



TOWN *of*
EAST FREMANTLE

Annual Report 2017/18

Inclusive community, balancing growth and lifestyle



The 2017-18 Annual Report can be downloaded from the Town of East Fremantle website, which will be published withing 14 days of the Council meeting at which the Annual Report was adopted.

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

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



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Our Vision

"Inclusive community, balancing growth and lifestyle"

Created in 1897, when it separated from the City of Fremantle to become an independent local authority, the Town of East Fremantle now boasts a population of approximately 7,700. It is 3.2 square 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 fledging 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

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

From the Mayor

As we look back over another year I am very proud of the positive community outcomes that are being achieved for the Town through strong community engagement, leadership and teamwork.

Parks and footpaths continue to be a priority, as does ensuring the river and foreshore are well protected, maintained and continue to be an important and integral part of East Fremantle. Our focus also continues on supporting community and sporting groups.

Significant outcomes during the year included the official opening of the renovations of the refurbished Town Hall. The Hon Simone McGurk, representing the Premier of Western Australia and traditional elder, Ms May McGuire providing a Welcome to Country, officiated at the opening.

After 14 months of providing administration services from Dovenby House and the Old Police Station, staff relocated back to a newly refurbished and renovated Office and Council Chamber space. The renovation now provides a better use of the office space, an opportunity for community meetings and a more functional and contemporary reception and front counter, ensuring we get the most out of one of the Town's most beautiful buildings.

Council adopted the reviewed and updated Strategic Community Plan 2017-2027 and also the Town's first Public Art Strategy. Both of these strategies involved community engagement and consultation and I thank all involved for their feedback, input and time.

During the year, the Town initiated a 'single use plastic bag ban' local law with our community leading the way, and we were very pleased that the State Government initiated their own state wide ban. The Town supported this by providing a branded calico shopping bag to all households to help with transition toward the plastic bag ban.

As Mayor, I am very grateful for continued support from elected members that allows me to represent the Town. I thank Chief Executive Officer Gary Tuffin and his team for their ongoing support in ensuring that the Council remains focused on providing the best outcomes for the residents, the community and stakeholders of East Fremantle.



Mayor Jim O'Neill

Pictured below (left to right) The Hon. Simone McGurk MLA, Ms May McGuire and Mayor Jim O'Neill



From the Chief Executive Officer

It is with great pleasure that I present the Annual Report for the 2017/18 financial year. The Town is committed to maintaining financial sustainability and has ended the year once again in a sound financial position.

This Report summarises the projects the Town has undertaken to improve services and opportunities for the community. Our residents are at the forefront of everything we do, and our commitment to provide you with customer service of the highest standard continues to be a major focus.

The Town's Customer Service Improvement Program continues to evolve with the establishment of an internal working group, which has representation from each department. This forum is allowing staff to examine and challenge how we do certain things, and to explore better ways of doing business.

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 2017/18 included;

- Town Hall/Administration Centre internal refurbishment project.
- New Strategic Community Plan developed and endorsed.

- Development & adoption of the Town's Public Art Strategy.
- John Tonkin Erosion Control Project (Swan River).
- 2017 Local Government Elections
 - Mayor O'Neil was returned
 - Cr Michael McPhail was returned
 - Cr Jenny Harrington was returned
 - Cr Andrew McPhail was returned
 - Cr Tony Natale (New member)
 - Cr Nicholson (resigned)

I thank the Mayor and Councillors for their leadership and continuing support, and the Town staff for their ongoing commitment that has contributed to another progressive and successful year at the Town.

I look forward to more significant achievements and community engagement in the coming year, as we work together to make the best of our great Town.



Gary Tuffin
Chief Executive Officer



Highlights 2017/18

New Life for the Town Hall

Some fourteen months after staff moved out of the Town Hall into Dovenby House and the Old Police Station, renovations to the historic Town Hall were completed and staff have moved back in!

The aim of the project was to create internal spaces within the Town Hall that were appropriate to the functional requirements of the organisation and achieved an efficient, safe and contemporary work environment that respected the heritage value of the building, whilst providing appropriate spaces for use by the local community and businesses. The Project was completed under budget, with no major issues arising during the works.

The renovation, the largest undertaken to date by the Town of East Fremantle, involved a small extension, structural improvements, disabled access improvements (new lift & toilets) and the removal of all existing electrical, plumbing and mechanical services.

On Friday 23 March 2018 invited guests, elected members and staff celebrated the official re-opening of the renovations. To commence proceedings Ms May McGuire provided the Welcome to Country. The unveiling of the commemorative plaque was jointly undertaken by the Hon Simone McGurk MLA (representing the Premier of Western Australia) and Mayor, Jim O'Neill.

Strategic Community Plan 2017-2027 adopted

Following a series of community engagement workshops with businesses, residents and stakeholders, the Town of East Fremantle adopted the 2017-2027 Strategic Community Plan in September 2017. The Plan sets the vision, aspirations and objects for the community over the next 10 years.

A copy is available on the Town's website www.eastfremantle.wa.gov.au





(Pictured above, left to right) Member for Fremantle Josh Wilson; Michael McPhail Deputy Mayor; builder Robin Taylor; Antony Feldhusen, Lotterywest; Gordon MacNish, Glyde In Chair; and Glyde In members Jono Farmer and Laura Webb

Glyde In Opened the “The Garden Room”

The Glyde In officially opened its new 'Garden Room' in February 2018. The new building has been made possible with funding support from the Town of East Fremantle and Lotterywest. Formerly the 'Hartley Art Shed', the new Garden Room is used for various activities such as art, languages and talks. The Town congratulates the Glyde In and hope they enjoy many and varied activities in their new facility.

Public Art Strategy

The Town adopted its first Public Art Strategy in September 2017 and subsequently moved to appoint a public art panel to oversee the purchase and commissioning of public and other art for the Town. The Strategy 'Res-idence to River' provides a comprehensive vision to guide the creation of places that are valued by the com-munity, residents and visitors and relate clearly to the identity of East Fremantle.

The curatorial approach of this strategy explores the idea of Residence to River, underpinning the thematic concepts and informs the methodology. Residence to River presents three themes: Discover; Connect; and Encounter.

These themes relate to East Fremantle’s natural, social and cultural heritage and the current and future uses of local places.

A copy of Residence to River is available on the Town’s website www.eastfremantle.wa.gov.au

Branded Calico Bags delivered to all households

Council had resolved to introduce a Plastic Bag Local Law which ultimately was disallowed by State Government during the year in favour of a State wide ban following a change of Government. The Town issued a reusable calico bag to every household ahead of the State wide ban on the supply of lightweight plastic bags from 1 July 2018. The East Fremantle Junior Football Club were engaged to deliver the bags to each household.

East Fremantle Bowling Club – Solar panels

In an effort to further reduce our carbon footprint, the Town provided funding for the installation of a photovoltaic solar panel system. This project will not only reduce the Town's carbon footprint, but also assist with the ongoing financial sustainability of the East Fremantle Bowling Club.

Rowing Club contribution

Funding of \$40,000 was provided to the East Fremantle Rowing Club for the upgrade of existing ablution facilities for the rowing club, associated gym and adjacent hall area. This funding was in conjunction with the state government's Community Sport and Recreation Facilities Fund (CSRFF).

East Fremantle Tennis Club – court resurfacing

The East Fremantle Lawn Tennis Club became the first venue in Western Australia to install the Laykold Gel surface tennis courts. The new playing surface provides acrylic courts with a heightened level of cushioning for players that may be of interest to clubs who are looking to transition from grass courts in the future.

The courts were 15 years old and were due for upgrading. A grant of \$46,000 was provided by the Town of East Fremantle as well as a \$6,000 grant from Tennis Australia as part of the National Court Rebate. The four resurfaced courts were officially opened by the East Fremantle Mayor, Jim O'Neill in April this year.





East Fremantle Festival 2017

George Street again hosted the Town's Festival, attracting people from far and wide. The Festival showcased street performers, music and artisan stalls. Proudly presented by the Town of East Fremantle and supported by Lotterywest, this year's festival was again a tremendous success. Families with children were again well catered for with a host of free activities in Glasson Park. A range of tantalising street food proved popular with tastes from around the globe. Thank you and congratulations to everyone involved in helping the Town present another hugely successful Festival.

Food Truck Trial

The Town of East Fremantle trialled mobile food vans in 2018 (February to March, Tuesday evenings, John Tonkin and Locke Parks) to enable the activation of public spaces through the provision of affordable, healthy food consistent with current community trends. Buskers, singers and a band provided entertainment during the evenings.

Movies in the Park

Wauhop Park hosted two movies, with "Trolls" and "Dirty Dancing" this year's features. A new initiative - "Green Class Experience" - proved popular with the adults. The first 10 people to register were provided with reserved bean bag seating and movie snacks. Plus the DVD to take home!

Laughs by the Lawn

Over 120 people attended this year's comedy nights held at the East Fremantle Lawn Tennis Club and the East Fremantle Bowling Club. Attendees came from all over the district and a great night was had by all – at both events!

John Tonkin Park Headlands

Stage One of the John Tonkin Park foreshore stabilisation (Headlands Project) was completed during the year under review. The project involved the construction of four (4) bays and headlands to dissipate wave energy, thereby reducing erosion and stabilising the beaches, to enhance the amenity of the foreshore area.

Stage Two and Three of the Interpretation Nodes project at the Park will be completed in 2018 and includes signage and seating, footpath and landscape upgrades in the immediate area of John Tonkin Park as well as implementing revegetation works across the entire foreshore.

Power upgrades for John Tonkin Park

Substantial electrical works were undertaken during the year to provide a suitable power supply to the Zephyrs Café, toilets and other associated park electrics.



“The Town of East Fremantle recognises that culture and the arts are intrinsic to building stronger communities, stimulating the local economy, contributing to a shared identity and creating enjoyable places.”



Elected Members - 2017/18



Mayor Jim O'Neill
2017-2021



Cr Michael McPhail
Deputy Mayor
2017-2021



Cr Tony Natale
2017-2019



Cr Andrew McPhail
2017-2021



Cr Dean Nardi
2015-2019



Cr Jenny Harrington
2017-2021



Cr Cliff Collinson
2015-2019



Mayor Jim O'Neill
2017-2021



Cr Andrew White
2015-2019



Cr Lukas Nicholson
Resigned October 2017

Elected Member Details

Mayor Jim O'Neill

Mayor 2017 - 2021
(From 2013)
0413 211 873
mayor.oneill@eastfremantle.wa.gov.au

Councillor Michael McPhail
(Deputy Mayor)
Councillor 2017-2021
(From 2013)
Preston Point Ward
0404 979 273
cr.mcphail@eastfremantle.wa.gov.au

Councillor Tony Natale
Councillor 2017-2019
Preston Point Ward
0419929 825
cr.natale@eastfremantle.wa.gov.au

Councillor Andrew McPhail
Councillor 2017-2021
(From 2015)
Richmond Ward
0412 936 772
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Councillor Dean Nardi
Councillor 2015-2019
(From 2015)
Richmond Ward
(08) 9339 5632
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Councillor Jenny Harrington
Councillor 2017-2021
(From 2013)
Plympton Ward
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cr.harrington@eastfremantle.wa.gov.au

Councillor Cliff Collinson
Councillor 2015-2019
(From 2007)
Plympton Ward
(08) 9339 6452
cr.collinson@eastfremantle.wa.gov.au

Councillor Tony Watkins
Councillor 2017-2021
(From 2013)
Woodside Ward
0427 980 907
cr.watkins@eastfremantle.wa.gov.au

Councillor Andrew White
Councillor 2015-2019
(From 2015)
Woodside Ward
0418 131 179
cr.white@eastfremantle.wa.gov.au

Councillor Lukas Nicholson
(Resigned October 2017)
Preston Point Ward

“The Council is responsible for setting a clear strategic direction, to make decisions that ensure the Town is a place where people feel a sense of community and belonging, now and into the future.”

**Town of East Fremantle
Elected Member Meeting Attendance
2017/18**

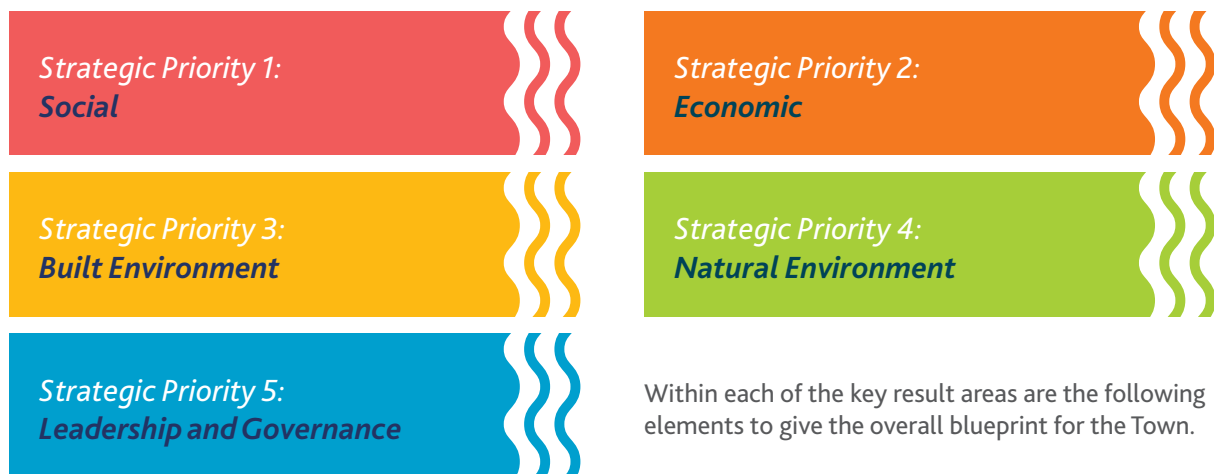
Elected Member	Council Meetings	Town Planning Meetings	Audit Meetings	Electors' Meetings
Mayor O'Neill	13	6	2	1
Cr M McPhail	13	6	3	1
Cr C Collinson	14	10	Not a member	-
Cr J Harrington	13	5 (Joined Committee October 17)	Not a member	1
Cr D Nardi	13	9	Not a Member	1
Cr A McPhail	12	Not a member	3	1
Cr T Watkins	14	Not a member	3	1
Cr A White	13	9	1	1
Cr T Natale (Elected October 2017)	8	7	1	1
Cr L Nicholson (Resigned September 2017)	2	1	-	-



How our Strategic Community Plan is used

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

Strategic Priority Areas



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

Vision

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

Objectives

What we are trying to put in place and achieve.

Strategies

High level statements about how we will achieve the objectives.

Measures

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

Monitoring

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

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



TOWN of

EAST FREMANTLE

Strategic Community Plan 2017-2027

“ Inclusive community, balancing growth and lifestyle

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

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

Strategic Priority 1: Social

“ A socially connected, inclusive and safe community

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

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

1.2 Inviting open spaces, meeting places and recreational facilities

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

1.3 Strong community connection within a safe and vibrant lifestyle

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

Strategic Priority 2: Economic

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

2.1 Actively support new business activity and existing local businesses

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

2.2 Continue to develop and revitalise local business activity centres

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

Strategic Priority 3: Built Environment

“ Accessible, well planned built landscapes which are in balance with the Town’s unique heritage and open space.

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

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

3.2 Maintaining and enhancing the Town’s character

- 3.2.1 Continue to improve asset management practices.

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

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

Strategic Priority 4: Natural Environment

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

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

- 4.1.1 Partner with Stakeholders to actively protect, conserve and maintain the Swan River foreshore
- 4.1.2 Plan for improved streetscape parks and reserves

4.2 Enhance environmental values and sustainable natural resource use

- 4.2.1 Reduce waste through sustainable waste management practices

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

- 4.3.1 Improve systems and infrastructure standards to assist with managing climate change impacts

Strategic Priority 5: Leadership and Governance

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

5.1 Strengthen organisational accountability and transparency

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

5.2 Proactively collaborate with the community and other stakeholders

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

5.3 Strive for excellence in leadership and governance

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

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

Objectives <i>What we need to achieve</i>	Strategies <i>How we're going to do it</i>	Measures of Success <i>How we will be judged</i>	2017/18 Achievements
1.1 Facilitate appropriate local services for the health and wellbeing of the community	1.1.1 Facilitate or partner to ensure a range of quality services are provided at a local level 1.1.2 Strengthen the sense of place and belonging through inclusive community interaction and participation.	Community perception of value of services, inclusiveness and wellbeing	<ul style="list-style-type: none"> Adopted the Town's first Public Art Strategy following public consultation – and subsequently appointed the Town's first Public Art Panel following advertising for expressions of interest. Adopted the revised Disability Access and Inclusion Plan Commenced work on the Business Plan for the Home & Community Care service
1.2 Inviting open spaces, meeting places and recreational facilities	1.2.1 Provision of adequate recreational, sporting and social facilities 1.2.2 Activate inviting open spaces that encourage social connection	Community perception of value of recreational facilities and meeting spaces	<ul style="list-style-type: none"> Consultants engaged to undertake the East Fremantle Oval Community Design Forum (Charrette) Commenced planning for undertaking the Preston Point North Recreation Precinct. Allocated over \$3m towards Recreation and Cultural activities, including the Community Assistance Grants program. Commenced negotiations for the commercial lease of Dovenby House and the Old Police Station Commenced the development of the framework for the Commercial Precinct Development Reserve, which will set aside commercial rates revenue for future investment into infrastructure. Commenced the review of the Local Planning Strategy. Commenced the development of the Town's Housing Capacity Study.
1.3 Strong community connection within a safe and vibrant lifestyle	1.3.1 Partner and educate to build a strong sense of community safety 1.3.2 Facilitate opportunities for people to develop community connections and foster local pride 1.3.3 Enrich identity, culture and heritage through programs, events and celebrations 1.3.4 Facilitate community group capacity building	Community perception of value of vibrancy and connectivity Increase community perception of safety. Increase in community participation and satisfaction with events	<ul style="list-style-type: none"> East Fremantle Festival Free Movies in the Park Comedy Nights Commenced the process for undertaking a Reconciliation Action Plan (RAP)

Strategic Priority 2: Economic - "Sustainable, "locally" focused and easy to do business with."

Objectives	Strategies	Measures of Success <i>How we will be judged</i>	2017/18 Achievements
2.1 Actively support new business activity and existing local businesses	2.1.1 Facilitate opportunities for business and community groups. 2.1.2 Investigate the development of business hubs and shared offices spaces. 2.1.3 Facilitate opportunities/ forums where local business people can meet and share ideas.	<ul style="list-style-type: none"> Increased participation in attendance at business forums held in the Town Community perception of value of support provided to business 	<ul style="list-style-type: none"> Registered the Town of East Fremantle as a Small Business Friendly Local Government Hosted a number of small business forums in partnership with the Small Business Development Corporation.
2.2 Continue to develop and revitalise local business activity centres	2.2.1 Facilitate local small business access for community and business growth		

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

Objectives	Strategies	Measures of Success <i>How we will be judged</i>	2017/18 Achievements
<p>3.1 Facilitate sustainable growth with housing options to meet future community needs</p>	<p>3.1.1 Advocate for a desirable planning and community outcome for all major strategic development sites.</p> <p>3.1.2 Plan for a mix of inclusive diversified housing options.</p>	<p>Community perception of value of strategic development site outcomes</p>	<ul style="list-style-type: none"> Commenced the review of the Local Planning Strategy. Commenced the development of the Town's Housing Capacity Study.
<p>3.2 Maintaining and enhancing the Town's character</p>	<p>3.2.1 Ensure appropriate planning policies to protect the Town's existing built form.</p>	<p>Community perception of value of the Town's preservation of character.</p>	<ul style="list-style-type: none"> Scheme Amendment 14 – Roofing 2000 site 91-93 Canning Highway – Council adopted with modifications in May 2018. The Amendment is currently with the Department of Planning with the town currently awaiting advice. Advertisement of Scheme Amendment 15 – Royal George Hotel - Council supported the Scheme Amendment with modification to introduce a maximum building height of six (6) storeys. The Amendment was forwarded to the Department of Planning, with the Town now awaiting advice. Review of the Local Planning Strategy commenced.
<p>3.3 Plan and maintain the Town's assets to ensure they are accessible, inviting and well connected.</p>	<p>3.3.1 Continue to improve asset management practices</p> <p>3.3.2 Optimal management of assets within resource capabilities</p> <p>3.3.3 Plan and advocate for improved access and connectivity</p>	<ul style="list-style-type: none"> Asset Sustainability Ratio Asset Consumption Ratio Asset Renewal Funding Ratio 	<ul style="list-style-type: none"> Asset Sustainability Ratio 1.13 Asset Consumption Ratio is 0.97 Asset Revenue Ratio is 0.84 All three ratios indicate that the Town of East Fremantle is adequately meeting asset management requirements and that the Town's assets are in good condition and relatively new. The development of specifications for an Integrated Traffic Management and Movement Strategy was undertaken for commencement of the strategy to occur in 2018/19.

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

Objectives	Strategies	Measures of Success <i>How we will be judged</i>	2017/18 Achievements
<p>4.1.1 Conserve, maintain and enhance the Town’s open spaces.</p>	<p>4.1.1.1 Partner with Stakeholders to actively protect, conserve and maintain the Swan River foreshore</p> <p>4.1.2 Plan for improved streetscapes parks and reserves</p>	<ul style="list-style-type: none"> Community perception of value of Town’s conservation and management Recycling Rates – kilogram per capita (maintain and aim to improve) Waste to landfill – kilograms per capita (maintain or decrease) 	<ul style="list-style-type: none"> John Tonkin Reserve headlands - work commenced on this project involving the construction bays and headlands. Four headlands were installed to dissipate wave energy, reduce erosion and to stabilise the foreshore. Further works on the Interpretation Nodes are due to commence in October 2018 – this project is being undertaken in conjunction with the Department of Biodiversity Conservation & Attractions. The Town’s waste management partnership with the SMRC continued – the Town’s diversion rate of waste was 62.9% of total waste, which is close to the State’s waste diversion target of 65% of all waste by 2020 – our recycling diversion rate was 83%, well above the diversion target. To assist with the development of climate change initiatives, including the development of ‘Urban Forest’, the Town undertook Thermal Mapping.
<p>4.2 Enhance environmental values and sustainable natural resource use</p>	<p>4.2.1 Reduce waste through sustainable waste management practices</p>		
<p>4.3 Acknowledge the change in our climate and understand the impact of those changes.</p>	<p>4.3.1 Improve systems and infrastructure standards to assist with mitigating climate change impacts.</p>		

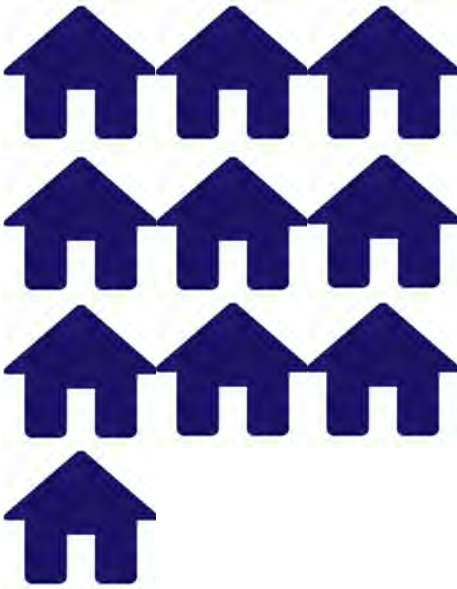
Strategic Priority 5: Leadership and Governance "A proactive, approachable Council which values community consultation, transparency and accountability."

Objectives	Strategies	Measures of Success <i>How we will be judged</i>	2017/18 Achievements
5.1 Strengthen organisational accountability and transparency	5.1.1 Strengthen governance, risk management and compliance 5.1.2 Ensure an effective engagement process is undertaken with community and stakeholders. 5.1.3 Improve the efficiency and effectiveness of services	<ul style="list-style-type: none"> Achieve an unqualified audit Community perception of value of the Town's communication and consultation processes Community satisfied with Town's responsiveness % of customer requests/enquiries responded to within target timeframes Financial ratio levels for benchmarking of local governments 	As per the 2017/18 Audit Report, the Town achieved an unqualified Audit. The Town undertook Community Perceptions Survey in April 2017. The Town achieved an 89% Index Score as a place to live; 60 Index Score as a governing organisation; and set MARKYT Industry Standard in 2 areas: <ul style="list-style-type: none"> Sense of Belonging Sense of Community
5.2 Proactively collaborate with the community and other stakeholders	5.2.1 Foster and promote strategic collaborative relationships with neighbouring LGAs, State and Federal government representatives and agencies, NGO		The Town embarked on a Customer Service Improvement Program to develop the following: <ul style="list-style-type: none"> Training and Development Plan for all staff Development of online payment services Updating the Customer Relationship Management System (CRMS) Development of a Customer Service Charter, including Service Standards.
5.3 Strive for excellence in leadership and governance	5.3.1 Deliver community outcomes through sustainable finance and human resource management. 5.3.2 Improve organisational systems with a focus on innovation 5.3.2 Increased focus on strengthening and fostering a positive customer service experience		

OVERVIEW 2017/18

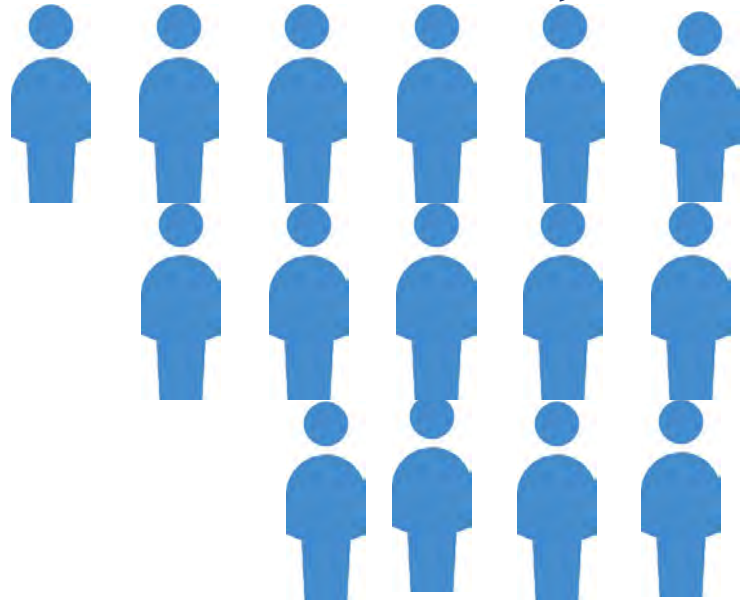
Residential
Dwellings

3,283



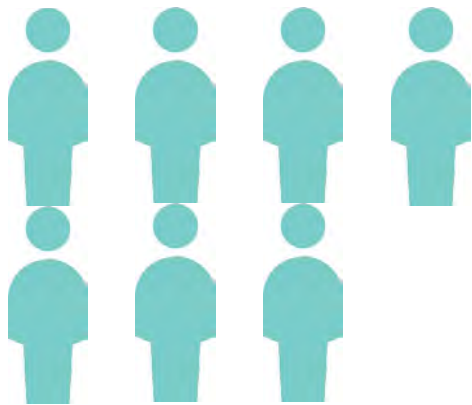
Population

7,860



Electors

5,587



Total Rates
\$7.54m



Total Operating
Revenue

\$10.25m



Full Time Employees

37 FTE's



FAST FACTS





Communication and Community Engagement

The Town continues to make communication and community engagement a priority. A number of key projects and activities are undertaken throughout each year with community and stakeholder input a key factor in their successes.

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

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

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

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

Facebook – the Town's Facebook page provides up to date information about events, local businesses and meetings.

Community & Business workshops – following workshops held with local business and community members, the Town adopted the Strategic Community Plan and the Public Art Strategy.

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

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

Town of East Fremantle Notice Boards – the Town has two (2) notice boards – one located at the Town Hall and one at Zephyrs Café. These provide as much information as can be located on a notice board to help inform and update the community.

“With community engagement and input, the Town can ensure that we take the necessary steps to focus on achieving sustainable changes which protect the important aspects of the East Fremantle community.”

TOWN PLANNING SCHEME NO. 3 (TPS 3)

Amendment No. 14 to TPS 3 – Roo ing 2000 site

The proposed Scheme Amendment 14 was prepared by planning consultants on behalf of the owners of the site. The Amendment proposed to introduce Special Control Area No. 1 (SCA 1) into Town Planning Scheme No.3. Development controls for the subject site have been included and the Town advertised in April 2017. In May 2018 Scheme Amendment No14 was supported (with modifications) by Council.

The Town has engaged at length and in collaboration with the owner’s representative regarding appropriate development controls. The Town also carried out independent built form modelling for the site using an urban designer. This work has assisted in the formulation of development controls that Council believe address the issues raised by the community and which strike a balance between the redevelopment objectives and the orderly and proper planning for the area.

Latest News:

At the time of printing this document, the Minister for Planning had advised further modification had been made to Amendment 14, which could potentially allow up to a 19 storey building, subject to various conditions being met. Due to the extent of the modification to this Scheme Amendment (14), the Minister has requested it be advertised for a further 28 days in the New Year (2019) for futher public comment.

Amendment No. 15 to TPS 3 – Royal George Hotel Site

In June 2017 the Town of East Fremantle initiated Amendment No. 15 to the Planning Scheme No. 3 so future development no vacant land at the rear of the site would be considered with specific development controls in place. Following the public advertising period mid 2017, a height limit of 6 storeys, including basement car parking, was adopted by Council on 3 June 2018. Development provisions also included building setbacks to reduce bulk and scale. The owner has put forward a concept for a 21 storey apartment tower. This was also presented to the community in April prior to Council endorsing the 6 storey eight limit.

Latest News:

At the time of printing this document, the Minister for Planning had advised of her decision to endorse a seven-storey height cap on development at the Royal George Hotel site, Duke Street, East Fremantle. The Minister has requested that the modified amendment be re-advertised for 28 days in the New Year (2019).



Environmental Health Campaigns - 2017/18

The Town undertook and supported the APACE subsidised native plant scheme, a ban on the mass release of balloons in East Fremantle controlled public open space, investigations in relation to a possible future verge collection (skip bins on demand) service as well as a new partnership with the Fremantle Recycling Centre.

On 21 November 2017, Council resolved to ban the planned release of balloons on all Town owned public open space including parks, reserves and the East Fremantle foreshore.

A discussion paper on bulk verge collections was presented to Council in May 2018 recommending a containerised 'on demand' skip bin service to replace the verge collection service. To support this recommendation Council in June 2018 entered into a new partnership with the City of Fremantle to provide residents with free access (subject to conditions) to the Fremantle Recycling Centre. This waste management service will increase recycling opportunities and improve waste services for residents of the Town.

Draft Public Health Plan 2018-2022

Pursuant to the Public Health Act 2016, the Town was finalising the development of a Public Health Plan 2018-2022 subject to community consultation. The Plan demonstrates how the Town contributes to the health and wellbeing of its residents. The Town has partnered with Injury Matters to promote falls prevention and reduce injury due to falls for its older residents.

East Fremantle Child Health Clinic

The East Fremantle Child Health Clinic continues to service families in the East Fremantle and Fremantle areas. 10 "New parent" groups and "Introduction to solid food" groups were run with up to 18 parents in each group. The clinic also promotes the Department of Health immunisation schedule to prevent the spread of communicable disease. One child health nurse is based at the centre 4 days per week and an enuresis nurse one day a week.



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 (RKP) details the process for management and disposal of records which are entered into the electronic records system.

The Town is currently reviewing its RKP as the existing document is reaching five (5) years. The activities involved with the review include:

- Undertaking a maturity audit of the Town's record keeping practices.
- Amend the RKP as required using the State Records Office Local Government RKP template.
- Consult with staff on the development of an action plan, resources and timeline for all identified areas of improvement.

National Competition Policy

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

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

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

These are:

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

In accordance with the requirements of the National Competition Policy, the Town of East Fremantle makes the following disclosures for 2017/18.

Competitive Neutrality

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

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

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

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

Legislative Review

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

Structural Reform of Public Monopolies

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

Freedom of Information

The Freedom of Information Act 1992 allows the public the right to apply for access to information held by the Town of East Fremantle. The Act requires the adoption of a Freedom of Information Statement, to be reviewed annually. A copy of the current statement is available on the Town website. During the year under review the Town received one (1) application 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 review assessed how well the strategies are overcoming barriers and achieving the outcomes of the DAIP. 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 Town is required to disclose the number of employees with an annual cash salary of more than \$100,000.

The number of employees with an annual salary entitlement that falls within each band for 2017/18 is as follows:

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

Local Laws

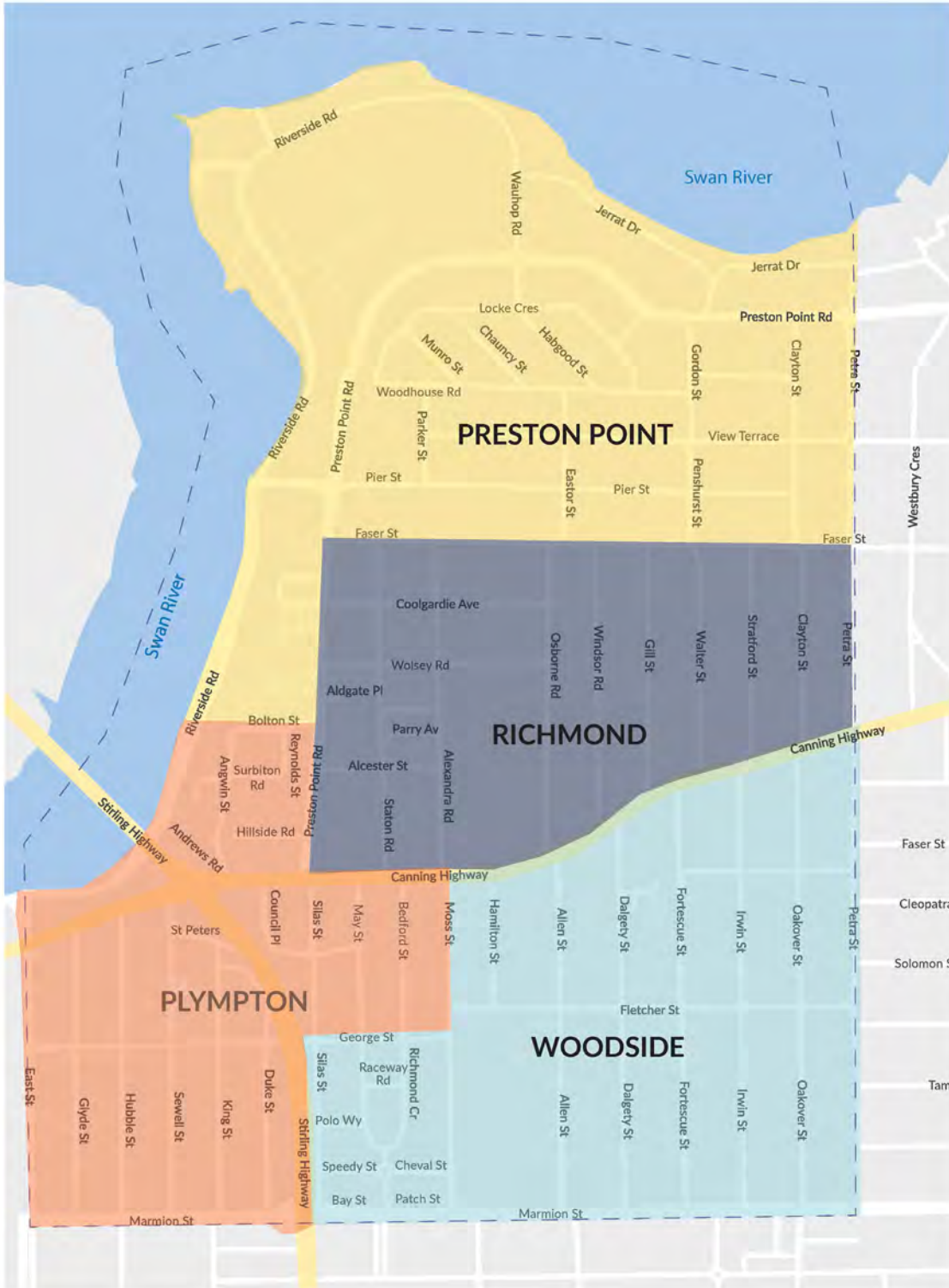
The Town currently has eight (8) Local Laws:

- 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 1767 infringements and 3525 cautions were issued in relation to breaches of local laws.



Ward Map





Town of East Fremantle

Financial Report

2017/18

Town of East Fremantle
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

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Principal place of business:
135 Canning Highway
East Fremantle 6158

**Town of East Fremantle
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of East Fremantle for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Town of East Fremantle at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 1st day of November 2018



Gary Tuffin
Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	24	7,583,304	7,545,075	7,370,900
Operating grants, subsidies and contributions	2	1,238,605	1,066,056	1,476,719
Fees and charges	2	1,220,784	1,340,990	1,372,970
Interest earnings	2	216,943	204,883	235,921
Other revenue	2	162,294	101,500	70,949
		<u>10,421,930</u>	<u>10,258,504</u>	<u>10,527,459</u>
Expenses				
Employee costs		(3,527,962)	(3,797,107)	(3,267,301)
Materials and contracts		(3,333,254)	(4,841,117)	(4,147,089)
Utility charges		(292,551)	(275,150)	(154,131)
Depreciation on non-current assets	8(b)	(2,700,093)	(2,438,301)	(2,614,799)
Insurance expenses		(207,943)	(183,782)	(178,159)
Other expenditure		(735,280)	(478,270)	(201,475)
		<u>(10,797,083)</u>	<u>(12,013,727)</u>	<u>(10,562,954)</u>
		(375,153)	(1,755,223)	(35,495)
Non-operating grants, subsidies and contributions	2	68,975	68,685	80,000
Profit on asset disposals	8(a)	15,021	12,900	44,057
(Loss) on asset disposals	8(a)	(3,076)	0	(127,872)
Net result		(294,233)	(1,673,638)	(39,310)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	9	(6,967,432)	0	778,856
Total other comprehensive income		(6,967,432)	0	778,856
Total comprehensive income		(7,261,665)	(1,673,638)	739,546

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue	2			
Governance		76,429	13,200	46,751
General purpose funding		8,091,136	7,929,114	8,010,490
Law, order, public safety		32,299	30,560	29,214
Health		14,949	12,340	12,545
Education and welfare		947,418	904,040	937,073
Housing		80,722	88,800	86,034
Community amenities		214,944	193,600	314,831
Recreation and culture		406,954	436,965	418,108
Transport		392,910	424,785	410,220
Economic services		90,411	194,800	210,644
Other property and services		73,758	30,300	51,549
		<u>10,421,930</u>	<u>10,258,504</u>	<u>10,527,459</u>
Expenses	2			
Governance		(951,811)	(1,090,031)	(901,975)
General purpose funding		(75,186)	(83,324)	(106,908)
Law, order, public safety		(100,817)	(134,097)	(94,869)
Health		(157,058)	(209,881)	(184,286)
Education and welfare		(1,160,679)	(1,336,370)	(1,163,888)
Housing		(36,276)	(58,228)	(31,798)
Community amenities		(2,191,691)	(2,508,795)	(2,416,560)
Recreation and culture		(2,864,048)	(3,589,657)	(2,479,975)
Transport		(2,972,147)	(2,697,702)	(2,909,367)
Economic services		(80,523)	(146,403)	(156,903)
Other property and services		(206,847)	(159,239)	(116,425)
		<u>(10,797,083)</u>	<u>(12,013,727)</u>	<u>(10,562,954)</u>
		<u>(375,153)</u>	<u>(1,755,223)</u>	<u>(35,495)</u>
Non-operating grants, subsidies and contributions	2	68,975	68,685	80,000
Profit on disposal of assets	8(a)	15,021	12,900	44,057
(Loss) on disposal of assets	8(a)	(3,076)	0	(127,872)
		<u>80,920</u>	<u>81,585</u>	<u>(3,815)</u>
Net result		(294,233)	(1,673,638)	(39,310)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	9	(6,967,432)	0	778,856
Total other comprehensive income		(6,967,432)	0	778,856
Total comprehensive income		(7,261,665)	(1,673,638)	739,546

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	3,478,644	4,892,311
Trade and other receivables	6	411,450	341,162
TOTAL CURRENT ASSETS		3,890,094	5,233,473
NON-CURRENT ASSETS			
Other receivables	6	52,590	57,438
Property, plant and equipment	7	19,260,483	17,431,317
Infrastructure	8	45,848,514	53,515,735
TOTAL NON-CURRENT ASSETS		65,161,587	71,004,490
TOTAL ASSETS		69,051,681	76,237,963
CURRENT LIABILITIES			
Trade and other payables	10	418,262	334,554
Short term borrowings	11	0	0
Provisions	13	603,309	657,407
TOTAL CURRENT LIABILITIES		1,021,571	991,961
NON-CURRENT LIABILITIES			
Long term borrowings	12	0	0
Provisions	13	54,224	8,451
TOTAL NON-CURRENT LIABILITIES		54,224	8,451
TOTAL LIABILITIES		1,075,795	1,000,412
NET ASSETS		67,975,886	75,237,551
EQUITY			
Retained surplus		23,163,031	22,288,168
Reserves - cash backed	5	2,082,634	3,251,730
Revaluation surplus	9	42,730,221	49,697,653
TOTAL EQUITY		67,975,886	75,237,551

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 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	9	0	0	778,856	778,856
Total comprehensive income		(39,310)	0	778,856	739,546
Transfers from/(to) reserves		200,355	(200,355)	0	0
Balance as at 30 June 2017		22,288,168	3,251,730	49,697,653	75,237,551
Comprehensive income					
Net result		(294,233)	0	0	(294,233)
Changes on revaluation of assets	9	0	0	(6,967,432)	(6,967,432)
Total comprehensive income		(294,233)	0	(6,967,432)	(7,261,665)
Transfers from/(to) reserves		1,169,096	(1,169,096)	0	0
Balance as at 30 June 2018		23,163,031	2,082,634	42,730,221	67,975,886

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		7,571,106	7,720,075	7,348,269
Operating grants, subsidies and contributions		1,206,726	1,152,181	1,419,063
Fees and charges		1,220,784	1,340,990	1,372,970
Interest earnings		212,363	204,883	235,921
Goods and services tax		10,216	27,698	648,213
Other revenue		162,294	101,500	70,949
		10,383,489	10,547,327	11,095,385
Payments				
Employee costs		(3,526,593)	(3,797,107)	(3,342,708)
Materials and contracts		(3,259,240)	(4,815,269)	(4,408,119)
Utility charges		(292,551)	(275,150)	(154,131)
Insurance expenses		(207,943)	(183,782)	(178,159)
Goods and services tax		0	0	(600,488)
Other expenditure		(735,280)	(478,270)	(201,475)
		(8,021,607)	(9,549,578)	(8,885,080)
Net cash provided by (used in) operating activities	14	2,361,882	997,749	2,210,305
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(2,452,370)	(2,792,360)	(827,370)
Payments for construction of infrastructure		(1,453,064)	(1,659,488)	(1,328,385)
Non-operating grants, subsidies and contributions		68,975	68,685	80,000
Proceeds from sale of fixed assets		87,909	54,181	179,775
Net cash provided by (used in) investment activities		(3,748,550)	(4,328,982)	(1,895,980)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from self supporting loans		(27,000)	0	0
Proceeds from new long term borrowings		0	500,000	0
Net cash provided by (used in) financing activities		(27,000)	500,000	0
Net increase (decrease) in cash held		(1,413,667)	(2,831,233)	314,325
Cash at beginning of year		4,892,311	4,840,751	4,577,986
Cash and cash equivalents at the end of the year	14	3,478,644	2,009,518	4,892,311

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

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
		989,782	1,364,725	504,265
		989,782	1,364,725	504,265
Revenue from operating activities (excluding rates)				
Governance		76,429	13,200	54,459
General purpose funding		507,832	384,039	639,590
Law, order, public safety		32,299	30,560	29,214
Health		14,949	12,340	16,599
Education and welfare		947,418	904,040	941,236
Housing		80,722	88,800	86,034
Community amenities		214,944	193,600	314,831
Recreation and culture		411,590	442,865	432,948
Transport		402,424	431,785	423,512
Economic services		90,411	194,800	210,644
Other property and services		74,629	30,300	51,549
		2,853,647	2,726,329	3,200,616
Expenditure from operating activities				
Governance		(951,811)	(1,090,031)	(901,975)
General purpose funding		(75,186)	(83,324)	(106,908)
Law, order, public safety		(100,817)	(134,097)	(94,869)
Health		(157,058)	(209,881)	(184,286)
Education and welfare		(1,160,679)	(1,336,370)	(1,163,888)
Housing		(36,276)	(58,228)	(31,798)
Community amenities		(2,194,767)	(2,508,795)	(2,417,513)
Recreation and culture		(2,864,048)	(3,589,657)	(2,606,408)
Transport		(2,972,147)	(2,697,702)	(2,909,853)
Economic services		(80,523)	(146,403)	(156,903)
Other property and services		(206,847)	(159,240)	(116,425)
		(10,800,159)	(12,013,728)	(10,690,826)
Operating activities excluded				
(Profit) on disposal of assets	8(a)	(15,021)	(12,900)	(44,057)
Loss on disposal of assets	8(a)	3,076	0	127,872
Movement in cash-backed leave reserve		0	0	35,997
Movement in deferred pensioner rates (non-current)		28,848	0	13,435
Movement in employee benefit provisions (non-current)		45,773	0	(50,421)
Depreciation and amortisation on assets	8(b)	2,700,093	2,438,301	2,614,799
Amount attributable to operating activities		(4,193,961)	(5,497,273)	(4,288,320)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		68,975	68,685	80,000
Proceeds from disposal of assets	8(a)	87,909	54,181	179,775
Purchase of property, plant and equipment	7(b)	(2,452,370)	(2,792,360)	(827,370)
Purchase and construction of infrastructure	8(b)	(1,453,064)	(1,659,488)	(1,328,385)
Amount attributable to investing activities		(3,748,550)	(4,328,982)	(1,895,980)
FINANCING ACTIVITIES				
Repayment of long term borrowings	12	0	0	0
Proceeds from new long term borrowings	12	0	500,000	0
Proceeds from self supporting loans	12	(27,000)	0	0
Transfers to reserves (restricted assets)	5	(399,562)	(259,082)	(1,830,326)
Transfers from reserves (restricted assets)	5	1,568,658	2,040,262	2,030,681
Amount attributable to financing activities		1,142,096	2,281,180	200,355
Surplus(deficiency) before general rates		(6,800,415)	(7,545,075)	(5,983,945)
Total amount raised from general rates	24	7,583,304	7,545,075	7,370,900
Net current assets at June 30 c/fwd - surplus/(deficit)	26	782,889	0	1,386,955

1. BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

CRITICAL ACCOUNTING ESTIMATES (Continued)

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears in Note 28.

2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
Other revenue		
Reimbursements and recoveries	161,371	67,617
Other	0	3,332
	161,371	70,949
Fees and Charges		
Governance	36,921	14,243
General purpose funding	49,331	58,485
Law, order, public safety	32,299	29,214
Health	14,949	12,545
Education and welfare	84,433	94,695
Housing	80,722	86,034
Community amenities	319,562	164,831
Recreation and culture	129,964	298,488
Transport	370,237	379,976
Economic services	90,207	210,435
Other property and services	12,159	24,024
	1,220,784	1,372,970

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	223,578	345,184
Education and welfare	861,436	842,378
Community amenities	0	150,000
Recreation and culture	101,714	110,277
Transport	21,877	28,880
Other property and services	30,000	0
	1,238,605	1,476,719
Non-operating grants, subsidies and contributions		
Recreation and culture	0	80,000
Transport	68,975	0
	68,975	80,000
Total grants, subsidies and contributions	1,307,580	1,556,719

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, Donations and Other Contributions (Continued)
a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 23. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	83,346	64,083	86,618
- Other funds	52,673	72,000	72,815
- Other Interest Revenue	80,924	68,800	76,488
	216,943	204,883	235,921

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2018	2017
	\$	\$
Auditors remuneration		
- Audit of the Annual Financial Report	10,385	10,330
- Other Services	1,850	6,740
	<u>12,235</u>	<u>17,070</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		1,396,010	1,640,581
Restricted		2,082,634	3,251,730
		3,478,644	4,892,311

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

Leave Reserve	5	407,665	397,173
Plant Replacement Reserve	5	259,150	252,480
Civic Building Reserve	5	15,183	1,228,809
Office Reserve	5	9,121	147,992
Legal Costs Reserve	5	142,480	138,812
HACC Reserve	5	217,037	211,451
Strategic Plan Reserve	5	564,668	550,135
Arts and Sculpture Reserve	5	192,022	143,170
Unspent Grant and Restricted Cash Reserve	5, 23	75,000	181,708
Waste Reserve	5	200,308	0
		2,082,634	3,251,730

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

4. INVESTMENTS

Financial assets at fair value through profit and loss

	2018	2017
	\$	\$
Financial assets at fair value through profit and loss	0	0

SIGNIFICANT ACCOUNTING POLICIES

Classification and subsequent measurement

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

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

(ii) Held-to-maturity investments

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

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

(iii) Available-for-sale financial assets

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

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

Impairment

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES (Continued) Impairment (Continued)

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

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

Derecognition

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

5. RESERVES - CASH BACKED

	2018 Actual		2018 Actual		2018 Budget		2018 Budget		2018 Budget		2017 Actual		2017 Actual	
	Opening Balance	Transfer to	Transfer (from)	Actual	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Opening Balance	Transfer to	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	397,173	10,492	0	407,665	397,173	9,929	0	407,102	361,176	35,997	0	397,173		
Plant Replacement Reserve	252,480	6,670	0	259,150	252,480	6,312	0	258,792	254,369	147,111	(149,000)	252,480		
Civic Building Reserve	1,228,809	30,543	(1,244,169)	15,183	1,228,809	15,360	(1,244,169)	0	899,657	329,152	0	1,228,809		
Office Reserve	147,992	3,910	(142,781)	9,121	147,992	1,850	(149,842)	0	143,967	4,025	0	147,992		
Legal Costs Reserve	138,812	3,667	0	142,479	138,813	3,470	0	142,283	135,038	3,774	0	138,812		
HACC Reserve	211,451	5,586	0	217,037	211,451	5,286	0	216,737	205,700	5,751	0	211,451		
Strategic Plan Reserve	550,135	14,533	0	564,668	550,134	163,753	(460,000)	253,887	1,003,383	1,242,152	(1,695,400)	550,135		
Arts and Sculpture Reserve	143,170	48,852	0	192,022	143,170	48,579	0	191,749	95,014	48,156	0	143,170		
Unspent Grant and Restricted Cash Reserve	181,708	75,000	(181,708)	75,000	181,708	4,543	(186,251)	0	353,781	14,208	(186,281)	181,708		
Waste Reserve	0	200,308	0	200,308	0	0	0	0	0	0	0	0		
	3,251,730	399,562	(1,568,658)	2,082,634	3,251,730	259,082	(2,040,262)	1,470,550	3,452,085	1,830,326	(2,030,681)	3,251,730		

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	June 18	The purpose to provide coverage in relation to accumulated leave obligations.
Plant Replacement Reserve	June 18	The purchase and replacement of major plant.
Civic Building Reserve	June 18	The purpose of maintaining civic buildings.
Office Reserve	June 18	The purpose of IT infrastructure and other office equipment.
Legal Costs Reserve	June 18	The purpose of funding legal obligations.
HACC Reserve	June 18	The retention of unspent HACC program funds and HACC asset replacement.
Strategic Plan Reserve	June 18	The purpose of maintaining infrastructure and the provision of strategic plans.
Arts and Sculpture Reserve	June 18	The provision of art and sculpture.
Unspent Grant and Restricted Cash Reserve	June 18	The retention of unspent specific purpose grants and moneys.
Waste Reserve	June 18	To fund and support waste management services.

Reserve Transfers are processed at the end of each month against year to date actual expenditure, or alternatively, at the end of the financial year based on full project expenditure, should cash-flow allow.

6. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Current		
Rates outstanding	191,475	150,429
Sundry debtors	138,478	107,199
GST receivable	73,918	84,134
Loans receivable - clubs/institutions	3,000	0
Less Provision for Doubtful Debts	0	(600)
Accrued Income	4,579	0
	411,450	341,162
Non-current		
Rates outstanding - pensioners	28,590	57,438
Loans receivable - clubs/institutions	24,000	0
	52,590	57,438

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

Rates outstanding

Includes:

Past due and not impaired	191,475	150,429
Impaired	0	0

Sundry debtors

Includes:

Past due and not impaired	138,478	107,199
Impaired	0	0

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

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

Classification and subsequent measurement

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7. PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	\$	\$
Land at:		
- Independent valuation 2017 - level 2	4,451,000	4,451,000
	<u>4,451,000</u>	<u>4,451,000</u>
Total land	<u>4,451,000</u>	<u>4,451,000</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	541,000	541,000
- Additions after valuation - cost	0	0
Less: accumulated depreciation	(13,514)	0
	<u>527,486</u>	<u>541,000</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	11,508,900	11,508,900
- Additions after valuation - cost	1,995,889	0
Less: accumulated depreciation	(292,207)	0
	<u>13,212,582</u>	<u>11,508,900</u>
Total buildings	<u>13,740,068</u>	<u>12,049,900</u>
Total land and buildings	<u>18,191,068</u>	<u>16,500,900</u>
Furniture and equipment at:		
- Management valuation 2016 - level 2	449,703	298,586
- Additions after valuation - cost	226,982	151,117
Less: accumulated depreciation	(323,078)	(264,935)
	<u>353,607</u>	<u>184,768</u>
Plant and equipment at:		
- Management valuation 2016 - level 2	1,607,090	1,443,123
- Additions after valuation - cost	229,499	399,982
Less: accumulated depreciation	(1,120,781)	(1,097,456)
	<u>715,808</u>	<u>745,649</u>
Total property, plant and equipment	<u>19,260,483</u>	<u>17,431,317</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	3,992,000	1,143,988	10,749,545	11,893,533	15,885,533	75,159	676,392	16,637,084
Additions	0	0	276,270	276,270	276,270	151,117	399,983	827,370
(Disposals)	0	0	(126,433)	(126,433)	(126,433)	0	(137,155)	(263,588)
Revaluation increments/ (decrements) transferred to revaluation surplus	459,000	(8,632)	328,488	319,856	778,856	0	0	778,856
Depreciation (expense)	0	(14,849)	(298,477)	(313,326)	(313,326)	(41,508)	(193,569)	(548,403)
Transfers	0	(579,507)	579,507	0	0	0	0	0
Carrying amount at 30 June 2017	4,451,000	541,000	11,508,900	12,049,900	16,500,900	184,768	745,649	17,431,317
Additions	0	0	1,995,889	1,995,889	1,995,889	226,982	229,499	2,452,370
(Disposals)	0	0	0	0	0	0	(75,965)	(75,965)
Depreciation (expense)	0	(13,514)	(292,207)	(305,722)	(305,722)	(58,143)	(183,375)	(547,240)
Transfers	0	0	0	0	0	0	0	0
Carrying amount at 30 June 2018	4,451,000	527,486	13,212,582	13,740,067	18,191,067	353,607	715,808	19,260,483

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

1. 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	Level 2	Market approach using recent observable market data for similar properties/income approach using discount cash flow methodology.	Independent Registered Valuers	June 2017	Price per hectare / market borrowing rate.
Buildings - non-specialised	Level 2	Market approach using recent observable market data for similar properties/income approach using discount cash flow methodology.	Independent Registered Valuers	June 2017	Price per square metre / market borrowing rate.
Buildings - specialised	Level 3	Improvements to land using cost approach of depreciated replacement cost.	Independent Registered Valuers	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessment (level 3) inputs.
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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Independent Valuation 2015 - Level 3	0	33,356,000
- Independent Valuation 2018 - Level 3	30,262,252	0
- Additions after valuation - cost	0	891,381
Less: accumulated depreciation	0	(1,226,497)
	<u>30,262,252</u>	<u>33,020,884</u>
Infrastructure - Footpaths		
- Independent Valuation 2015 - Level 3	0	4,718,000
- Independent Valuation 2018 - Level 3	5,295,493	0
- Additions after valuation - cost	0	314,811
Less: accumulated depreciation	0	(632,792)
	<u>5,295,493</u>	<u>4,400,019</u>
Infrastructure - Drainage		
- Independent Valuation 2015 - Level 3	0	2,998,000
- Independent Valuation 2018 - Level 3	1,891,566	0
- Additions after valuation - cost	0	0
Less: accumulated depreciation	0	(273,964)
	<u>1,891,566</u>	<u>2,724,036</u>
Infrastructure - Parks and Ovals		
- Independent Valuation 2015 - Level 3	0	8,610,000
- Independent Valuation 2018 - Level 3	5,176,090	0
- Additions after valuation - cost	0	645,928
Less: accumulated depreciation	0	(1,280,323)
	<u>5,176,090</u>	<u>7,975,605</u>
Infrastructure - Car Parks		
- Independent Valuation 2015 - Level 3	0	3,013,000
- Independent Valuation 2018 - Level 3	3,107,182	0
- Additions after valuation - cost	0	67,623
Less: accumulated depreciation	0	(110,449)
	<u>3,107,182</u>	<u>2,970,174</u>
Infrastructure - Other Improvements		
- Independent Valuation 2015 - Level 3	0	2,973,000
- Independent Valuation 2018 - Level 3	115,931	0
- Additions after valuation - cost	0	0
Less: accumulated depreciation	0	(547,983)
	<u>115,931</u>	<u>2,425,017</u>
Total infrastructure	<u>45,848,514</u>	<u>53,515,735</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

A. INFRASTRUCTURE (Continued)

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and Ovals	Infrastructure - Car Parks	Infrastructure - Other Improvements	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	33,160,067	4,513,938	2,861,018	8,061,713	2,958,002	2,699,008	54,253,746
Additions	495,733	206,329	0	558,700	67,623	0	1,328,385
Depreciation (Expense)	(634,916)	(320,248)	(136,982)	(644,808)	(55,451)	(273,991)	(2,066,396)
Transfers	0	0	0	0	0	0	0
Carrying amount at 30 June 2017	33,020,884	4,400,019	2,724,036	7,975,605	2,970,174	2,425,017	53,515,735
Additions	235,012	352,202	0	839,018	26,832	0	1,453,064
(Disposals)	0	0	0	0	0	0	0
(Decrements) Transferred to revaluation Surplus	(2,327,671)	876,041	(695,488)	(2,955,908)	170,688	(2,035,094)	(6,967,432)
Depreciation (Expense)	(665,973)	(332,769)	(136,982)	(682,625)	(60,512)	(273,992)	(2,152,853)
Transfers	0	0	0	0	0	0	0
Carrying amount at 30 June 2018	30,262,252	5,295,493	1,891,566	5,176,090	3,107,182	115,931	45,848,514

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

INFRASTRUCTURE (Continued)

Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.
Infrastructure - Parks and Ovals	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.
Infrastructure - Car Parks	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.
Infrastructure - Other Improvement:	Level 3	Cost approach using depreciated replacement cost.	Independent Registered Valuation	June 2018	Construction cost and current condition (level 2), residual value and remaining useful life assessments (level 3) inputs.

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

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

8. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

Land under roads

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

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

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

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

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

8. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Community amenities								
Toyota Camry Atara 1GET820	21,258	18,182	0	(3,076)	0	0	0	0
Recreation and culture								
Toro Z Master 7000 Mower 1EIT135	2,364	7,000	4,636	0	2,000	7,900	5,900	0
Transport								
2008 Mitsubishi Fuso Canter Truck - 1DBR865	13,213	22,727	9,514	0	15,727	22,727	7,000	0
Other property and services								
Volkswagen Amarok 1EWA247	16,696	17,273	577	0	0	0	0	0
Holden Colorado 1EOU809	22,433	22,727	294	0	23,554	23,554	0	0
	<u>75,965</u>	<u>87,909</u>	<u>15,021</u>	<u>(3,076)</u>	<u>41,281</u>	<u>54,181</u>	<u>12,900</u>	<u>0</u>

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	13,514	14,849
Buildings - specialised	292,207	298,477
Furniture and equipment	58,143	41,508
Plant and equipment	183,375	193,569
Infrastructure - Roads	665,973	634,916
Infrastructure - Footpaths	332,769	320,248
Infrastructure - Drainage	136,982	136,982
Infrastructure - Parks and Ovals	682,625	644,808
Infrastructure - Car Parks	60,512	55,451
Infrastructure - Other Improvements	273,992	273,991
	<u>2,700,093</u>	<u>2,614,799</u>

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Depreciation rates

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

Buildings	40 to 50 years
IT Equipment	4 years
Furniture and Equipment	10 years
Plant and Equipment - HACB Buses	12 years
Plant and Equipment - Heavy Fleet	11 years
Plant and Equipment - Light Fleet	5 years
Plant and Equipment - Other	5 years

Depreciation (Continued)

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

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

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

Depreciation rates

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

	Ave Depn		Ave Depn
Drainage - Pit	1.67%	Parks and Ovals - Amenities	6.31%
Drainage - Pipe	1.97%	Parks and Ovals - Lighting	4.88%
Footpaths	1.49%	Parks and Ovals - Playgrounds	3.00%
Road - Kerbing	1.59%	Parks and Ovals - Irrigation	1.97%
Road - Sealed Pavement	1.33%	Parks and Ovals - Turf	93.21%
Road - Subgrade	NA		
Road - Surface	4.00%		
Road - Table Drain	2.50%		

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

REVALUATION SURPLUS

	2018			2018			2017			2017		
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Total	Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revaluation surplus - Land	3,961,000	0	0	0	3,961,000	3,502,000	459,000	0	0	459,000	3,961,000	
Revaluation surplus - Buildings - non-specialised	503,771	0	0	0	503,771	512,403	0	(8,632)	(8,632)	(8,632)	503,771	
Revaluation surplus - Buildings - specialised	5,330,703	0	0	0	5,330,703	5,002,215	328,488	0	0	328,488	5,330,703	
Revaluation surplus - Plant and equipment	222,818	0	0	0	222,818	222,818	0	0	0	0	222,818	
Revaluation surplus - Infrastructure - Roads	26,166,712	0	(2,327,671)	(2,327,671)	23,839,041	26,166,712	0	0	0	0	26,166,712	
Revaluation surplus - Infrastructure - Footpaths	1,717,848	876,041	0	876,041	2,593,889	1,717,848	0	0	0	0	1,717,848	
Revaluation surplus - Infrastructure - Drainage	1,753,269	0	(695,488)	(695,488)	1,057,781	1,753,269	0	0	0	0	1,753,269	
Revaluation surplus - Infrastructure - Parks and Ovals	6,113,988	0	(2,955,908)	(2,955,908)	3,158,080	6,113,988	0	0	0	0	6,113,988	
Revaluation surplus - Infrastructure - Carparks	1,198,359	170,688	0	170,688	1,369,047	1,198,359	0	0	0	0	1,198,359	
Revaluation surplus - Infrastructure - Other	2,729,185	0	(2,035,094)	(2,035,094)	694,091	2,729,185	0	0	0	0	2,729,185	
	49,697,653	1,046,729	(8,014,161)	(6,967,432)	42,730,221	48,918,797	787,488	(8,632)	778,856	49,697,653		

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Current		
Sundry creditors	269,784	195,770
Accrued salaries and wages	90,194	78,878
ATO liabilities	58,284	59,906
	<u>418,262</u>	<u>334,554</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Town prior to the end of the financial year that are unpaid and arise when the Town becomes obliged to make future payments in respect

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

11. SHORT-TERM BORROWINGS

Unsecured

Bank overdraft	0	0
Represented by:		
Unrestricted – Municipal bank overdraft	0	0
Restricted funds held	125,000	181,708
	<u>125,000</u>	<u>181,708</u>

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

Unspent Grants	125,000	181,708
Unspent Loans	0	0
	<u>125,000</u>	<u>181,708</u>

12. INFORMATION ON BORROWINGS

(a) Borrowings

	2018	2017
	\$	\$
Current	0	0
Non-current	0	0
	0	0

The Town does have any borrowings other than a bank overdraft facility and corporate business card facility.

(b) Undrawn Borrowing Facilities

	2018	2017
	\$	\$
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	5,000	5,000
Total amount of credit unused	110,000	110,000
Loan facilities		
Loan facilities - current	0	0
Loan facilities - non-current	0	0
Total facilities in use at balance date	0	0
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

13. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	312,823	344,584	657,407
Non-current provisions	0	8,451	8,451
	312,823	353,035	665,858
Additional provision	43,151	(51,476)	(8,325)
Balance at 30 June 2018	355,974	301,559	657,533
Comprises			
Current	355,974	247,335	603,309
Non-current	0	54,224	54,224
	355,974	301,559	657,533

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	3,478,644	2,009,518	4,892,311
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(294,233)	(1,673,638)	(39,310)
Non-cash flows in Net result:			
Depreciation	2,700,093	2,438,301	2,614,799
(Profit)/loss on sale of asset	(11,945)	(12,900)	83,815
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(38,441)	288,823	(32,562)
Increase/(decrease) in payables	83,708	25,848	(265,601)
Increase/(decrease) in provisions	(8,325)	0	(70,836)
Grants contributions for the development of assets	(68,975)	(68,685)	(80,000)
Net cash from operating activities	2,361,882	997,749	2,210,305

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	5,868,821	7,613,091
General purpose funding	1,631,757	5,231,005
Law, order, public safety	0	0
Health	30,713	31,500
Education and welfare	1,352,190	1,215,295
Housing	232,050	238,000
Community amenities	429,062	90,500
Recreation and culture	12,851,107	17,910,448
Transport	45,024,566	43,115,113
Economic services	0	0
Other property and services	1,631,415	793,011
	<u>69,051,681</u>	<u>76,237,963</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

16. CONTINGENT LIABILITIES

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

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

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

		2018	2017
Liability Share	\$	502,720	595,439
Liability Sharing Ratio	%	3.05	3.06

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

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

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

		2018	2017
Liability Share	\$	47,700	48,060
Liability Sharing Ratio	%	2.65	2.67

(c) Bank Guarantee

The Town has provided a bank guarantee in favour of the Department of Parks and Wildlife for the amount of \$41,675.50.

The bank guarantee has been issued in accordance with the requirements of the Riverbed lease for the boat pens in the Swan River, East Fremantle.

17. CAPITAL COMMITMENTS

2018	2017
\$ 0	\$ 0

The Town did not have any capital or leasing commitments at the reporting date.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

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

18. JOINT VENTURE ARRANGEMENTS

South Metropolitan Regional Council

The Town is a member of the SMRC which was established as a joint venture through the SMRC with the Cities of Cockburn, Fremantle, Kwinana, Melville and the Town of East Fremantle.

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

		2018	2017
Equity Share	\$	80,982	82,869
Equity Sharing Ratio	%	2.90	2.65

Regional Resource Recovery Centre (RRRC)

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

Pursuant to a resolution of the City of Cockburn on 9 June 2016, the City of Cockburn as a participant under the RRRC Project Agreement, gave notice of its intention to withdraw from the RRC Project effective from 30 June 2017.

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

		2018	2017
Equity Share	\$	502,530	385,199
Equity Sharing Ratio	%	5.32	3.05

South West Group

The Town is a member participant in the South West Group comprising the Cities of Melville, Cockburn, Fremantle, Rockingham and the Town's of Kwinana and East Fremantle.

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

		2018	2017
Equity Share	\$	27,726	9,180
Equity Sharing Ratio	%	7.70	7.70%

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint venture entities providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Interests in joint arrangements (Continued)

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Town's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

19. Investment in Associates

The Town does not hold significant influence over any entities.

SIGNIFICANT ACCOUNTING POLICIES

Investment in associates

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

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates (Continued)

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

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	146,861	149,040	149,000
Mayor/President's allowance	15,600	15,600	15,600
Deputy Mayor/President's allowance	3,900	3,900	3,900
Telecommunications allowance	25,081	27,000	25,910
	191,442	195,540	194,410

Key Management Personnel (KMP) Compensation Disclosure

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

	2018 \$	2017 \$
Short-term employee benefits	546,738	754,773
Post-employment benefits	64,652	0
Other long-term benefits	40,324	0
Termination benefits	0	90,167
	651,714	844,940

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Transactions with related parties

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

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

20. RELATED PARTY TRANSACTIONS (Continued)

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Sale of goods and services	0	0
Purchase of goods and services	0	0
Joint venture entities:		
Distributions received from joint venture entities	0	0
Amounts outstanding from related parties:		
Trade and other receivables	0	0
Loans to associated entities	0	0
Loans to key management personnel	0	0
Amounts payable to related parties:		
Trade and other payables	0	0
Loans from associated entities	0	0

Related Parties

The Town's main related parties are as follows:

i. Key management personnel

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

Key management personnel for the Town include Elected Members, the Chief Executive Officer, the Executive Manager Services, the Executive Manager Regulatory Services and the Operations Manager.

ii. Entities subject to significant influence by the Town

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

21. MAJOR LAND TRANSACTIONS

The Town did not participate in any major land transactions during the 2017/18 financial year.

22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Town did not participate in any trading undertakings or major trading undertakings during the 2017/18 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

23. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received		Expended	Closing		Closing	
	Balance ⁽¹⁾ 1/07/16	2016/17	2017/18	2016/17	Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$	\$
Education and welfare								
DoH Hacc Non-Operating Plant Replacement	88,140	0	0	(88,140)	0	0	0	0
DoH Hacc Non-Operating Capital Grant	0	14,208	0	0	14,208	0	(14,208)	0
Community amenities								
Waste Authority - Better Bins Kerbside Collection	0	0	0	0	0	50,000	0	50,000
Recreation and culture								
DopW Swan River Trust Erosion Control	167,500	0	0	0	167,500	0	(167,500)	0
DSR East Fremantle Oval Redevelopment	0	0	0	0	0	75,000	0	75,000
Transport								
DoIRD Roads to Recovery	98,141	0	0	(98,141)	0	68,975	(68,975)	0
Total	353,781	14,208	193,975	(186,281)	181,708	193,975	(250,683)	125,000

Notes:

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

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

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

(4) - The above grants have been restricted in Reserves as at 30 June 2018 - the DSR Grant has been restricted in the Unspent Grants and Contributions Reserve; and the Waste Authority Grant has been transferred into the Waste Reserve.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
Residential	0.066640	2,987	89,795,466	5,987,495	72,584	0	6,060,079	5,975,768	15,000	0	5,990,768
Commercial	0.101204	122	12,143,348	1,228,955	0	0	1,228,955	1,254,762	0	0	1,254,762
Sub-Total		3,109	101,938,814	7,216,450	72,584	0	7,289,034	7,230,530	15,000	0	7,245,530
Minimum payment											
Minimum	\$										
Gross rental valuations											
Residential	1,055	264	3,599,314	278,520	0	0	278,520	283,795	0	0	283,795
Commercial	1,575	10	135,755	15,750	0	0	15,750	15,750	0	0	15,750
Sub-Total		274	3,735,069	294,270	0	0	294,270	299,545	0	0	299,545
Discounts/Concessions		3,383	105,673,883	7,510,720	72,584	0	7,583,304	7,530,075	15,000	0	7,545,075
Total amount raised from general rate							<u>7,583,304</u>	<u>7,530,075</u>	<u>15,000</u>	<u>0</u>	<u>7,545,075</u>
Specified area rates							0	0	0	0	0
Ex-gratia rates							0	0	0	0	0
Totals							<u>7,583,304</u>	<u>7,530,075</u>	<u>15,000</u>	<u>0</u>	<u>7,545,075</u>

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

25. RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the Town during the year ended 30 June 2018.

(c) Service Charges

No service charges were imposed by the Town during the year ended 30 June 2018.

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

The Town did not grant any discounts, incentives, concessions or write-offs during the year ended 30 June 2018.

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan		Unpaid Rates Interest Rate																		
		Admin Charge	Instalment Plan Interest Rate																			
		\$	%	%																		
Option One																						
Single full payment	22-Aug-17	0	0.00%	11.00%																		
Option Two																						
First instalment	22-Aug-17	0.00	5.50%	11.00%																		
Second instalment	30-Jan-18	16.50	5.50%	11.00%																		
Option Three																						
First instalment	22-Aug-17	0.00	5.50%	11.00%																		
Second instalment	28-Nov-17	16.50	5.50%	11.00%																		
Third instalment	30-Jan-18	16.50	5.50%	11.00%																		
Fourth instalment	04-Apr-18	16.50	5.50%	11.00%																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">2018</th> <th style="text-align: right;">Budget</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: right;">\$</td> <td style="text-align: right;">\$</td> </tr> <tr> <td>Interest on unpaid rates</td> <td style="text-align: right;">39,221</td> <td style="text-align: right;">28,000</td> </tr> <tr> <td>Interest on instalment plan</td> <td style="text-align: right;">40,279</td> <td style="text-align: right;">40,800</td> </tr> <tr> <td>Charges on instalment plan</td> <td style="text-align: right;">41,613</td> <td style="text-align: right;">40,800</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>121,113</u></td> <td style="text-align: right;"><u>109,600</u></td> </tr> </tbody> </table>						2018	Budget		\$	\$	Interest on unpaid rates	39,221	28,000	Interest on instalment plan	40,279	40,800	Charges on instalment plan	41,613	40,800		<u>121,113</u>	<u>109,600</u>
	2018	Budget																				
	\$	\$																				
Interest on unpaid rates	39,221	28,000																				
Interest on instalment plan	40,279	40,800																				
Charges on instalment plan	41,613	40,800																				
	<u>121,113</u>	<u>109,600</u>																				

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26. NET CURRENT ASSETS

Composition of net current assets

	2018 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus/(Deficit) 1 July 17 brought forward	782,889	989,782	1,386,955
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,396,010	1,640,581	1,640,581
Restricted	2,082,634	3,251,730	3,251,730
Receivables			
Rates outstanding	191,475	150,429	150,429
Sundry debtors	138,478	107,199	107,199
GST receivable	73,918	84,134	84,134
Loans receivable - clubs/institutions	3,000	0	0
Less Provision for Doubtful Debts	0	(600)	(600)
Accrued Income	4,579	0	0
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(269,784)	(195,770)	(195,770)
Accrued salaries and wages	(90,194)	(78,878)	(78,878)
ATO liabilities	(58,284)	(59,906)	(59,906)
Provisions			
Provision for annual leave	(355,974)	(312,823)	(312,823)
Provision for long service leave	(247,335)	(344,584)	(344,584)
Unadjusted net current assets	2,868,523	4,241,512	4,241,512
Adjustments			
Less: Reserves - restricted cash	(2,082,634)	(3,251,730)	(3,251,730)
Add: Staff Leave Reserve			397,173
Adjusted net current assets - surplus/(deficit)	782,889	989,782	1,386,955

Difference

There is a variance between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report. The variance is explained by a change in the methodology to calculate net current assets, with the amount of the staff leave reserve not being added back to the calculation (as the previous methodology has been assessed to arbitrarily overstate the net current asset position due to a contra balancing entry required in the rate setting statement)

27. FINANCIAL RISK MANAGEMENT

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

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

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

The Town held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,478,644	4,892,311	3,478,644	4,892,311
Receivables	464,040	398,600	464,040	338,694
	<u>3,942,684</u>	<u>5,290,911</u>	<u>3,942,684</u>	<u>5,231,005</u>
Financial liabilities				
Payables	418,262	334,554	418,262	274,648
	<u>418,262</u>	<u>334,554</u>	<u>418,262</u>	<u>274,648</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

27. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Town's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Town manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
Impact of a 10% ⁽¹⁾ movement in price of investments	\$	\$
- Equity	13,602	12,231
- Statement of Comprehensive Income	13,602	12,231
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	1,360	1,223
- Statement of Comprehensive Income	1,360	1,223

Notes:

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

27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	<u>2018</u>	<u>2017</u>
	%	%
Percentage of rates and annual charges		
- Current	64.40%	100.00%
- Overdue	35.60%	0.00%
Percentage of other receivables		
- Current	55.00%	96.83%
- Overdue	45.00%	3.17%

27. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractua cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	418,262			418,262	418,262
Borrowings	0	0	0	0	0
	418,262	0	0	418,262	418,262
2017					
Payables	334,554	0	0	334,554	334,554
Borrowings	0	0	0	0	0
	334,554	0	0	334,554	334,554

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

28. TRUST FUNDS

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

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Developer Bonds and Deposits	233,468	83,394	(89,178)	227,683
Developer Cash in Lieu	457,197	8,063	0	465,260
Mooring Pen Deposits	55,840	14,690	(16,830)	53,700
Other Bonds and Deposits	16,789	4,106	(1,520)	19,376
Unclaimed Monies	30,106	0	(730)	29,376
	793,400	110,253	(108,258)	795,395

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

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

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

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

Notes:

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

Notes:

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

Adoption of New and Revised Accounting Standards

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

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

- | | |
|---|----------------|
| (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | 1 January 2017 |
| (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities | 1 January 2017 |

30. SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets such as roads, drains, public buildings and the like, no annual assessment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient

regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

31. ACTIVITIES/PROGRAMS

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

32. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	2.94	3.59	1.59
Asset sustainability ratio	1.13	0.76	0.20
Debt service cover ratio	NA	NA	NA
Operating surplus ratio	(0.04)	(0.01)	(0.07)
Own source revenue coverage ratio	0.85	0.85	0.84

The above ratios are calculated as follows:

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

Notes:

Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 54 of this document.

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	119,766		38,787
Amount of Financial Assistance Grant received in prior year relating to current year.		119,856	

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	3.14	3.37	1.22
Debt service cover ratio	NA	NA	NA
Operating surplus ratio	(0.05)	(0.03)	(0.06)
Own source revenue coverage ratio	0.85		

**SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2018**

RATIO INFORMATION

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Asset consumption ratio	0.97	0.93	0.75
Asset renewal funding ratio	0.84	1.98	1.44

The above ratios are calculated as follows:

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



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS, REGISTERED COMPANY
AUDITORS AND REGISTERED SMSF AUDITORS

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

Opinion

We have audited the financial report of Town of East Fremantle which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer,

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

- a) is based on proper accounts and records; and
- b) fairly represents, in all material respects, the results of the operations of the Town of East Fremantle for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

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

Statutory Compliance

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

- a) We did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 53 of this report, we have reviewed the calculations as presented and in our opinion these are:
 - i. Based on verifiable information; and
 - ii. Reasonable assumptions.



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

Those charged with governance are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town of East Fremantle's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town of East Fremantle's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Dated the 2nd day of November 2018 in Perth, Western Australia

BILLY-JOE THOMAS
Director

ANDERSON MUNRO & WYLLIE
Chartered Accountants



TOWN of
EAST FREMANTLE

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