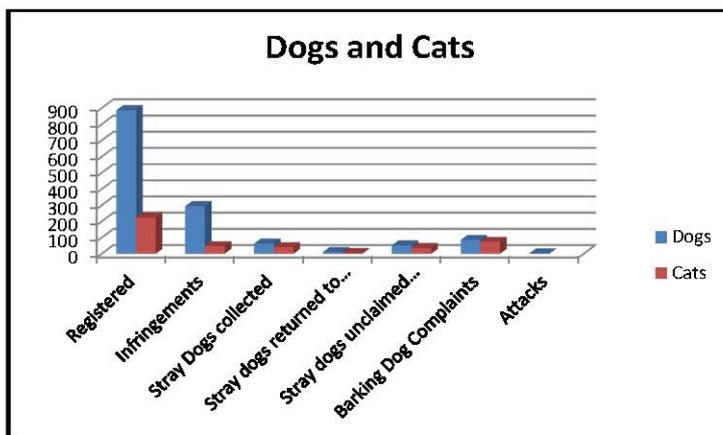
- Animal welfare;
- Cat and Dog Control
- Parking
- Fire prevention
- Littering control
- Public education/ Community education programs
- Fines Enforcement Registry
- Road and traffic management
- After hours emergency response
- Assisting emergency services
- Community, state service and policing liaisons

Fire Risk Management

Rangers conducted fire break / land clearance compliance inspections of all relevant properties. Reminders were forwarded to all non-compliant property owners

Abandoned Vehicles

| | |
|-------------------------------|-----|
| Number of reported abandoned | 120 |
| Number identified & reclaimed | 118 |
| Number unclaimed | 2 |



Environmental Health Services

Health and Community Services encompasses legislation including the new Public Health Act 2016, with the Health Act 1911 being renamed the Health (Miscellaneous Provisions) Act 1911, Environmental Protection Act 1986 (as amended), Food Act 2008, Disability Services Act 1993, Emergency Management Act 2005, Tobacco Products Control Act 2006 and Regulations made pursuant to those Acts; and Health Local Laws.

Environmental campaigns undertaken and supported included the APACE subsidised native plant scheme, strategic waste management including the progression of relevant local laws and liaison with sporting clubs in respect of grant opportunities and Kidsport.

Changes to Legislation

The Public Health Act 2016 received Royal Assent on 25 July 2016 and implementation of the Act commenced from that date. It is anticipated that a staged approach to full implementation will take approximately 3 to 5 years.

Council adopted a new Waste Local Law and resolved to adopt a Plastic Bag Reduction Local Law during this period. The Plastic Bag Reduction Local Law proposes to stop the use of 'single use' plastic bags in the Town.

Waste Management & Recycling

The waste composting and recycling program at the South Metropolitan Regional Council (SMRC) Regional Resource Recovery Centre continues to provide agreed services to the Town of East Fremantle. The tonnes of waste collected for composting totalled 3964 tonnes. Recycling totalled 1072 tonnes. A total of 328 tonnes of green waste was collected through the verge collection service. Council continues to recycle components of the bulk verge collection such as e-waste, metal and mattresses.

The Town continues to use the SMRC for diversion of waste and recycling.

During the year under review, the City of Cockburn withdrew from the SMRC, leaving the City of Melville, City of Fremantle and the Town of East Fremantle as the remaining participants. The impacts of Cockburn's withdrawal are currently being reviewed by the remaining member Councils.

East Fremantle Child Health Clinic

The East Fremantle Child Health Clinic continues to service families in the East Fremantle and Fremantle areas. The clinic is operated by the Child and Adolescent Community Health Section of the Department of Health. Currently, there are two (2) child health nurses who share duties in East Fremantle.

This year there were nine (9) 'new parent groups' with up to 18 parents per group, and nine (9) 'Introduction to solid food' groups. As more families from the Fremantle area are referred to the East Fremantle child Health Clinic, the Centre is approaching capacity.



Corporate and Community Services

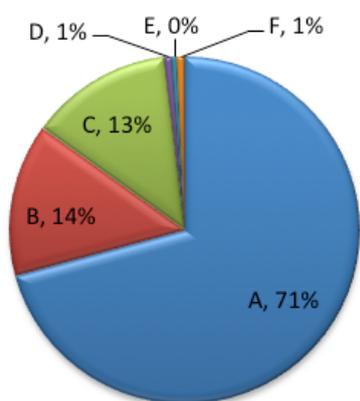
FINANCE

The Town achieved a surplus of \$1,386,955 as at 30 June 2017. It is noted that \$181,708 of this surplus is classified as restricted funds as these are monies that have been received for specific purposes and do not form part of the general funding.

During the 2016-2017 financial year the Town received \$1.47 million in external funding, expended \$2.155 million on capital projects and \$10.563 million on operational activities.

The Town's revenue for 2016-2017 was \$10.527 million. The breakdown of this revenue is shown in the following graphs by Nature and Type, and by Program.

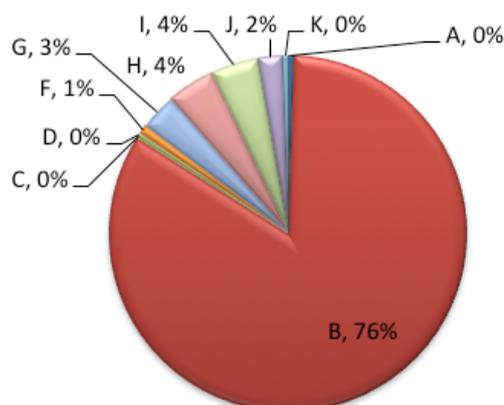
GRAPH 1: Revenue – by Nature and type



| | | | |
|---|---|-----------|-----|
| Rates | A | 7,370,900 | 71% |
| Operating grants, subsidies and contributions | B | 1,476,719 | 14% |
| Fees and charges | C | 1,372,970 | 13% |
| Non-operating grants, subsidies and contributions | D | 80,000.00 | 1% |
| Profit on asset disposals | E | 44,057 | 0% |
| Other revenue | F | 70,949 | 1% |

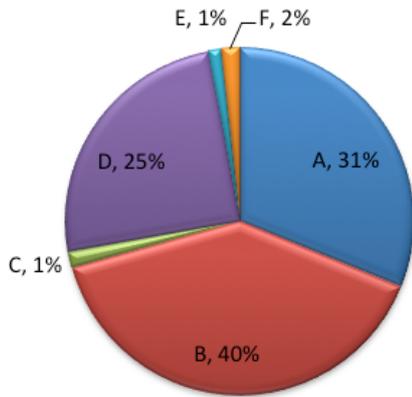
GRAPH 1: Revenue – by Program

| | | | |
|-----------------------------|---|-----------|-----|
| Governance | A | 46,751 | 0% |
| General purpose funding | B | 8,010,490 | 76% |
| Law, order, public safety | C | 29,214 | 0% |
| Health | D | 12,545 | 0% |
| Education and welfare | E | 937073 | 0% |
| Housing | F | 86,034 | 1% |
| Community amenities | G | 314,831 | 3% |
| Recreation and culture | H | 418,108 | 4% |
| Transport | I | 410,220 | 4% |
| Economic services | J | 210,644 | 2% |
| Other property and services | K | 51,549 | 0% |



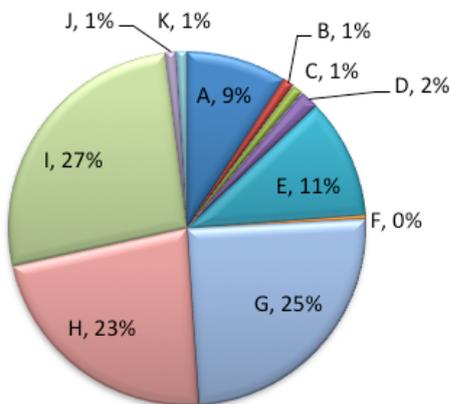
GRAPH 2: Expenditure – by Nature and type

The Town's expenditure for 2016-2017 was \$10.563 million. The breakdown of this expenditure is shown in the following graphs by Nature and Type, and by Program.



| | | | |
|------------------------------------|---|-----------|-----|
| Employee costs | A | 3,267,301 | 31% |
| Materials and contracts | B | 4,147,089 | 40% |
| Utility charges | C | 154,131 | 1% |
| Depreciation on non-current assets | D | 2,614,799 | 25% |
| (Loss) on asset disposals | E | 127,872 | 1% |
| Other expenditure | F | 178,159 | 2% |

GRAPH 2: Expenditure - by Program



| | | | |
|-----------------------------|---|-----------|-----|
| Governance | A | 996,900 | 9% |
| General purpose funding | B | 111,700 | 1% |
| Law, order, public safety | C | 106,600 | 1% |
| Health | D | 187,600 | 2% |
| Education and welfare | E | 1,205,400 | 11% |
| Housing | F | 35,500 | 0% |
| Community amenities | G | 2,708,000 | 25% |
| Recreation and culture | H | 2,468,000 | 23% |
| Transport | I | 2,899,300 | 27% |
| Economic services | J | 110,000 | 1% |
| Other property and services | K | 103,600 | 1% |



Reserve Accounts

The Town has a total of \$3.251 million cash backed reserves; during the year \$1.830 million was transferred to various reserve and \$2.030 million was transferred from various reserves to fund capital projects.

Loans and Borrowings

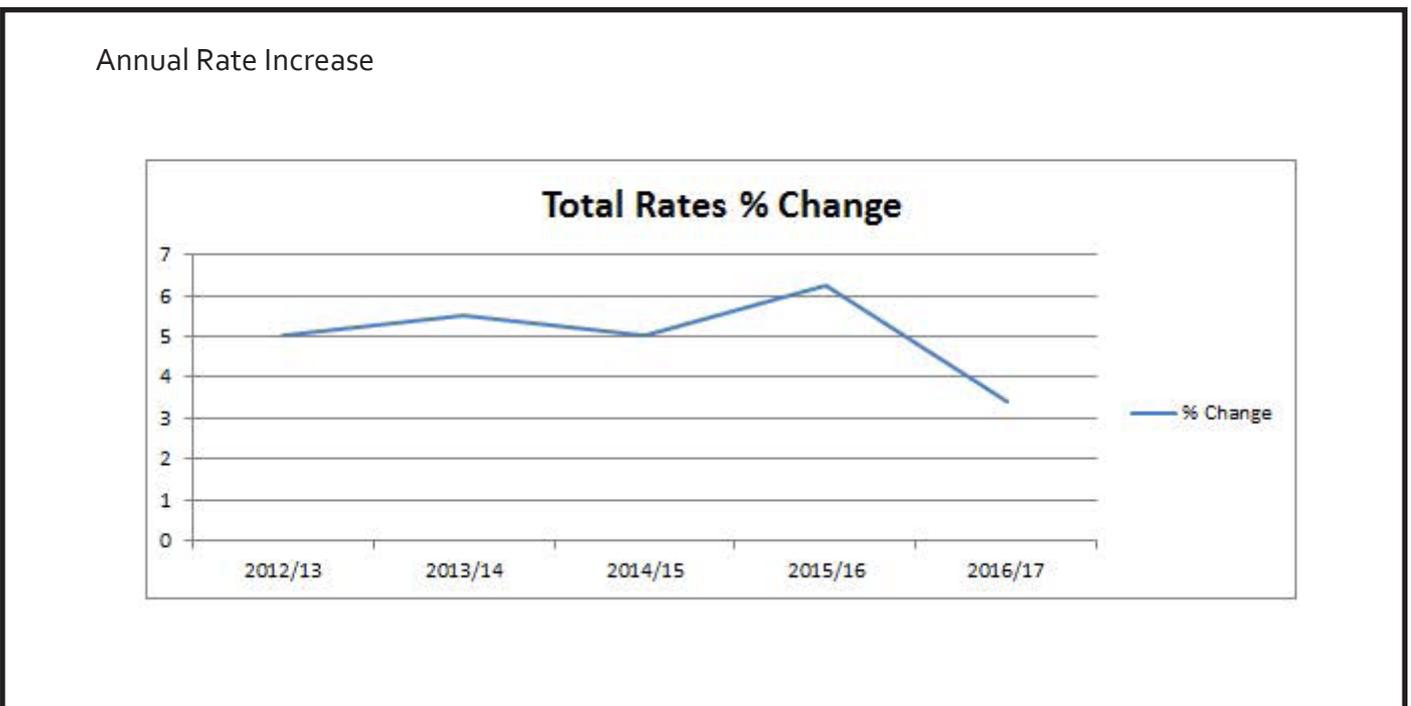
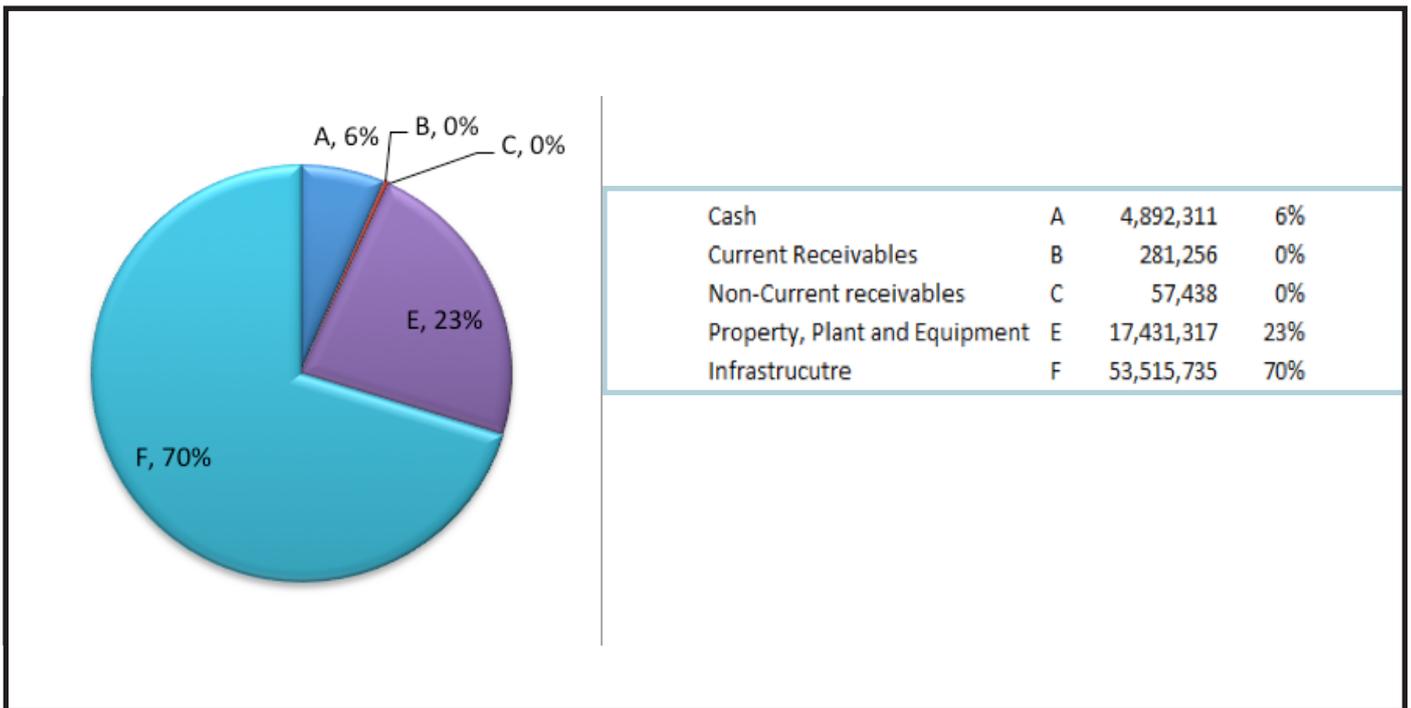
The Town continues to remain debt free with nil debt balance as at 30 June 2017.

Rates

Rate revenue raised during in 2016-2017 was \$7.371 million. As at 30 June 2017 the amount outstanding for rates was \$150,429 (2%).

Net Asset Position

The Town continues to be in good financial health with having a net asset position of \$75.238 million. The breakdown of the assets and liabilities is illustrated in the following graphs.



ECONOMIC AND COMMUNITY DEVELOPMENT

Community Events

The 2016 East Fremantle Festival in George Street was a tremendous success. We thank Lotterywest once again, for their \$20,000 grant. This year's theme was jazz music and the main stage featured Adam Hall and the Velvet Playboys with Libby Hammer and other support acts providing enjoyable entertainment for the whole day. The artisan market provided many and varied Christmas present options and the multicultural food stalls had something for everyone. Children enjoyed a multitude of free activities held in the shady and safe Glasson Park.

Council once again presented the very popular Big Hoo Ha comedy nights in August and September at the East Fremantle Bowling Club. The Club was filled to capacity and a very good time was had by all.

The movies in John Tonkin Park proved popular again, albeit for one evening only. Due to very inclement weather, the Friday Night Movie had to be cancelled, however audiences enjoyed the Saturday Night showing of Zootopia.

Community Grants Assistance

The Town introduced the Community Grants Assistance Program during the year under review, with the aim of providing small grants to provide an opportunity for local clubs and groups to build capacity within their club and the community, promote and stimulate volunteering and youth development.

Grants were provided to the following:

| Community Goup | Description | |
|--------------------------------------|-----------------------------------|----------|
| Lions Club of East Fremantle | Club Shirts | \$420 |
| East Fremantle Bowling Club | New Ring & Green markers | \$910.80 |
| Scouts - 1st Fremantle & 1st Leeuwin | Repair/Upgrade rigging for yachts | \$975 |
| East Fremantle Lawn Tennis | Community Open Day | \$1,000 |
| East Fremantle Junior Cricket | Mobile Cricket nets & equipment | \$3,000 |
| East Fremantle Yacht Club | Discover East Fremantle Event | \$3,000 |

East Fremantle Play Group

The East Fremantle Playgroup, a member of Playgroup WA, shares the Sumpton Green Community Centre with the East Fremantle Child health Clinic. Families with children from between 0-5 years are welcome, and new families have a "2 free trial visits" option before enrolling.

Kidsport

Funding from the Department of Sport and Recreation Kidsport program assisted 37 children playing a variety of sports across the Town, an increase of 7 children from the previous year.



Joint Library Service – Fremantle and East Fremantle

Library services to the Town are provided by the City of Fremantle Library Services. Town of East Fremantle residents, students and workers memberships to the library numbered 1414 with 57 toy library members for the 2016-17 year.

The City of Fremantle is undertaking the Kings Square renewal project in partnership with Sirona Capital. As part of this project the City has committed to the construction of a new administration centre with a new community living and learning hub which will include library services. Work on the new building will commence in 2018. In the meantime, the Fremantle Library will be relocated temporarily to the Fremantle Oval, former home of the Fremantle Dockers.

Garage Sale Trail

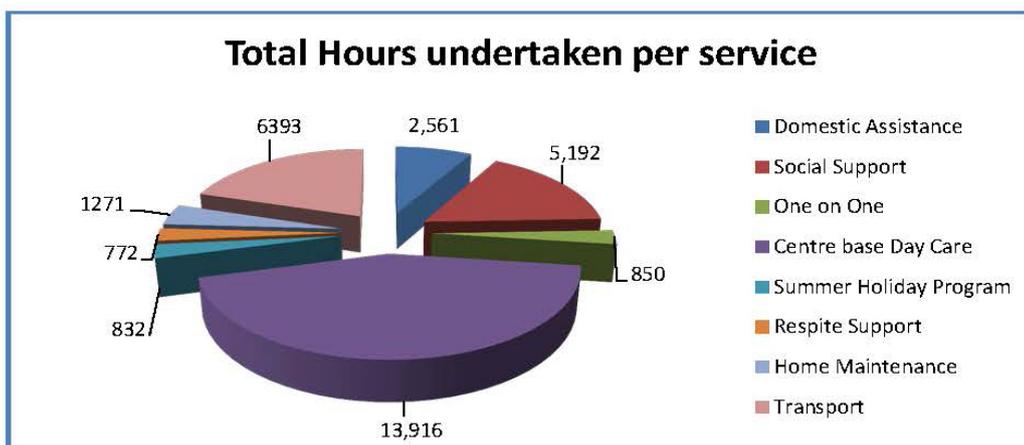
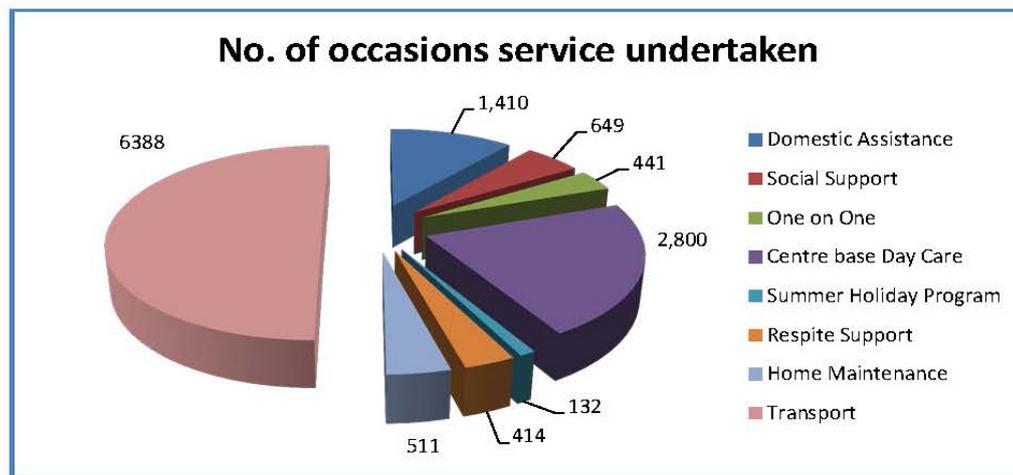
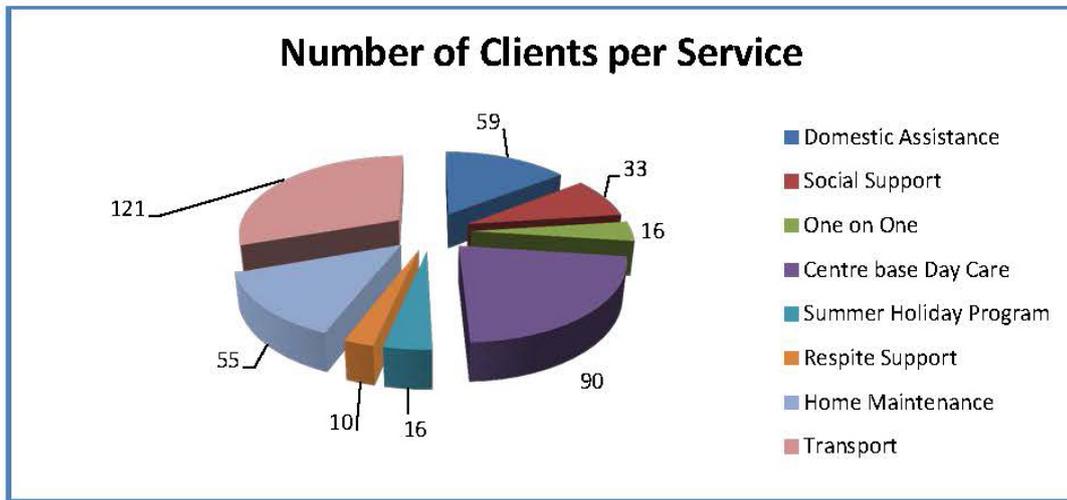
Introduced to Western Australia on Saturday 26 October 2013, Town of East Fremantle, with funding support from the Office of the Waste Authority has promoted and endorsed a number of garage sales each year with many businesses and residents participating.

In 2016 there were 24 sellers registered, with an average of 1,025 shoppers attending the Garage Sale Trail in the Town. It is estimated that each seller sells an average volume of 8 standard shopping trolleys which results in a lot of items being re-distributed on the day.



Home and Community Care (HACC)

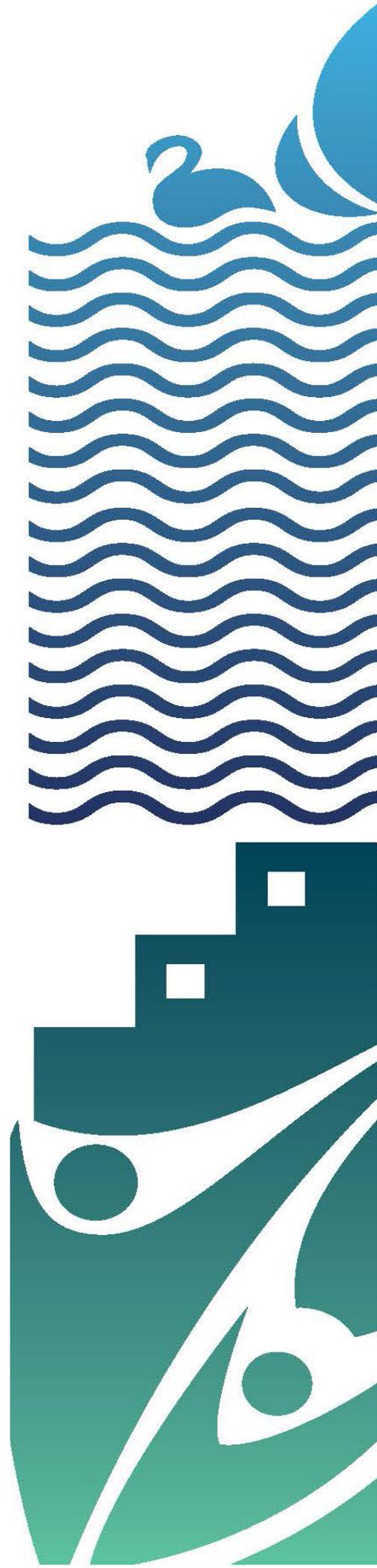
The Town of East Fremantle HACC services works with the WA Assessment Framework to deliver client centered support services across the Town of East Fremantle and the Cities of Cockburn, Fremantle and Melville areas. Referrals are made through the Regional Assessment Services (RAS). The HACC program relocated its service operations from Dovenby House to the Tricolore Community Centre in December 2016.



Phone (08) 9339 9339
Facsimile (08) 9339 3399

Town of East Fremantle
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PO Box 1097 Fremantle WA 6959
www.eastfremantle.wa.gov.au

E admin@eastfremantle.wa.gov.au
Facebook [@townofeastfremantle](https://www.facebook.com/townofeastfremantle)



Appendix I

Town of East Fremantle

Financial Report

2016/17



TOWN OF EAST FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
135 Canning Highway
East Fremantle 6158

TOWN OF EAST FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

| | NOTE | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|---|------|---------------------|----------------------|---------------------|
| Revenue | | | | |
| Rates | 23 | 7,370,900 | 7,374,000 | 6,893,029 |
| Operating grants, subsidies and contributions | 30 | 1,476,719 | 972,100 | 1,027,294 |
| Fees and charges | 29 | 1,372,970 | 1,394,300 | 1,295,417 |
| Interest earnings | 2(a) | 235,921 | 166,400 | 220,100 |
| Other revenue | 2(a) | 70,949 | 82,600 | 117,597 |
| | | <u>10,527,459</u> | <u>9,989,400</u> | <u>9,553,437</u> |
| Expenses | | | | |
| Employee costs | | (3,267,301) | (3,140,400) | (3,031,590) |
| Materials and contracts | | (4,147,089) | (4,520,100) | (3,843,726) |
| Utility charges | | (154,131) | (383,400) | (387,623) |
| Depreciation on non-current assets | 2(a) | (2,614,799) | (2,522,800) | (2,533,323) |
| Insurance expenses | | (178,159) | (241,000) | (242,092) |
| Other expenditure | | (201,475) | (124,900) | (155,731) |
| | | <u>(10,562,954)</u> | <u>(10,932,600)</u> | <u>(10,194,085)</u> |
| | | (35,495) | (943,200) | (640,648) |
| Non-operating grants, subsidies and contributions | 30 | 80,000 | 60,000 | 353,781 |
| Profit on asset disposals | 21 | 44,057 | 0 | 33,818 |
| (Loss) on asset disposals | 21 | (127,872) | 0 | (5,651) |
| Net result | | (39,310) | (883,200) | (258,700) |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 13 | 778,856 | 0 | 222,818 |
| Total other comprehensive income | | 778,856 | 0 | 222,818 |
| Total comprehensive income | | 739,546 | (883,200) | (35,882) |

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

TOWN OF EAST FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

| | NOTE | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|---|------|-----------------------|-------------------------|------------------------|
| Revenue | 2(a) | | | |
| Governance | | 46,751 | 26,200 | 103,643 |
| General purpose funding | | 8,010,490 | 7,728,600 | 7,294,175 |
| Law, order, public safety | | 29,214 | 29,600 | 28,968 |
| Health | | 12,545 | 12,400 | 12,288 |
| Education and welfare | | 937,073 | 899,100 | 901,556 |
| Housing | | 86,034 | 87,000 | 85,760 |
| Community amenities | | 314,831 | 331,000 | 212,329 |
| Recreation and culture | | 418,108 | 430,600 | 345,933 |
| Transport | | 410,220 | 276,800 | 373,253 |
| Economic services | | 210,644 | 136,800 | 151,755 |
| Other property and services | | 51,549 | 31,300 | 43,777 |
| | | <u>10,527,459</u> | <u>9,989,400</u> | <u>9,553,437</u> |
| Expenses | 2(a) | | | |
| Governance | | (901,975) | (996,900) | (806,186) |
| General purpose funding | | (106,908) | (111,700) | (75,599) |
| Law, order, public safety | | (94,869) | (106,600) | (102,663) |
| Health | | (184,286) | (187,600) | (143,514) |
| Education and welfare | | (1,163,888) | (1,205,400) | (1,161,379) |
| Housing | | (31,798) | (35,500) | (28,827) |
| Community amenities | | (2,416,560) | (2,708,000) | (2,302,292) |
| Recreation and culture | | (2,479,975) | (2,468,000) | (2,403,887) |
| Transport | | (2,909,367) | (2,899,300) | (2,962,635) |
| Economic services | | (156,903) | (110,000) | (113,703) |
| Other property and services | | (116,425) | (103,600) | (93,400) |
| | | <u>(10,562,954)</u> | <u>(10,932,600)</u> | <u>(10,194,085)</u> |
| Finance costs | 2(a) | | | |
| | | (35,495) | (943,200) | (640,648) |
| Non-operating grants, subsidies and contributions | 30 | 80,000 | 60,000 | 353,781 |
| Profit on disposal of assets | 21 | 44,057 | 0 | 33,818 |
| (Loss) on disposal of assets | 21 | (127,872) | 0 | (5,651) |
| Net result | | <u>(39,310)</u> | <u>(883,200)</u> | <u>(258,700)</u> |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 13 | 778,856 | 0 | 222,818 |
| Total other comprehensive income | | <u>778,856</u> | <u>0</u> | <u>222,818</u> |
| Total comprehensive income | | <u><u>739,546</u></u> | <u><u>(883,200)</u></u> | <u><u>(35,882)</u></u> |

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

**TOWN OF EAST FREMANTLE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017**

| | NOTE | 2017 \$ | 2016 \$ |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 4,892,311 | 4,577,986 |
| Trade and other receivables | 4 | <u>281,256</u> | <u>235,259</u> |
| TOTAL CURRENT ASSETS | | <u>5,173,567</u> | <u>4,813,245</u> |
| NON-CURRENT ASSETS | | | |
| Other receivables | 4 | 57,438 | 70,873 |
| Property, plant and equipment | 5 | 17,431,317 | 16,637,084 |
| Infrastructure | 6 | <u>53,515,735</u> | <u>54,253,746</u> |
| TOTAL NON-CURRENT ASSETS | | <u>71,004,490</u> | <u>70,961,703</u> |
| TOTAL ASSETS | | <u>76,178,057</u> | <u>75,774,948</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 274,648 | 540,249 |
| Provisions | 9 | <u>657,407</u> | <u>677,822</u> |
| TOTAL CURRENT LIABILITIES | | <u>932,055</u> | <u>1,218,071</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 9 | <u>8,451</u> | <u>58,872</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>8,451</u> | <u>58,872</u> |
| TOTAL LIABILITIES | | <u>940,506</u> | <u>1,276,943</u> |
| NET ASSETS | | <u>75,237,551</u> | <u>74,498,005</u> |
| EQUITY | | | |
| Retained surplus | | 22,288,168 | 22,127,123 |
| Reserves - cash backed | 12 | 3,251,730 | 3,452,085 |
| Revaluation surplus | 13 | <u>49,697,653</u> | <u>48,918,797</u> |
| TOTAL EQUITY | | <u>75,237,551</u> | <u>74,498,005</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 30TH JUNE 2017**

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|-----------------------------------|------|-----------------------------|----------------------------------|------------------------------|-----------------------------|
| Balance as at 1 July 2015 | | 23,978,173 | 1,859,735 | 48,695,979 | 74,533,887 |
| Comprehensive income | | | | | |
| Net result | | (258,700) | 0 | 0 | (258,700) |
| Changes on revaluation of assets | 13 | 0 | 0 | 222,818 | 222,818 |
| Total comprehensive income | | <u>(258,700)</u> | <u>0</u> | <u>222,818</u> | <u>(35,882)</u> |
| Transfers from/(to) reserves | | (1,592,350) | 1,592,350 | 0 | 0 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance as at 30 June 2016 | | 22,127,123 | 3,452,085 | 48,918,797 | 74,498,005 |
| Comprehensive income | | | | | |
| Net result | | (39,310) | 0 | 0 | (39,310) |
| Changes on revaluation of assets | 13 | 0 | 0 | 778,856 | 778,856 |
| Total comprehensive income | | <u>(39,310)</u> | <u>0</u> | <u>778,856</u> | <u>739,546</u> |
| Transfers from/(to) reserves | | 200,355 | (200,355) | 0 | 0 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance as at 30 June 2017 | | <u>22,288,168</u> | <u>3,251,730</u> | <u>49,697,653</u> | <u>75,237,551</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 30TH JUNE 2017**

| | NOTE | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 7,348,269 | 7,374,000 | 6,882,786 |
| Operating grants, subsidies and contributions | | 1,419,063 | 972,100 | 1,045,589 |
| Fees and charges | | 1,372,970 | 1,279,600 | 1,295,417 |
| Interest earnings | | 235,921 | 166,400 | 220,100 |
| Goods and services tax | | 648,213 | 297,000 | 514,241 |
| Other revenue | | 70,949 | 82,600 | 117,597 |
| | | <u>11,095,385</u> | <u>10,171,700</u> | <u>10,075,730</u> |
| Payments | | | | |
| Employee costs | | (3,342,708) | (3,140,400) | (2,946,617) |
| Materials and contracts | | (4,408,119) | (4,515,500) | (4,196,685) |
| Utility charges | | (154,131) | (383,400) | (387,623) |
| Insurance expenses | | (178,159) | (241,000) | (242,092) |
| Goods and services tax | | (600,488) | (297,000) | (500,712) |
| Other expenditure | | (201,475) | (124,900) | (155,731) |
| | | <u>(8,885,080)</u> | <u>(8,702,200)</u> | <u>(8,429,460)</u> |
| Net cash provided by (used in) operating activities | 14(b) | <u>2,210,305</u> | <u>1,469,500</u> | <u>1,646,270</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | | (827,370) | (2,135,000) | (223,652) |
| Payments for construction of infrastructure | | (1,328,385) | (1,971,100) | (591,359) |
| Non-operating grants, subsidies and contributions | | 80,000 | 60,000 | 353,781 |
| Proceeds from sale of fixed assets | | 179,775 | 111,000 | 78,458 |
| Net cash provided by (used in) investment activities | | <u>(1,895,980)</u> | <u>(3,935,100)</u> | <u>(382,772)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from new debentures | | 0 | 500,000 | 0 |
| Net cash provided by (used in) financing activities | | <u>0</u> | <u>500,000</u> | <u>0</u> |
| Net increase (decrease) in cash held | | 314,325 | (1,965,600) | 1,263,498 |
| Cash at beginning of year | | 4,577,986 | 4,293,900 | 3,314,488 |
| Cash and cash equivalents at the end of the year | 14(a) | <u>4,892,311</u> | <u>2,328,300</u> | <u>4,577,986</u> |

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

**TOWN OF EAST FREMANTLE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017**

| | NOTE | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| Net current assets at start of financial year - surplus/(deficit) | | 504,265 | 202,900 | 523,436 |
| | | 504,265 | 202,900 | 523,436 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 54,459 | 26,200 | 105,147 |
| General purpose funding | | 639,590 | 354,600 | 401,146 |
| Law, order, public safety | | 29,214 | 29,600 | 32,226 |
| Health | | 16,599 | 12,400 | 15,128 |
| Education and welfare | | 941,236 | 899,100 | 901,556 |
| Housing | | 86,034 | 87,000 | 85,760 |
| Community amenities | | 314,831 | 331,000 | 212,329 |
| Recreation and culture | | 432,948 | 430,600 | 363,766 |
| Transport | | 423,512 | 276,800 | 381,636 |
| Economic services | | 210,644 | 136,800 | 151,755 |
| Other property and services | | 51,549 | 31,300 | 43,777 |
| | | 3,200,616 | 2,615,400 | 2,694,226 |
| Expenditure from operating activities | | | | |
| Governance | | (901,975) | (996,900) | (806,186) |
| General purpose funding | | (106,908) | (111,700) | (75,599) |
| Law, order, public safety | | (94,869) | (106,600) | (102,663) |
| Health | | (184,286) | (187,600) | (143,514) |
| Education and welfare | | (1,163,888) | (1,205,400) | (1,161,379) |
| Housing | | (31,798) | (35,500) | (28,827) |
| Community amenities | | (2,417,513) | (2,708,000) | (2,302,292) |
| Recreation and culture | | (2,606,408) | (2,468,000) | (2,403,887) |
| Transport | | (2,909,853) | (2,899,300) | (2,968,286) |
| Economic services | | (156,903) | (110,000) | (113,703) |
| Other property and services | | (116,425) | (103,600) | (93,400) |
| | | (10,690,826) | (10,932,600) | (10,199,736) |
| Operating activities excluded from budget | | | | |
| (Profit) on disposal of assets | 21 | (44,057) | 0 | (33,818) |
| Loss on disposal of assets | 21 | 127,872 | 0 | 5,651 |
| Movement in deferred pensioner rates (non-current) | | 13,435 | 0 | 45,944 |
| Movement in employee benefit provisions (non-current) | | (50,421) | 0 | 17,332 |
| Movement in cash-backed leave reserve | | 35,997 | 0 | 0 |
| Depreciation and amortisation on assets | 2(a) | 2,614,799 | 2,522,800 | 2,533,323 |
| Amount attributable to operating activities | | (4,288,320) | (5,591,500) | (4,413,642) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 80,000 | 60,000 | 353,781 |
| Proceeds from disposal of assets | 21 | 179,775 | 111,000 | 78,458 |
| Purchase of property, plant and equipment | 5(b) | (827,370) | (2,135,000) | (223,652) |
| Purchase and construction of infrastructure | 6(b) | (1,328,385) | (1,971,100) | (591,359) |
| Amount attributable to investing activities | | (1,895,980) | (3,935,100) | (382,772) |
| FINANCING ACTIVITIES | | | | |
| Proceeds from new debentures | 22(a) | 0 | 500,000 | 0 |
| Transfers to reserves (restricted assets) | 12 | (1,830,326) | (1,782,500) | (2,400,355) |
| Transfers from reserves (restricted assets) | 12 | 2,030,681 | 3,435,100 | 808,005 |
| Amount attributable to financing activities | | 200,355 | 2,152,600 | (1,592,350) |
| Surplus(deficiency) before general rates | | (5,983,945) | (7,374,000) | (6,388,764) |
| Total amount raised from general rates | 23 | 7,370,900 | 7,374,000 | 6,893,029 |
| Net current assets at June 30 c/fwd - surplus/(deficit) | 24 | 1,386,955 | 0 | 504,265 |

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 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

(a) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

(b) Cash and Cash Equivalents

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

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(d) Inventories

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Town commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Town revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Town was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Town includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Town.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

| | |
|--|------------------------------|
| Buildings | 40 to 50 years (2.5% - 2.0%) |
| IT Equipment | 4 Years (25%) |
| Furniture and Equipment | 10 Years (10%) |
| Plant and Equipment - HACC Buses | 12 Years (8.5%) |
| Plant and Equipment - Heavy Fleet | 11 Years (9%) |
| Plant and Equipment - Light Fleet | 5 Years (20%) |
| Plant and Equipment - Other/Ride On Mowers | 5 Years (20%) |
| Infrastructure | Various |

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

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

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

When performing a revaluation, the Town uses a mix of both independent and management valuations using the following as a guide:

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities (Continued)

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Town becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Town commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Town has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Town no longer has any significant continual involvement in the risks and benefits associated with the asset.

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

(h) Impairment of Assets

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(i) Trade and Other Payables

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

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(k) Borrowing Costs

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

(l) Provisions

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

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

(m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Town, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

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

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

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

An associate is an entity over which the Town has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Town's share of net assets of the associate. In addition, the Town's share of the profit or loss of the associate is included in the Town's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Town's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Town and the associate are eliminated to the extent of the Town's interest in the associate.

When the Town's share of losses in an associate equals or exceeds its interest in the associate, the Town discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Town will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(o) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Town's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note (a)

(p) 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(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(q) Superannuation

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) Budget Comparative Figures

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

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Town.

Management's assessment of the new and amended pronouncements that are relevant to the Town, applicable to future reporting periods and which have not yet been adopted are set out as follows:

| Title | Issued / Compiled | Applicable ⁽¹⁾ | Impact |
|--|-------------------|---------------------------|--|
| (i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8) | December 2014 | 1 January 2018 | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Town, it is not anticipated the Standard will have any material effect. |
| (ii) AASB 15 Revenue from Contracts with Customers | December 2014 | 1 January 2019 | <p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Town has with those third parties it has dealings with. It may or may not be significant.</p> |
| (iii) AASB 16 Leases | February 2016 | 1 January 2019 | <p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Town, the impact is not expected to be significant.</p> |

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

| Title | Issued / Compiled | Applicable ⁽¹⁾ | Impact |
|--|-------------------|---------------------------|--|
| (iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8) | December 2016 | 1 January 2019 | <p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Town's operations.</p> |

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

(w) Adoption of New and Revised Accounting Standards

During the current year, the Town adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

| | |
|--|--|
| <p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p> | <p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Town as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p> |
|--|--|

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| 2. REVENUE AND EXPENSES | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| (a) Net Result | | |
| The Net result includes: | | |
| (i) Charging as an expense: | | |
| Auditors remuneration | | |
| - Audit of the Annual Financial Report | 10,330 | 18,120 |
| - Other Services | 6,740 | 2,270 |
| Depreciation | | |
| Buildings - non-specialised | 14,849 | 31,006 |
| Buildings - specialised | 298,477 | 280,923 |
| Furniture and equipment | 41,508 | 38,343 |
| Plant and equipment | 193,569 | 177,438 |
| Infrastructure - Roads | 634,916 | 591,581 |
| Infrastructure - Footpaths | 320,248 | 312,544 |
| Infrastructure - Drainage | 136,982 | 136,982 |
| Infrastructure - Parks and Ovals | 644,808 | 635,516 |
| Infrastructure - Car Parks | 55,451 | 54,998 |
| Infrastructure - Other Improvements | 273,991 | 273,992 |
| | <u>2,614,799</u> | <u>2,533,323</u> |
| (ii) Crediting as revenue: | | |
| Other revenue | | |
| Reimbursements and recoveries | 67,617 | 113,122 |
| Significant revenue (refer above) | 3,332 | 4,475 |
| | <u>70,949</u> | <u>117,597</u> |
| | <u>2,685,748</u> | <u>2,650,920</u> |
| | 2017 | 2016 |
| | Actual | Actual |
| | \$ | \$ |
| Interest earnings | | |
| - Reserve funds | 86,618 | 52,325 |
| - Other funds | 72,815 | 100,473 |
| Other interest revenue (refer note 28) | 76,488 | 67,302 |
| | <u>235,921</u> | <u>220,100</u> |

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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, reflected by the Town's Community Plan, and for each of its broad activities/programs.

COMMUNITY VISION

Our Town has a distinct identity. We are recognised for the integration of our heritage, lifestyle, environment and community value.

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task 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:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

To provide assistance to senior citizens welfare and home and community health.

Activities:

Provision and maintenance of home and community care programs including meals on wheels, in home care, home maintenance, senior outings, respite and school holiday programs.

HOUSING

Objective:

To assist with housing for staff and the community.

Activities:

Provision and maintenance of residential rental properties..

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

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

Activities:

Rubbish collection, recycling and disposal, joint maintenance of SMRC waste management facility, and administration of Town Planning Schemes, heritage protection and townspaces, maintenance of urban stormwater drainage and protection of the environment.

RECREATION AND CULTURE

Objective:

To plan, establish and efficiently manage sport and recreation infrastructure and resources which will help the social well being and health and community.

Activities:

The provision and maintenance of various community infrastructure including public halls, recreation grounds, sports pavillions, playgrounds, parks, gardens, beaches and the joint operation of the City of Fremantle Library.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community.

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the Town and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control plant and depot operations, and to provide other property and services not included elsewhere.

Activities:

Private works operation, plant operating costs, depot operations and unclassified property functions.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

| Grant/Contribution | Opening Balance ⁽¹⁾ 1/07/15 \$ | Received ⁽²⁾ 2015/16 \$ | Expended ⁽³⁾ 2015/16 \$ | Closing Balance ⁽¹⁾ 30/06/16 \$ | Received ⁽²⁾ 2016/17 \$ | Expended ⁽³⁾ 2016/17 \$ | Closing Balance 30/06/17 \$ |
|--|--|---|---|---|---|---|--|
| Education and welfare | | | | | | | |
| DoH HACC Non-Operating Plant Replacement | 0 | 88,140 | 0 | 88,140 | 0 | (88,140) | 0 |
| DoH HACC Non-Operating Capital Grant | 0 | 0 | 0 | 0 | 14,208 | 0 | 14,208 |
| Recreation and culture | | | | | | | |
| Kidsport Grant | 2,005 | 0 | (2,005) | 0 | 0 | 0 | 0 |
| DSR Recreation and Community Facilities Plan | 50,000 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| DopW Swan River Trust Erosion Control | 0 | 167,500 | 0 | 167,500 | 0 | 0 | 167,500 |
| Transport | | | | | | | |
| DoIRD Roads to Recovery | 0 | 98,141 | 0 | 98,141 | 0 | (98,141) | 0 |
| Total | 52,005 | 353,781 | (52,005) | 353,781 | 14,208 | (186,281) | 181,708 |

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

| | Note | 2017 \$ | 2016 \$ |
|---|----------|------------------|------------------|
| 3. CASH AND CASH EQUIVALENTS | | | |
| Unrestricted | | 1,640,581 | 1,125,901 |
| Restricted | | <u>3,251,730</u> | <u>3,452,085</u> |
| | | <u>4,892,311</u> | <u>4,577,986</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | | |
| Reserves cash backed - Leave Reserve | 12 | 397,173 | 361,176 |
| Reserves cash backed - Plant Replacement Reserve | 12 | 252,480 | 254,369 |
| Reserves cash backed - Civic Building Reserve | 12 | 1,228,809 | 899,657 |
| Reserves cash backed - Office Reserve | 12 | 147,992 | 143,967 |
| Reserves cash backed - Legal Costs Reserve | 12 | 138,812 | 135,038 |
| Reserves cash backed - HACC Reserve | 12 | 211,451 | 205,700 |
| Reserves cash backed - Strategic Plan Reserve | 12 | 550,135 | 1,003,383 |
| Reserves cash backed - Arts & Sculpture Reserve | 12 | 143,170 | 95,014 |
| Reserves cash backed - Unspent Grant & Restrictd C: | 12, 2(c) | <u>181,708</u> | <u>353,781</u> |
| | | <u>3,251,730</u> | <u>3,452,085</u> |

4. TRADE AND OTHER RECEIVABLES

Current

| | | |
|-----------------------------------|----------------|----------------|
| Rates outstanding | 150,429 | 114,363 |
| Sundry debtors | 131,427 | 63,352 |
| GST receivable | 0 | 47,725 |
| Accrued Income ESL | 0 | 10,419 |
| Less Provision for Doubtful Debts | <u>(600)</u> | <u>(600)</u> |
| | <u>281,256</u> | <u>235,259</u> |

Non-current

| | | |
|--------------------------------|---------------|---------------|
| Rates outstanding - pensioners | <u>57,438</u> | <u>70,873</u> |
| | <u>57,438</u> | <u>70,873</u> |

Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

| | | |
|---------------------------|----------------|----------------|
| Rates outstanding | <u>150,429</u> | <u>114,363</u> |
| Includes: | | |
| Past due and not impaired | 150,429 | 114,323 |
| Impaired | <u>0</u> | <u>0</u> |
| Sundry debtors | <u>131,427</u> | <u>63,352</u> |
| Includes: | | |
| Past due and not impaired | 131,427 | 32,352 |
| Impaired | <u>0</u> | <u>0</u> |
| | <u>0</u> | <u>0</u> |

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | \$ | \$ |
| 5 (a). PROPERTY, PLANT AND EQUIPMENT | | |
| Land and buildings | | |
| - Independent valuation 2017 - level 2 | 4,451,000 | 0 |
| - Independent valuation 2014 - level 2 | 0 | 3,992,000 |
| | <u>4,451,000</u> | <u>3,992,000</u> |
| | <u>4,451,000</u> | <u>3,992,000</u> |
| Buildings - non-specialised at: | | |
| - Independent valuation 2017 - level 2 | 541,000 | 0 |
| - Independent valuation 2014 - level 2 | 0 | 1,206,000 |
| Buildings - non-specialised - Less: accumulated depreciation | 0 | (62,012) |
| | <u>541,000</u> | <u>1,143,988</u> |
| Buildings - specialised at: | | |
| - Independent valuation 2017 - level 3 | 11,508,900 | 0 |
| - Independent valuation 2014 - level 3 | 0 | 10,959,000 |
| - Additions after valuation - cost | 0 | 345,455 |
| Buildings - specialised - Less: accumulated depreciation | 0 | (554,910) |
| | <u>11,508,900</u> | <u>10,749,545</u> |
| | <u>12,049,900</u> | <u>11,893,533</u> |
| Total land and buildings | <u>16,500,900</u> | <u>15,885,533</u> |
| Furniture and equipment at: | | |
| - Management valuation 2016 - level 2 | 298,586 | 309,066 |
| - Additions after valuation - cost | 151,117 | 0 |
| Furniture and equipment - Less: accumulated depreciation | (264,935) | (233,907) |
| | <u>184,768</u> | <u>75,159</u> |
| Plant and equipment at: | | |
| - Management valuation 2016 - level 2 | 1,443,123 | 1,908,142 |
| - Additions after valuation - cost | 399,982 | 0 |
| Plant and equipment - Less: accumulated depreciation | (1,097,456) | (1,231,750) |
| | <u>745,649</u> | <u>676,392</u> |
| | <u>17,431,317</u> | <u>16,637,084</u> |

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

| | Balance at the Beginning of the Year \$ | Additions \$ | (Disposals) \$ | Revaluation Increments/ (Decrements) Transferred to Revaluation \$ | Revaluation (Losses)/ Reversals Through to Profit or Loss \$ | Impairment (Losses)/ Reversals \$ | Depreciation (Expense) \$ | Transfers \$ | Carrying Amount at the End of Year \$ |
|--|---|-----------------|-------------------|--|--|--|---------------------------------|-----------------|---|
| Land - freehold land | 3,992,000 | 0 | 0 | 459,000 | 0 | 0 | 0 | 0 | 4,451,000 |
| Total land | 3,992,000 | 0 | 0 | 459,000 | 0 | 0 | 0 | 0 | 4,451,000 |
| Buildings - non-specialised | 1,143,988 | 0 | 0 | (8,632) | 0 | 0 | (14,849) | (579,507) | 541,000 |
| Buildings - specialised | 10,749,545 | 276,270 | (126,433) | 328,488 | 0 | 0 | (298,477) | 579,507 | 11,508,900 |
| Total buildings | 11,893,533 | 276,270 | (126,433) | 319,856 | 0 | 0 | (313,326) | 0 | 12,049,900 |
| Total land and buildings | 15,885,533 | 276,270 | (126,433) | 778,856 | 0 | 0 | (313,326) | 0 | 16,500,900 |
| Furniture and equipment | 75,159 | 151,117 | 0 | 0 | 0 | 0 | (41,508) | 0 | 184,768 |
| Plant and equipment | 676,392 | 399,983 | (137,155) | 0 | 0 | 0 | (193,569) | 0 | 745,649 |
| Total property, plant and equipment | 16,637,084 | 827,370 | (263,588) | 778,856 | 0 | 0 | (548,403) | 0 | 17,431,317 |

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|--------------------------------|-----------------------------|--|--------------------------------|-------------------------------|---|
| Land and buildings | | | | | |
| Land - freehold land | (Level 2) | Market approach using recent observable market data for similar properties / income approach using discount cash flow methodology. | Independent Registered Valuers | June 2017 | Price per hectare / market borrowing rate. |
| Buildings - non-specialised | (Level 2) | Market approach using recent observable market data for similar properties / income approach using discounted cash flow methodology. | Independent Registered Valuers | June 2017 | Price per square metre / market borrowing rate. |
| Buildings - specialised | (Level 3) | Improvements to land using cost approach of depreciated replacement cost. | Independent Registered Valuers | June 2017 | Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs. |
| Furniture and equipment | (Level 3) | Cost approach using depreciated replacement cost. | Management Valuation | June 2016 | Purchase costs and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs. |
| Plant and equipment | (Level 2) | Market approach using recent observable market data for similar items. | Management Valuation | June 2016 | Price per item. |

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

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

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|--|--------------------|-------------------|
| | \$ | \$ |
| 6 (a). INFRASTRUCTURE | | |
| Infrastructure - Roads | | |
| - Management valuation 2015 - level 3 | 33,356,000 | 33,356,000 |
| - Additions after valuation - cost | 891,381 | 395,648 |
| Infrastructure - Roads - Less: accumulated depreciation | <u>(1,226,497)</u> | <u>(591,581)</u> |
| | 33,020,884 | 33,160,067 |
| | | |
| Infrastructure - Footpaths | | |
| - Management valuation 2015 - level 3 | 4,718,000 | 4,718,000 |
| - Additions after valuation - cost | 314,811 | 108,482 |
| Infrastructure - User defined 2 - Less: accumulated depreciation | <u>(632,792)</u> | <u>(312,544)</u> |
| | 4,400,019 | 4,513,938 |
| | | |
| Infrastructure - Drainage | | |
| - Management valuation 2015 - level 3 | 2,998,000 | 2,998,000 |
| Infrastructure - User defined 3 - Less: accumulated depreciation | <u>(273,964)</u> | <u>(136,982)</u> |
| | 2,724,036 | 2,861,018 |
| | | |
| Infrastructure - Parks and Ovals | | |
| - Management valuation 2015 - level 3 | 8,610,000 | 8,610,000 |
| - Additions after valuation - cost | 645,928 | 87,229 |
| Infrastructure - User defined 4 - Less: accumulated depreciation | <u>(1,280,323)</u> | <u>(635,516)</u> |
| | 7,975,605 | 8,061,713 |
| | | |
| Infrastructure - Car Parks | | |
| - Management valuation 2015 - level 3 | 3,013,000 | 3,013,000 |
| - Additions after valuation - cost | 67,623 | 0 |
| Infrastructure - User defined 5 - Less: accumulated depreciation | <u>(110,449)</u> | <u>(54,998)</u> |
| | 2,970,174 | 2,958,002 |
| | | |
| Infrastructure - Other Improvements | | |
| - Management valuation 2015 - level 3 | 2,973,000 | 2,973,000 |
| Infrastructure - User defined 6 - Less: accumulated depreciation | <u>(547,983)</u> | <u>(273,992)</u> |
| | 2,425,017 | 2,699,008 |
| | <u>53,515,735</u> | <u>54,253,746</u> |

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17 A(2) which requires infrastructure to be shown at fair value.

Note: Parks and Ovals and Other Improvements Infrastructure are inclusive of Reserves, Rivers, Signs, Irrigation, Parks and Bus Shelters.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

6. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

| | Balance as at the Beginning of the Year | Additions | (Disposals) | Revaluation Increments/ (Decrements) Transferred to Revaluation | Revaluation (Loss)/ Reversal Transferred to Profit or Loss | Impairment (Losses)/ Reversals | Depreciation (Expense) | Transfers | Carrying Amount at the End of the Year |
|-------------------------------------|--|------------------|-------------|--|---|--------------------------------------|---------------------------|-----------|---|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Infrastructure - Roads | 33,160,067 | 495,733 | 0 | 0 | 0 | 0 | (634,916) | 0 | 33,020,884 |
| Infrastructure - Footpaths | 4,513,938 | 206,329 | 0 | 0 | 0 | 0 | (320,248) | 0 | 4,400,019 |
| Infrastructure - Drainage | 2,861,018 | 0 | 0 | 0 | 0 | 0 | (136,982) | 0 | 2,724,036 |
| Infrastructure - Parks and Ovals | 8,061,713 | 558,700 | 0 | 0 | 0 | 0 | (644,808) | 0 | 7,975,605 |
| Infrastructure - Car Parks | 2,958,002 | 67,623 | 0 | 0 | 0 | 0 | (55,451) | 0 | 2,970,174 |
| Infrastructure - Other Improvements | 2,699,008 | 0 | 0 | 0 | 0 | 0 | (273,991) | 0 | 2,425,017 |
| Total infrastructure | 54,253,746 | 1,328,385 | 0 | 0 | 0 | 0 | (2,066,396) | 0 | 53,515,735 |

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

6. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|--|-----------------------------|---|----------------------------------|-------------------------------|--|
| Infrastructure - Roads | (Level 3) | Cost approach using depreciated replacement cost. | Independent Registered Valuation | June 2015 | Construction cost and current condition (Level 2), residual value and remaining useful life assessments (Level3) inputs. |
| Infrastructure - Footpaths | (Level 3) | Cost approach using depreciated replacement cost. | Independent Registered Valuation | June 2015 | Construction cost and current condition (Level 2), residual value and remaining useful life assessments (Level3) inputs. |
| Infrastructure - Drainage | (Level 3) | Cost approach using depreciated replacement cost. | Independent Registered Valuation | June 2015 | Construction cost and current condition (Level 2), residual value and remaining useful life assessments (Level3) inputs. |
| Infrastructure - Parks and Ovals | (Level 3) | Cost approach using depreciated replacement cost. | Independent Registered Valuation | June 2015 | Construction cost and current condition (Level 2), residual value and remaining useful life assessments (Level3) inputs. |
| Infrastructure - Car Parks | (Level 3) | Cost approach using depreciated replacement cost. | Independent Registered Valuation | June 2015 | Construction cost and current condition (Level 2), residual value and remaining useful life assessments (Level3) inputs. |
| Infrastructure - Other Improvements | (Level 3) | Cost approach using depreciated replacement cost. | Independent Registered Valuation | June 2015 | Construction cost and current condition (Level 2), residual value and remaining useful life assessments (Level3) inputs. |

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

| | 2017 | 2016 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| 7. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry creditors | 195,770 | 456,800 |
| Accrued salaries and wages | 78,878 | 83,449 |
| | <u>274,648</u> | <u>540,249</u> |

8. LONG-TERM BORROWINGS

The Town did not have any long term borrowings at the reporting date.

9. PROVISIONS

| | Provision for Annual Leave | Provision for Long Service Leave | Total |
|---------------------------------------|---|---|----------------|
| | \$ | \$ | \$ |
| Opening balance at 1 July 2016 | | | |
| Current provisions | 263,782 | 414,040 | 677,822 |
| Non-current provisions | 0 | 58,872 | 58,872 |
| | <u>263,782</u> | <u>472,912</u> | <u>736,694</u> |
| Additional provision | 158,350 | 32,927 | 191,277 |
| Amounts used | (109,309) | (152,804) | (262,113) |
| Balance at 30 June 2017 | <u>312,823</u> | <u>353,035</u> | <u>665,858</u> |
| Comprises | | | |
| Current | 312,823 | 344,584 | 657,407 |
| Non-current | 0 | 8,451 | 8,451 |
| | <u>312,823</u> | <u>353,035</u> | <u>665,858</u> |

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

12. RESERVES - CASH BACKED

| | Actual 2017 Opening Balance \$ | Actual 2017 Transfer to \$ | Actual 2017 Transfer (from) \$ | Actual 2017 Closing Balance \$ | Budget 2017 Opening Balance \$ | Budget 2017 Transfer to \$ | Budget 2017 Transfer (from) \$ | Budget 2017 Closing Balance \$ | Actual 2016 Opening Balance \$ | Actual 2016 Transfer to \$ | Actual 2016 Transfer (from) \$ | Actual 2016 Closing Balance \$ |
|---|--|-------------------------------------|--|--|--|-------------------------------------|--|--|--|-------------------------------------|--|--|
| Reserves cash backed - Leave Reserve | 361,176 | 35,997 | 0 | 397,173 | 361,100 | 25,900 | 0 | 387,000 | 327,981 | 60,195 | (27,000) | 361,176 |
| Reserves cash backed - Plant Replacement Reserve | 254,369 | 147,111 | (149,000) | 252,480 | 178,300 | 140,000 | (149,000) | 169,300 | 183,372 | 159,997 | (89,000) | 254,369 |
| Reserves cash backed - Civic Building Reserve | 899,657 | 329,152 | 0 | 1,228,809 | 899,600 | 304,000 | (1,110,000) | 93,600 | 381,663 | 553,994 | (36,000) | 899,657 |
| Reserves cash backed - Office Reserve | 143,967 | 4,025 | 0 | 147,992 | 143,900 | 53,000 | (177,000) | 19,900 | 114,968 | 50,999 | (22,000) | 143,967 |
| Reserves cash backed - Legal Costs Reserve | 135,038 | 3,775 | 0 | 138,813 | 135,000 | 0 | 0 | 135,000 | 131,140 | 3,898 | | 135,038 |
| Reserves cash backed - HACC Reserve | 205,700 | 5,751 | 0 | 211,451 | 205,700 | 0 | 0 | 205,700 | 174,702 | 30,998 | | 205,700 |
| Reserves cash backed - Strategic Plan Reserve | 1,003,383 | 1,242,151 | (1,695,400) | 550,134 | 1,004,300 | 1,214,100 | (1,695,400) | 523,000 | 419,389 | 1,140,994 | (557,000) | 1,003,383 |
| Reserves cash backed - Arts & Sculpture Reserve | 95,014 | 48,156 | 0 | 143,170 | 95,000 | 45,500 | (48,200) | 92,300 | 74,515 | 45,499 | (25,000) | 95,014 |
| Reserves cash backed - Unspent Grant & Restricted | 353,781 | 14,208 | (186,281) | 181,708 | 353,700 | 0 | (255,500) | 98,200 | 52,005 | 353,781 | (52,005) | 353,781 |
| | 3,452,085 | 1,830,326 | (2,030,681) | 3,251,730 | 3,376,600 | 1,782,500 | (3,435,100) | 1,724,000 | 1,859,735 | 2,400,355 | (808,005) | 3,452,085 |

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

12. RESERVES - CASH BACKED

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

| Name of Reserve | Purpose of the reserve |
|--|---|
| Reserves cash backed - Leave Reserve | The purpose to provide coverage in relation to accumulated leave obligations. |
| Reserves cash backed - Plant Replacement Reserve | The purchase and replacement of major plant. |
| Reserves cash backed - Civic Building Reserve | The purpose of maintaining civic buildings. |
| Reserves cash backed - Office Reserve | The purpose of IT infrastructure and other office equipment. |
| Reserves cash backed - Legal Costs Reserve | The purpose of funding legal obligations. |
| Reserves cash backed - HACC Reserve | The retention of unspent HACC program funds and HACC asset replacement. |
| Reserves cash backed - Strategic Plan Reserve | The purpose of maintaining infrastructure and the provision of strategic plans. |
| Reserves cash backed - Arts & Sculpture Reserve | The provision of art and sculpture. |
| Reserves cash backed - Unspent Grant & Restricted Cash Reserve | The retention of unspent specific purpose grants and moneys. |

The reserves are not expected to be used within a set period as and will be transferred too and/or utilised as required.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

13. REVALUATION SURPLUS

| | 2017 | 2017 | 2017 | 2017 | 2017 | 2016 | 2016 | 2016 | 2016 | 2016 |
|---|-------------------|----------------|----------------|----------------|-------------------|-------------------|----------------|-------------|----------------|-------------------|
| | Opening | Revaluation | Revaluation | Total | Closing | Opening | Revaluation | Revaluation | Total | Closing |
| | Balance | Increment | (Decrement) | Revaluation | Balance | Balance | Increment | (Decrement) | Revaluation | Balance |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land | 3,502,000 | 459,000 | 0 | 459,000 | 3,961,000 | 3,502,000 | 0 | 0 | 0 | 3,502,000 |
| Revaluation surplus - Buildings - non-specialised | 512,403 | 0 | (8,632) | (8,632) | 503,771 | 512,403 | 0 | 0 | 0 | 512,403 |
| Revaluation surplus - Buildings - specialised | 5,002,215 | 328,488 | 0 | 328,488 | 5,330,703 | 5,002,215 | 0 | 0 | 0 | 5,002,215 |
| Revaluation surplus - Plant and equipment | 222,818 | 0 | 0 | 0 | 222,818 | 0 | 222,818 | 0 | 222,818 | 222,818 |
| Revaluation surplus - Infrastructure - Roads | 26,166,712 | 0 | 0 | 0 | 26,166,712 | 26,166,712 | 0 | 0 | 0 | 26,166,712 |
| Revaluation surplus - Infrastructure - Footpaths | 1,717,848 | 0 | 0 | 0 | 1,717,848 | 1,717,848 | 0 | 0 | 0 | 1,717,848 |
| Revaluation surplus - Infrastructure - Drainage | 1,753,269 | 0 | 0 | 0 | 1,753,269 | 1,753,269 | 0 | 0 | 0 | 1,753,269 |
| Revaluation surplus - Infrastructure - Parks and Ovals | 6,113,988 | 0 | 0 | 0 | 6,113,988 | 6,113,988 | 0 | 0 | 0 | 6,113,988 |
| Revaluation surplus - Infrastructure - Car Parks | 1,198,359 | 0 | 0 | 0 | 1,198,359 | 1,198,359 | 0 | 0 | 0 | 1,198,359 |
| Revaluation surplus - Infrastructure - Other Improvements | 2,729,185 | 0 | 0 | 0 | 2,729,185 | 2,729,185 | 0 | 0 | 0 | 2,729,185 |
| | 48,918,797 | 787,488 | (8,632) | 778,856 | 49,697,653 | 48,695,979 | 222,818 | 0 | 222,818 | 48,918,797 |

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

| | 2017 | 2017 | 2016 |
|---------------------------|------------------|------------------|------------------|
| | \$ | Budget | \$ |
| | | \$ | |
| Cash and cash equivalents | <u>4,892,311</u> | <u>2,328,300</u> | <u>4,577,986</u> |

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

| | | | |
|--|------------------|------------------|------------------|
| Net result | (39,310) | (883,200) | (258,700) |
| Non-cash flows in Net result: | | | |
| Depreciation | 2,614,799 | 2,522,800 | 2,533,323 |
| (Profit)/Loss on sale of asset | 83,815 | 0 | (28,167) |
| Changes in assets and liabilities: | | | |
| (Increase)/Decrease in receivables | (32,562) | (114,700) | 21,581 |
| Increase/(Decrease) in payables | (265,601) | 4,600 | (321,194) |
| Increase/(Decrease) in provisions | (70,836) | 0 | 53,208 |
| Grants contributions for the development of assets | <u>(80,000)</u> | <u>(60,000)</u> | <u>(353,781)</u> |
| Net cash from operating activities | <u>2,210,305</u> | <u>1,469,500</u> | <u>1,646,270</u> |

| | 2017 | 2016 |
|--|----------------|----------------|
| | \$ | \$ |
| (c) Undrawn Borrowing Facilities | | |
| Credit Standby Arrangements | | |
| Bank overdraft limit | 100,000 | 100,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 5,000 | 5,000 |
| Credit card balance at balance date | <u>5,000</u> | <u>(31)</u> |
| Total amount of credit unused | <u>110,000</u> | <u>104,969</u> |
| Loan facilities | | |
| Loan facilities - current | 0 | 0 |
| Loan facilities - non-current | <u>0</u> | <u>0</u> |
| Total facilities in use at balance date | <u>0</u> | <u>0</u> |
| Unused loan facilities at balance date | <u>NIL</u> | <u>NIL</u> |

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

15. CONTINGENT LIABILITIES

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

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

The Town's estimated share of the project funding and liability is based on population percentages.

The RRRC Loan Liability as at 30 June 2017 is \$19,522,597 (LY \$23,179,903) with the Council;s share of this liability as per below;

| | | 2017 | 2016 |
|-------------------------|----|-------------|-------------|
| Liability Share | \$ | 595,439 | 709,305 |
| Liability Sharing Ratio | % | 3.05 | 3.06 |

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

The Town is project participant in the SMRC Office project. The project was established through the Southern Metropolitan Regional Council (SMRC) and involves the Cities of Cokburn, Fremantle, Kwinana, Melville and the Town of East Fremantle in the development of an independent centre at 9 Aldous Place, Booragoon.

The Town's estimated share of the project funding and liability is based on population percentages.

The SMRC Loan Liability as at 30 June 2017 is \$1,800,000 (LY \$1,800,000) with the Council;s share of this liability as per below;

| | | 2017 | 2016 |
|-------------------------|----|-------------|-------------|
| Liability Share | \$ | 47,700 | 48,060 |
| Liability Sharing Ratio | % | 2.65% | 2.67% |

16. CAPITAL AND LEASING COMMITMENTS

The Town did not have any future capital expenditure commitments at the reporting date.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

17. JOINT VENTURE ARRANGEMENTS

The Town is a member of the SMRC which was established in accordance with the Local Government Act 1995 and consists of the Cities of Cokburn, Fremantle, Kwinana, Melville and the Town of East Fremantle.

The Town's estimated share of the project funding and liability is based on population percentages.

The SMRC General Equity as at 30 June 2017 is \$3,127,127 (LY \$2,367,025) with the Council's share of this liability as per below;

| | | 2017 | 2016 |
|----------------------|----|-------------|-------------|
| Equity Share | \$ | 82,869 | 63,200 |
| Equity Sharing Ratio | % | 2.65 | 2.67 |

Regional Resource Recovery Centre (RRRC)

The Town is a member of the SMRC which was established as a joint venture through the SMRC with the Cities of Cokburn, Fremantle, Kwinana, Melville and the Town of East Fremantle. The RRRC joint venture's principal activity is the development of a municipal waste processing, recycling and green waste facility at Canning Vale.

The Town's estimated share of the project funding and liability is based on population percentages.

The RRRC project equity as at 30 June 2017 is \$12,269,475 (LY \$12,262,471) with the Council's share of this equity as per below;

| | | 2017 | 2016 |
|----------------------|----|-------------|-------------|
| Equity Share | \$ | 385,199 | 375,232 |
| Equity Sharing Ratio | % | 3.05 | 3.06 |

The SWG project equity as at 30 June 2017 is \$122,400 (LY \$207,600) with the Council's share of this equity listed below;

| | | 2017 | 2016 |
|----------------------|----|-------------|-------------|
| Equity Share | \$ | 9,180 | 10,649 |
| Equity Sharing Ratio | % | 7.70 | 7.32 |

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2017 | 2016 |
|-----------------------------|-------------------|-------------------|
| | \$ | \$ |
| Governance | 7,613,091 | 7,473,913 |
| General purpose funding | 5,231,005 | 0 |
| Health | 31,500 | 34,149 |
| Education and welfare | 1,215,295 | 1,244,429 |
| Housing | 238,000 | 248,426 |
| Community amenities | 90,500 | 74,070 |
| Recreation and culture | 17,910,448 | 18,484,171 |
| Transport | 43,115,113 | 43,493,025 |
| Other property and services | 733,105 | 4,722,765 |
| | <u>76,178,057</u> | <u>75,774,948</u> |

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

| | 2017 | 2016 | 2015 |
|-----------------------------------|--------|--------|-------|
| 19. FINANCIAL RATIOS | | | |
| Current ratio | 3.59 | 1.59 | 1.07 |
| Asset sustainability ratio | 0.76 | 0.20 | 1.32 |
| Debt service cover ratio | N/A | N/A | 38.89 |
| Operating surplus ratio | (0.01) | (0.07) | 0.09 |
| Own source revenue coverage ratio | 0.85 | 0.84 | 0.94 |

The above ratios are calculated as follows:

| | |
|-----------------------------------|--|
| Current ratio | $\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$ |
| Asset sustainability ratio | $\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$ |
| Debt service cover ratio | $\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$ |
| Operating surplus ratio | $\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$ |
| Own source revenue coverage ratio | $\frac{\text{own source operating revenue}}{\text{operating expenses}}$ |

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 53 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$119,856.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$119,233.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

| | 2017 | 2016 | 2015 |
|--------------------------|-------|-------|-------|
| Current ratio | 3.37 | 1.22 | 1.34 |
| Debt service cover ratio | N/A | N/A | 36.17 |
| Operating surplus ratio | -0.03 | -0.06 | 0.07 |

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. TRUST FUNDS

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

| | 1 July 2016 | Amounts Received | Amounts Paid | 30 June 2017 |
|--------------------------------|----------------|---------------------|-----------------|-----------------|
| | \$ | \$ | (\$) | \$ |
| Development Bonds and Deposits | 231,967 | 90,976 | (89,475) | 233,468 |
| Developer Cash in Lieu | 435,491 | 21,706 | 0 | 457,197 |
| Mooring Pen Deposits | 59,310 | 7,680 | (11,150) | 55,840 |
| Other Bonds and Deposits | 16,501 | 573 | (285) | 16,789 |
| Unclaimed Monies | 30,106 | 0 | 0 | 30,106 |
| | <u>773,375</u> | | | <u>793,400</u> |

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Actual Net Book Value | Actual Sale Proceeds | Actual Profit | Actual Loss | Budget Net Book Value | Budget Sale Proceeds | Budget Profit | Budget Loss |
|---|-----------------------------|----------------------------|------------------|------------------|-----------------------------|----------------------------|------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Plant and Equipment | | | | | | | | |
| Governance | | | | | | | | |
| Sedan - CEO | 6,768 | 11,818 | 5,050 | 0 | 12,000 | 12,000 | 0 | 0 |
| EMFA - Vehicle | 10,978 | 13,636 | 2,658 | 0 | 15,000 | 15,000 | 0 | 0 |
| Health | | | | | | | | |
| PEHO - Vehicle | 5,037 | 9,091 | 4,054 | 0 | 8,000 | 8,000 | 0 | 0 |
| Education and welfare | | | | | | | | |
| HACC Medium Sedan | 4,304 | 7,045 | 2,741 | 0 | 10,000 | 10,000 | 0 | 0 |
| HACC Van | 7,442 | 8,864 | 1,422 | 0 | 12,000 | 12,000 | 0 | 0 |
| Community amenities | | | | | | | | |
| EMRS - Vehicle | 10,953 | 10,000 | 0 | (953) | 13,000 | 13,000 | 0 | 0 |
| Recreation and culture | | | | | | | | |
| Toro Ride on Mower | 232 | 15,000 | 14,768 | 0 | 4,000 | 4,000 | 0 | 0 |
| Stihle Blower | 0 | 73 | 73 | 0 | | | | |
| Parks - Single Cab Utility | 8,101 | 14,773 | 6,672 | 0 | 14,000 | 14,000 | 0 | 0 |
| East Fremantle North Toilet Block - Demolished | 31,510 | 0 | 0 | (31,510) | 0 | 0 | 0 | 0 |
| East Fremantle South West Stand - Demolished | 24,975 | 0 | 0 | (24,975) | 0 | 0 | 0 | 0 |
| East Fremantle South East Toilet Block - Demolished | 41,207 | 0 | 0 | (41,207) | 0 | 0 | 0 | 0 |
| East Fremantle Glass Shelter - Demolished | 4,636 | 0 | 0 | (4,636) | 0 | 0 | 0 | 0 |
| East Fremantle Cometary Stand - Demolished | 24,105 | 0 | 0 | (24,105) | 0 | 0 | 0 | 0 |
| Transport | | | | | | | | |
| Fuso Fighter Truck | 38,668 | 38,182 | 0 | (486) | 7,000 | 7,000 | 0 | 0 |
| Works - Single Cab Utility | 27,539 | 30,384 | 2,845 | 0 | 5,000 | 5,000 | 0 | 0 |
| Works - Single Cab Utility | 7,680 | 10,000 | 2,320 | 0 | 6,000 | 6,000 | 0 | 0 |
| Works - Single Cab Utility | 9,455 | 10,909 | 1,454 | 0 | 5,000 | 5,000 | 0 | 0 |
| | <u>263,590</u> | <u>179,775</u> | <u>44,057</u> | <u>(127,872)</u> | <u>111,000</u> | <u>111,000</u> | <u>0</u> | <u>0</u> |

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Town has no borrowings as at 30 June 2017

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

The Town did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Town did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Town did not utilise any overdraft facilities during 2016/17 financial year.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | 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 \$ |
|---|-----------------------|-------------------------------------|----------------------------------|--------------------------------|---------------------------------|------------------------------|---------------------------------|---|---|--|--|
| Differential general rate / general rate | | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | |
| Residential | 6.4466 | 2,950 | 90,048,400 | 5,805,060 | 20,891 | 86 | 5,826,037 | 5,805,000 | 25,000 | 0 | 5,830,000 |
| Commercial | 9.9546 | 124 | 12,286,300 | 1,223,052 | 0 | 0 | 1,223,052 | 1,223,000 | 0 | 0 | 1,223,000 |
| Unimproved value valuations | | | | | | | | | | | |
| Sub-Total | | 3,074 | 102,334,700 | 7,028,112 | 20,891 | 86 | 7,049,089 | 7,028,000 | 25,000 | 0 | 7,053,000 |
| Minimum payment | Minimum \$ | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | |
| Residential | 1,035 | 296 | 4,018,000 | 306,360 | 0 | 0 | 306,360 | 306,000 | 0 | 0 | 306,000 |
| Commercial | 1,545 | 10 | 132,000 | 15,451 | 0 | 0 | 15,451 | 15,000 | 0 | 0 | 15,000 |
| Sub-Total | | 306 | 4,150,000 | 321,811 | 0 | 0 | 321,811 | 321,000 | 0 | 0 | 321,000 |
| Total amount raised from general rate | | 3,380 | 106,484,700 | 7,349,923 | 20,891 | 86 | 7,370,900 | 7,349,000 | 25,000 | 0 | 7,374,000 |
| Totals | | | | | | | <u>7,370,900</u> | | | | <u>7,374,000</u> |
| | | | | | | | <u>7,370,900</u> | | | | <u>7,374,000</u> |

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets

| | 2017 | 2017 | 2016 |
|--|--|---|--|
| | (30 June 2017 Carried Forward) \$ | (1 July 2016 Brought Forward) \$ | (30 June 2016 Carried Forward) \$ |
| Surplus/(Deficit) 1 July 16 brought forward | <u>1,386,955</u> | <u>504,265</u> | <u>504,265</u> |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | | |
| Unrestricted | 1,640,581 | 1,125,901 | 1,125,901 |
| Restricted | 3,251,730 | 3,452,085 | 3,452,085 |
| Receivables | | | |
| Rates outstanding | 150,429 | 114,363 | 114,363 |
| Sundry debtors | 131,427 | 63,352 | 63,352 |
| GST receivable | 0 | 47,725 | 47,725 |
| Accrued Income ESL | 0 | 10,419 | 10,419 |
| Less Provision for Doubtful Debts | (600) | (600) | (600) |
| LESS: CURRENT LIABILITIES | | | |
| Trade and other payables | | | |
| Sundry creditors | (195,770) | (456,800) | (456,800) |
| Accrued salaries and wages | (78,878) | (83,449) | (83,449) |
| Provisions | | | |
| Provision for annual leave | (312,823) | (263,782) | (263,782) |
| Provision for long service leave | (344,584) | (414,040) | (414,040) |
| Unadjusted net current assets | <u>4,241,512</u> | <u>3,595,174</u> | <u>3,595,174</u> |
| Adjustments | | | |
| Less: Reserves - restricted cash | (3,251,730) | (3,452,085) | (3,452,085) |
| Add Back: Staff Leave Reserve | 397,173 | 361,176 | 361,176 |
| Adjusted net current assets - surplus/(deficit) | <u>1,386,955</u> | <u>504,265</u> | <u>504,265</u> |

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Town during the year ended 2017.

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Town during the year ended 2017.

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS

No service charges were imposed by the Town during the year ended 2017.

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|-----------------------------|-----------------|--|--|---|
| Option One | | | | |
| Single full payment | 23 September 16 | N/A | N/A | 11.00% |
| Option Two | | | | |
| First Instalment | 23 September 16 | 15 | 5.50% | 11.00% |
| Second Instalment | 27 January 17 | 15 | 5.50% | 11.00% |
| Option Three | | | | |
| First Instalment | 23 September 16 | 15 | 5.50% | 11.00% |
| Second Instalment | 25 November 16 | 15 | 5.50% | 11.00% |
| Third Instalment | 27 January 17 | 15 | 5.50% | 11.00% |
| Fourth Instalment | 31 March 17 | 15 | 5.50% | 11.00% |
| | | | Revenue \$ | Budgeted Revenue \$ |
| Interest on unpaid rates | | | 36,986 | 27,400 |
| Interest on instalment plan | | | 39,502 | 35,000 |
| Charges on instalment plan | | | 38,940 | 35,200 |
| | | | <u>115,428</u> | <u>97,600</u> |

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| 29. FEES & CHARGES | 2017 | 2016 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Governance | 14,243 | 1,142 |
| General purpose funding | 58,485 | 69,206 |
| Law, order, public safety | 29,214 | 28,967 |
| Health | 12,545 | 12,288 |
| Education and welfare | 94,695 | 83,758 |
| Housing | 86,034 | 85,760 |
| Community amenities | 164,831 | 199,491 |
| Recreation and culture | 298,488 | 318,542 |
| Transport | 379,976 | 326,314 |
| Economic services | 210,435 | 151,815 |
| Other property and services | 24,024 | 18,134 |
| | <u>1,372,970</u> | <u>1,295,417</u> |

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

30. GRANT REVENUE

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

| By Nature or Type: | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| Operating grants, subsidies and contributions | | |
| Governance | 0 | 50,000 |
| General purpose funding | 345,184 | 110,188 |
| Education and welfare | 842,378 | 816,031 |
| Community amenities | 150,000 | 0 |
| Recreation and culture | 110,277 | 25,867 |
| Transport | 28,880 | 25,208 |
| | <u>1,476,719</u> | <u>1,027,294</u> |
| Non-operating grants, subsidies and contributions | | |
| Education and welfare | 0 | 88,140 |
| Recreation and culture | 80,000 | 167,500 |
| Transport | 0 | 98,141 |
| | <u>80,000</u> | <u>353,781</u> |
| | <u>1,556,719</u> | <u>1,381,075</u> |

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

| | |
|----|----|
| 40 | 40 |
|----|----|

32. ELECTED MEMBERS REMUNERATION

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

| | 2017 | 2017 | 2016 |
|------------------------------|----------------|----------------|----------------|
| | \$ | Budget | \$ |
| Meeting Fees | 149,000 | 149,000 | 140,016 |
| Mayor's allowance | 15,600 | 15,600 | 14,500 |
| Deputy Mayor's allowance | 3,900 | 3,900 | 3,612 |
| Telecommunications allowance | 25,910 | 27,000 | 26,103 |
| | <u>194,410</u> | <u>195,500</u> | <u>184,231</u> |

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

| | 2017 |
|---|----------------|
| | \$ |
| The total of remuneration paid to KMP of the Town during the year are as follows: | |
| Short-term employee benefits | 754,773 |
| Post-employment benefits | - |
| Other long-term benefits | - |
| Termination benefits | 90,167 |
| | 844,940 |

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Town's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Related Parties

The Town's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Town

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Joint venture entities accounted for under the equity method

The Town has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

33. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

| | 2017 \$ |
|--|--------------------|
| Associated companies/individuals: | |
| Sale of goods and services | 0 |
| Purchase of goods and services | 0 |
| Joint venture entities: | |
| Distributions received from joint venture entities | 0 |
| Amounts outstanding from related parties: | |
| Trade and other receivables | 0 |
| Loans to associated entities | 0 |
| Loans to key management personnel | 0 |
| Amounts payable to related parties: | |
| Trade and other payables | 0 |
| Loans from associated entities | 0 |

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

34. MAJOR LAND TRANSACTIONS

The Town did not participate in any major land transactions during the 2016/17 financial year.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If the Town did participate in any trading undertakings or major trading undertakings during the 2016/17 financial year.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

36. FINANCIAL RISK MANAGEMENT

The Town's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Town's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Town.

The Town does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Town held the following financial instruments at balance date:

| | Carrying Value | | Fair Value | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 4,892,311 | 4,577,986 | 4,892,311 | 4,577,986 |
| Receivables | 338,694 | 306,132 | 338,694 | 306,132 |
| | <u>5,231,005</u> | <u>4,884,118</u> | <u>5,231,005</u> | <u>4,884,118</u> |
| Financial liabilities | | | | |
| Payables | 274,648 | 540,249 | 274,648 | 540,249 |
| | <u>274,648</u> | <u>540,249</u> | <u>274,648</u> | <u>540,249</u> |

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Town's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Town.

The Town manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

| | 2017 | 2016 |
|--|-------------|-------------|
| | \$ | \$ |
| Impact of a 10% ⁽¹⁾ movement in price of investments | | |
| - Equity | 12,231 | 15,280 |
| - Statement of Comprehensive Income | 12,231 | 15,280 |
| Impact of a 1% ⁽¹⁾ movement in interest rates on cash | | |
| - Equity | 1,223 | 1,530 |
| - Statement of Comprehensive Income | 1,223 | 1,530 |

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Town's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Town manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Town to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Town is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Town makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Town's credit risk at balance date was:

| | 2017 | 2016 |
|--|-------------|-------------|
| Percentage of rates and annual charges | | |
| - Current | 100% | 100% |
| - Overdue | 0% | 0% |
| Percentage of other receivables | | |
| - Current | 96.83% | 96.00% |
| - Overdue | 3.17% | 4% |

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Town manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Town's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ |
|--------------------|---|---|---|--|-----------------------------------|
| <u>2017</u> | | | | | |
| Payables | 274,648 | 0 | 0 | 274,648 | 274,648 |
| Borrowings | 0 | 0 | 0 | 0 | 0 |
| | <u>274,648</u> | <u>0</u> | <u>0</u> | <u>274,648</u> | <u>274,648</u> |
| <u>2016</u> | | | | | |
| Payables | 540,249 | 0 | 0 | 540,249 | 540,249 |
| Borrowings | 0 | 0 | 0 | 0 | 0 |
| | <u>540,249</u> | <u>0</u> | <u>0</u> | <u>540,249</u> | <u>540,249</u> |

**TOWN OF EAST FREMANTLE
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

| | 2017 | 2016 | 2015 |
|-----------------------------|-------------|-------------|-------------|
| Asset consumption ratio | 0.93 | 0.75 | 0.79 |
| Asset renewal funding ratio | 1.98 | 1.44 | 1.41 |

The above ratios are calculated as follows:

| | |
|-----------------------------|---|
| Asset consumption ratio | $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$ |
| Asset renewal funding ratio | $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |



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INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE TOWN OF EAST FREMANTLE

Opinion

We have audited the financial report of Town of East Fremantle for the year ended 30 June 2017. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report of the Town of East Fremantle is in accordance with the requirements of the *Local Government Act 1995*, including:

- a) giving a true and fair view of the Town of East Fremantle's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Town of East Fremantle in accordance with auditor independence requirements of the *Local Government Act 1995* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statutory Compliance

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) We did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 56 of this report, we have reviewed the calculations as presented and in our opinion these are:
 - i. Based on verifiable information; and
 - ii. Reasonable assumptions.



Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Council, and Those Charged with Governance for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Local Government Act 1995 and Regulations*, and is appropriate to meet the needs of the electors. Council's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Town of East Fremantle's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intend to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town of East Fremantle's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or



conditions that may cast significant doubt on the Town of East Fremantle's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town of East Fremantle's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Dated the 17th day of November 2017 in Perth, Western Australia

BILLY-JOE THOMAS
Director

ANDERSON MUNRO & WYLLIE
Chartered Accountants