



# Agenda

## Ordinary Meeting of Council

Wednesday 25 October 2023 6pm



## **Notice of an Ordinary Meeting of Council**

Elected Members

An Ordinary Meeting of Council of the City of Fremantle will be held on **Wednesday 25 October 2023** in the Council Chamber at the Walyalup Civic Centre, located at 151 High Street, Fremantle commencing at 6.00 pm.

A handwritten signature in black ink, appearing to read "Glen Dougall".

Glen Dougall  
**Chief Executive Officer**

20 October 2023



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## **1. Official opening, welcome and acknowledgement**

Ngala kaaditj Whadjuk moort keyen kaadak nidja Walyalup boodja wer djinang Whadjuk kaaditjin wer nying boola yeye.

We acknowledge the Whadjuk people as the traditional owners of the greater Fremantle/Walyalup area and we recognise that their cultural and heritage beliefs are still important today.

## **2. Attendance, apologies and leave of absence**

Cr Doug Thompson– Leave of Absence

## **3. Local Government Election 2023**

### **3.1 Welcome to Country**

A Welcome to Country will be performed by Aunty Marie Taylor.

### **3.2 Report of Returning Officer – Local Government Elections held 21 October 2023**

The report of the Returning Officer from the Local Government Elections to be held on 21 October 2023 will be read aloud by the Chief Executive Officer, Glen Dougall.

### **3.3 Swearing in of newly Elected Members**

In accordance with Section 2.29 of the *Local Government Act 1995*, a person elected as a councillor is to make a declaration in the prescribed form, and before a prescribed person, before acting in the office.

**A Declaration of Office was made, in the presence of Mr John Alberti, Justice of the Peace by:**

\_\_\_\_\_ **CENTRAL WARD**

**A Declaration of Office was made, in the presence of Mr John Alberti, Justice of the Peace by:**

\_\_\_\_\_ **COASTAL WARD**



**A Declaration of Office was made, in the presence of Mr John Alberti, Justice of the Peace by:**

\_\_\_\_\_ **EAST WARD**

**A Declaration of Office was made, in the presence of Mr John Alberti, Justice of the Peace by:**

\_\_\_\_\_ **NORTH WARD**

#### **4. Applications for leave of absence**

Elected members may request leave of absence.

#### **5. Disclosures of interest by members**

Elected members must disclose any interests that may affect their decision-making. They may do this in a written notice given to the CEO; or at the meeting.

#### **6. Responses to previous public questions taken on notice**

**Questions taken on notice at the Ordinary Meeting of Council held on 11 October 2023 were answered within the Minutes.**

#### **7. Public question time**

Members of the public have the opportunity to ask a question or make a statement at council and committee meetings during public question time. Further guidance on public question time can be viewed [here](#), or upon entering the meeting.

#### **8. Petitions**

Petitions may be tabled at the meeting with agreement of the presiding member.



## **9. Deputations**

### **9.1 Special deputations**

There are no special deputation requests.

### **9.2 Presentations**

Elected members and members of the public may make presentations to the meeting in accordance with the City of Fremantle Meeting Procedures Policy.

## **10. Confirmation of minutes**

### **OFFICER'S RECOMMENDATION**

**Council confirm the minutes of the Ordinary Meeting of Council dated 11 October 2023.**

## **11. Elected member communication**

Elected members may ask questions or make personal explanations on matters not included on the agenda.



## 12. Reports and recommendations from officers

### C2310-5 ELECTION OF DEPUTY MAYOR

<b>Meeting Date:</b>	25 October 2023
<b>Responsible Officer:</b>	Manager Governance
<b>Decision Making Authority:</b>	Council
<b>Attachments:</b>	Nil

#### SUMMARY

**The position of Deputy Mayor becomes vacant after the ordinary elections are held. The Council must now elect a new Deputy Mayor.**

**The purpose of this report is to call for nominations and election for the office of the Deputy Mayor following the ordinary election held on 21 October 2023, in accordance with Schedule 2.3, Division 2 of the *Local Government Act 1995*.**

#### BACKGROUND

If the Mayor is already elected the election of the Deputy Mayor is the first matter dealt with by the Council after an ordinary election, once the swearing in of the new members has been completed.

The role of the Deputy Mayor is to perform the functions of the Mayor when authorised to do so under section 5.34 of the *Local Government Act 1995*.

#### FINANCIAL IMPLICATIONS

Nil

#### LEGAL IMPLICATIONS

Schedule 2.3 and 4.1 of the *Local Government Act 1995* determines the process for electing a Deputy Mayor.

#### CONSULTATION

No consultation was undertaken for consideration in this report.

#### OFFICER COMMENT

Schedule 2.3 of the *Local Government Act 1995* determines when and how Deputy Mayors are elected. The process is summarised below:



1. The council is to elect a councillor to fill the office of Deputy Mayor.
2. Nominations for the office are to be given to the person conducting the election of the Deputy Mayor in writing before the meeting or during the meeting before the close of nominations.
3. Nominations close at the meeting at a time announced by the person conducting the election of the Deputy Mayor, which is to be sufficient time after the announcement by that person that nominations are about to close to allow for any nominations made to be dealt with.
4. If a councillor is nominated by another councillor the person conducting the election of the Deputy Mayor is not to accept the nomination unless the nominee has advised the person conducting the election, orally or in writing, that they are willing to be nominated for the office.
5. The council members are to vote on the matter by secret ballot as if they were electors voting at an election.
6. The votes will be counted and the successful candidate determined as if those votes were cast at an election.
7. The candidate who receives the greater or greatest number of votes is elected.
8. As soon as practicable after the result of the election is known, the person conducting the election is to declare and give notice of the result.

The votes are to be counted, and the successful candidate determined, in accordance with Schedule 4.1 of the *Local Government Act 1995*. *A councillor must cast 1 first-preference vote by writing on the ballot paper the numeral 1 in the square opposite the name of the candidate for whom the councillor votes as their first preference. If there are 2 or more other candidates, the councillor may cast preference votes by writing consecutive numerals from 2 (without repetition of any numeral) in the squares opposite the names of other candidates to indicate the order of the councillor's preference for those other candidates.*

Where the office of the Deputy Mayor has only two candidates, the first-preference votes for each candidate must be counted and the candidate who has the greater number of first-preference votes is elected.

Where the office of the Deputy Mayor has three or more candidates, the first-preference votes for each candidate must be counted. A candidate is elected if the number of first-preference votes for the candidate exceeds 50% of the total number of all the first-preference votes for candidates.

If two or more remaining candidates receive the same number of votes, the count is to be discontinued and not more than 7 days later, a special meeting of council is to be held. Nominations may be withdrawn, and further nominations may be made. At the special meeting the council members are to vote again.

Once the result has been announced, the Deputy Mayor is to make a declaration in the prescribed form before taking office.





**DECLARATION OF RESULT**

**Councillor \_\_\_\_\_ was declared Deputy Mayor for the term of two years, to expire following the next ordinary election.**

**DECLARATION OF OFFICE**

**A Declaration of Office was made, in the presence of Mr John Alberti, Justice of the Peace by:**

**Councillor \_\_\_\_\_ DEPUTY MAYOR**



## **C2310-6 STATEMENT OF INVESTMENTS – SEPTEMBER 2023**

<b>Meeting date:</b>	25 October 2023
<b>Responsible officer:</b>	Manager Financial Services
<b>Decision making authority:</b>	Council
<b>Attachments:</b>	1. Statement of Investments – September 2023

### **SUMMARY**

**This report outlines the investment of surplus funds for the month ending 30 September 2023 and provides information on these investments for Council consideration.**

**This report recommends that Council receive the Investment Report for the month ended 30 September 2023, as provided in Attachment 1.**

**The investment report provides a snapshot of the City’s investment portfolio and includes information as at 30 September 2023 in relation to:**

- **Portfolio details;**
- **Portfolio credit framework;**
- **Portfolio liquidity;**
- **Portfolio fossil fuel summary;**
- **Interest income; and**
- **Investing activities.**

### **BACKGROUND**

In accordance with the Investment Policy adopted by Council, the City of Fremantle invests its surplus funds, long term cash, current assets and other funds in authorised investments as outlined in the policy.

Due to timing differences between receiving revenue and the expenditure of funds, surplus funds may be held by the City for a period of time. To maximise returns and maintain a low level of credit risk, the City invests these funds into appropriately rated and liquid investments, until the City requires the money for operational expenditure.

The City’s investment policy seeks to limit investments in financial institutions which support, either directly or indirectly, fossil fuel companies, while balancing compliance with the Investment Policy, and achieving a suitable return on those investments.

### **FINANCIAL IMPLICATIONS**

Investment interest earned year to date is \$529,927 against a full year budget of \$1,106,375. Interest earnings year to date are higher than budget by \$253,327 with \$248,094 being earned in September. The current official cash rate as



determined by the Reserve Bank is 4.1%. The Reserve bank has kept the cash rate on hold for the fourth straight month at their October Board meeting.

However, the current cash rate remains the highest since April 2012. Further interest rate rises remained on the cards as Australia was not out of inflation woods yet. Current investment markets continue to offer attractive interest rates.

The City's investment portfolio is invested in highly secure investments with a low level of risk yielding a weighted average rate of return of 4.52% for the month of September 2023. The City's actual portfolio return in the last 12 months is 3.42%, which compares on par with the benchmark Bloomberg AusBond Bill Index reference rate of 3.56% (refer to Attachment 1 point 8).

## **LEGAL IMPLICATIONS**

The following legislation is relevant to this report:

- *Local Government (Financial Management) Regulations 1996* Regulation 19 – Management of Investments; and
- *Trustee Act 1962* (Part 3)

Authorised Deposit-taking Institutions are authorised under the *Banking Act 1959* and are subject to Prudential Standards which are overviewed by the Australian Prudential Regulation Authority (APRA).

## **CONSULTATION**

Nil

## **OFFICER COMMENT**

The City's Investment Portfolio Manager has provided a comprehensive Investment Report for the month ending 30 September 2023 which can be viewed in the Attachment. A summary of the investment report is provided below.

### **1. Portfolio Details**

As at 30 September 2023, the City's investment portfolio totalled \$61.88m. The market value of this investment was \$62.44m at that time, which takes into account accrued interest.

The investment portfolio is made up of:

Cash Investments (<= 3 months)	\$ 6.38m
Term Deposits (> 3 months)	\$ 55.50m
TOTAL	\$ 61.88m



Of which:

Unrestricted cash	\$ 51.28m
Restricted cash (Reserve Funds)	\$ 10.60m
<b>TOTAL</b>	<b>\$ 61.88m</b>

The current amount of \$51.28m held as unrestricted cash represents 56.97% of the total adopted budget for operating revenue (\$90.02m).

## 2. Portfolio Credit Framework

The City’s Investment policy determines the maximum amount to be invested in any one Tier, or any one financial institution within a Tier, based on the credit rating of the financial institution. Council adopted amendments to this policy at its Ordinary Council Meeting held on 25 November 2020, and the current adopted Counterparty Credit Framework is noted below.

### Portfolio Credit Framework limits

The Portfolio Credit Framework limits prescribe the limit of investments that may be made within any Tier of financial institutions. The maximum allocation to be invested in each Tier, and the City’s actual investment allocation in those Tiers as at 30 September 2023, is outlined below. It shows that the distribution of the City’s investments across the four Tiers is compliant with the City’s investment policy.

Tier	Allocation	Allocation %	Maximum Allocation %	% Used of Maximum Allocation	% Available of Maximum Allocation	% Exceeded of Maximum Allocation
Tier 1	25,178,487.24	40.69%	100.00%	40.69%	59.31%	0.00%
Tier 2	28,201,322.80	45.57%	60.00%	75.95%	24.05%	0.00%
Tier 3	8,500,000.00	13.74%	35.00%	39.26%	60.74%	0.00%
Tier 4	0.00	0.00%	15.00%	0.00%	100.00%	0.00%
	<b>61,879,810.04</b>					

Values used in the above calculations exclude interest for term deposits and other simple interest securities.

Within each Tier, the Counterparty Credit Framework limits prescribe the limit of investments that may be made with any one financial institution. The maximum percentage of investments to be held with any one financial institution, within a given Tier, are outlined below.



**Counterparty credit framework**

Investments are not to exceed the following percentages of average annual funds invested with any one financial institution and consideration should be given to the relationship between credit rating and interest rate.

Credit quality	Maximum % of total investments
Tier 1 (excl. AAA government) AAA to AA-	45%
Tier 2 A+ to A-	25%
Tier 3 BBB+ to BBB-	10%
Tier 4 Unrated	(\$1m)

The City’s funds invested as at 30 September 2023, relative to the Counterparty Credit Framework limits were as follows:



As highlighted in the chart above, the City’s portfolio of investments as at 30 September 2023 is compliant with the City’s investment policy.

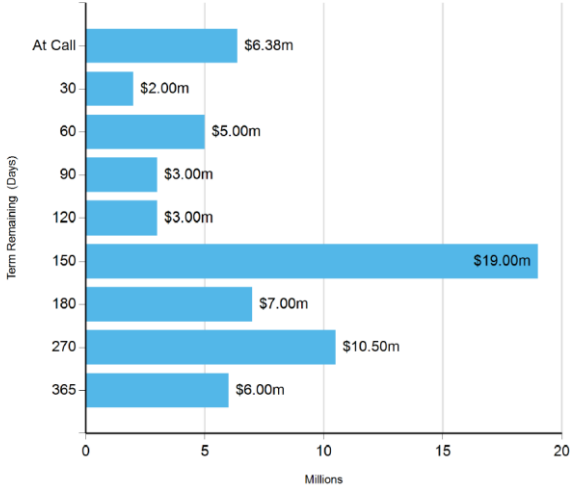
**3. Portfolio Liquidity Indicator**

The City’s investments are to be made in a manner to ensure sufficient liquidity to meet all reasonably anticipated cash flow requirements, without incurring significant costs due to the unanticipated sale of an investment.

The below graph provides details on the maturity timing of the City’s investment portfolio as at 30 September 2023. Currently, all investments will mature in one year or less.



Face Value by Term Remaining

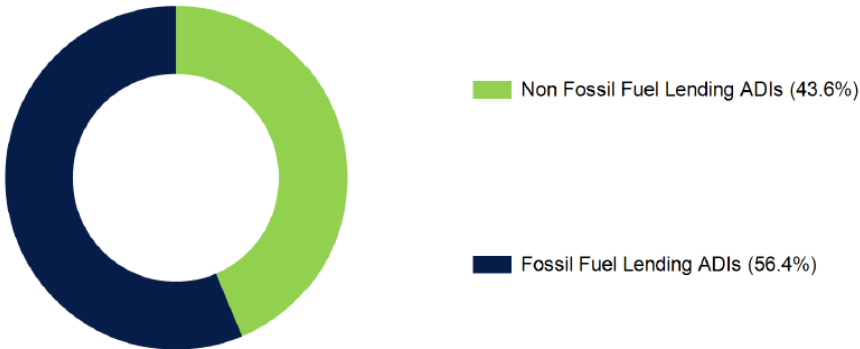


**4. Portfolio Summary by Fossil Fuels Lending Authorised Deposit-Taking Institutions (ADIs)**

To support the City’s ability to undertake greater fossil fuel divestment, a review of the Investment Policy was presented and adopted by Council on 25 November 2020 which incorporated a minor change to the investment framework to increase the percentages allocated to Tier 3 and Tier 4 categories, allowing greater flexibility. Since December 2020 investments have been made in accordance with the revised policy to increase the percentage invested in “Green Investments”; being ADIs that do not lend to industries engaged in the exploration for, or production of, fossil fuels (Non-Fossil Fuel Lending ADIs).

As at 30 September 2023, \$27m (43.6%) of the City’s portfolio was invested in “Green Investments”.

Fossil Fuel vs Non Fossil Fuel Lending ADI



Refer to Attachment 1 (Note 7) for details on which financial institutions these investments are held in.



*Managing risk amid volatility in the global banking sector*

Noting the intent of the policy, the City continues to monitor risk associated with current global economic conditions and the impact this may be having on the solvency of some banks, and subsequent security of the City's investments.

Moody's recently cut the credit ratings of several small to mid-sized U.S. banks and indicated it may also downgrade some of the larger lenders in the U.S. This was primarily due to funding risks and weaker profitability.

High interest rates, declines in office demand as a result of remote work, and a reduction in the availability of credit for commercial real estate has meant that banks with elevated exposure to commercial real estate portfolios are facing declines in profitability and greater difficulties in raising internal capital.

This follows the collapse of Silicon Valley Bank and Signature Bank earlier this year which damaged confidence in the U.S. banking sector, leading authorities to put emergency measures in place to shore up confidence.

While Australia's banking sector remains relatively strong, and the City is not currently exposed to the situation in the U.S, Australia is not immune from the issue of high interest rates, making the possibility of a mild recession likely if the Reserve Bank's current strategy around interest rates slows the economy at a faster rate than expected.

Given the current volatility in the banking sector the City is currently prioritising higher rated banks (Tier 1 & 2) when it comes to investment activity. If a non-fossil fuel lender is providing competitive rates that will generate a suitable return, and fall within a tier 1 or 2 category, these lenders will be prioritised. However outside of this the City will prioritise low risk investment activity across higher tier banks in order to limit the City's exposure to the increasing risk being faced across the sector as some of the world's larger economies begin to face the prospect of recession.

## **5. Interest Income for Matured Investments**

Per Attachment 1 (Note 9), interest income earned during September 2023 from matured investments was nil as there was no investment matured in September.

## **6. Investing Activities**

In September 2023, 3 new term deposits totalling \$9m was invested. Full details of the institutions invested in, interest rates, number of days and maturity date for investments held as at 30 September 2023 are provided in Attachment 1 (Note 10).



**VOTING AND OTHER SPECIAL REQUIREMENTS**

Simple majority required.

**OFFICER'S RECOMMENDATION**

**Council receive the Investment Report for the month ending 30 September 2023, as provided in Attachment 1.**





## C2310-7 SCHEDULE OF PAYMENTS – SEPTEMBER 2023

<b>Meeting date:</b>	25 October 2023
<b>Responsible officer:</b>	A/Procure to Pay Team Lead
<b>Decision making authority:</b>	Council
<b>Attachments:</b>	1. Schedule of Payments and Listings 2. Purchase Card Transactions <i>Attachments viewed electronically</i>

### SUMMARY

**The purpose of this report is to present to Council a list of accounts paid by the Chief Executive Officer under delegated authority for the month ending 30 September 2023, as required by the *Local Government (Financial Management) Regulations 1996*.**

**This report recommends that Council accept the list of payments made under delegated authority and accept the detailed transaction listing of Purchase Card expenditure.**

### BACKGROUND

Council has delegated, to the Chief Executive Officer, the exercise of its power to make payments from the City's municipal or trust fund. In accordance with regulation 13 of the *Local Government (Financial Management) Regulations 1996*, a list of accounts paid under delegation for the month of September 2023, is provided within Attachments 1 and 2.

### FINANCIAL IMPLICATIONS

A total of \$9,787,263.02 in payments were made this month from the City's municipal and trust fund accounts.

### LEGAL IMPLICATIONS

Regulation 13 of the *Local Government (Financial Management) Regulations 1996* states:

13. *Payments from municipal fund or trust fund by CEO, CEO's duties as to etc.*
  - (1) *If the local government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund, a list of accounts paid by the CEO is to be prepared each month showing for each account paid since the last such list was prepared –*
    - (a) *the payee's name; and*
    - (b) *the amount of the payment; and*





**OFFICER'S RECOMMENDATION**

**Council:**

- 1. Accept the list of payments made under delegated authority, totalling \$9,787,263.02 for the month ending 30 September 2023 including the Cheque /EFT/ Direct Debits as contained within Attachment 1.**
- 2. Accept the detailed transaction listing of Purchase Card expenditure, totalling \$53,037.38 for the month ending 30 September 2023, as contained within Attachment 2.**



## **C2310-8 MONTHLY FINANCIAL REPORT - SEPTEMBER 2023**

<b>Meeting date:</b>	25 October 2023
<b>Responsible officer:</b>	Manager Financial Services
<b>Decision making authority:</b>	Council
<b>Attachments:</b>	1. Monthly Financial Report – September 2023

### **SUMMARY**

**The monthly financial report for the period ending 30 September 2023 has been prepared and tabled in accordance with the *Local Government (Financial Management) Regulations 1996*.**

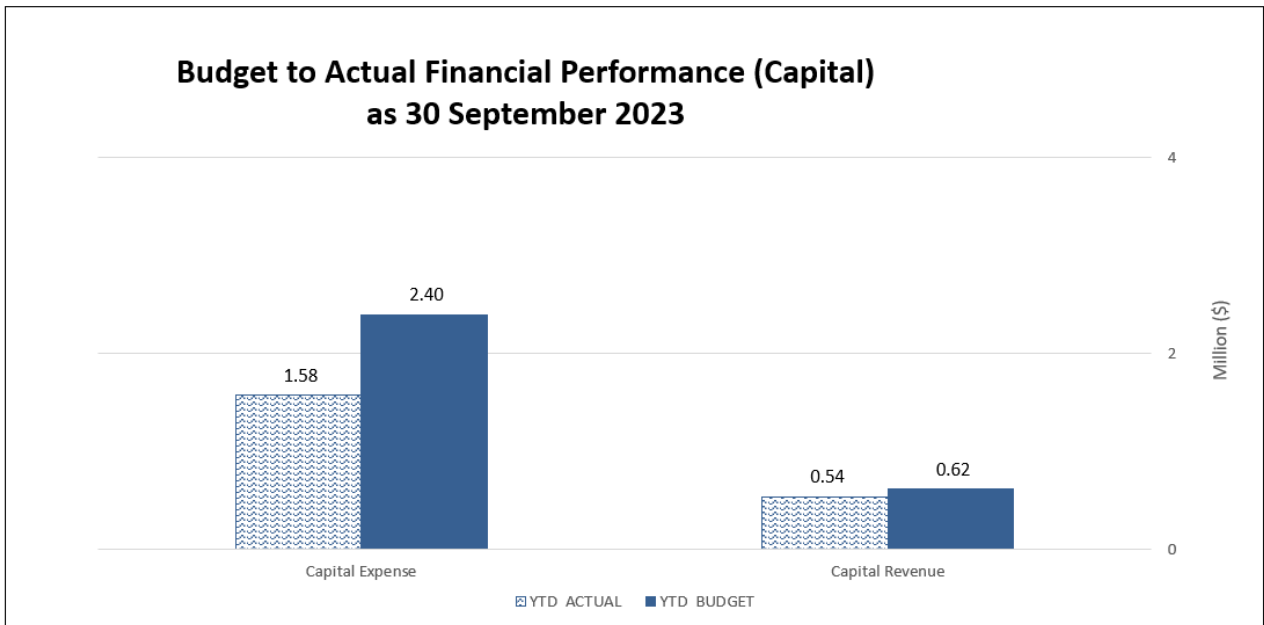
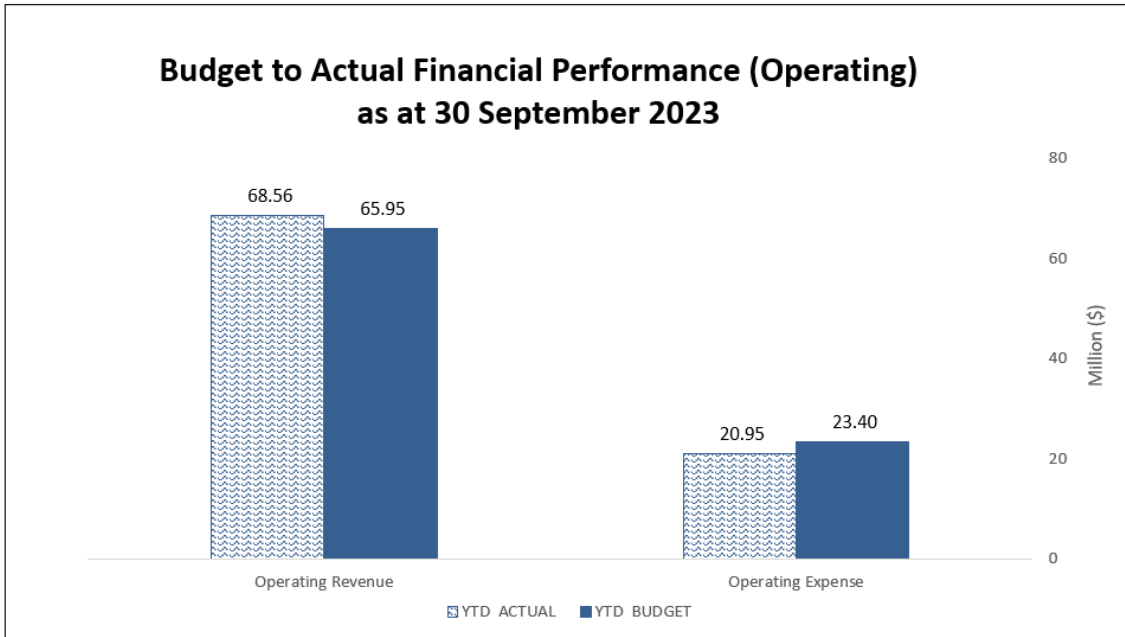
**This report provides an analysis of financial performance up to September 2023 based on the following statements:**

- **Statement of Comprehensive Income by Nature and by Program;**
- **Statement of Financial Activity by Nature and by Directorate; and**
- **Statement of Financial Position with Net Current Assets.**

**This financial report for the period ended 30 September 2023 is prepared considering accrued interest on borrowings (loans) and prepaid insurance premiums. Please note 2022/23 FY figures reported as comparisons for 30 September 2023 in this report are draft unaudited numbers only and subject to change with end-of-year adjustments.**

### **BACKGROUND**

The following charts and table provide a high-level summary of the Council's year to date financial performance as at 30 September 2023.



**STATEMENT OF FINANCIAL ACTIVITY – BY NATURE FOR THE PERIOD TO 30 SEPTEMBER 2023**

The table to follow provides a summary of the year-to-date Statement of Financial Activity by Nature, to 30 September 2023. The detailed Statement can be found in the attached Monthly Financial Report.



Description	YTD Adopted Budget	YTD Actual	Variance	Variance
	\$M	\$M	\$M	%
<b>Opening Surplus</b>	<b>9.02</b>	<b>11.02</b>	<b>2.00</b>	<b>22.21%</b>
<b>Operating</b>				
General Rate Revenue	57.50	59.32	1.82	3.17%
Revenue (Exc. Rates)	8.71	9.24	0.53	6.08%
Expenses	(23.40)	(20.95)	2.45	10.47%
Non-Cash Adj.	2.67	2.96	0.29	1.02%
	<b>45.48</b>	<b>50.57</b>	<b>5.09</b>	<b>11.21%</b>
<b>Investing</b>				
Capital Revenue	0.62	0.54	(0.08)	(12.97%)
Capital Expenses	(2.40)	(1.58)	0.82	33.95%
	<b>(1.78)</b>	<b>(1.04)</b>	<b>0.74</b>	<b>(41.27%)</b>
<b>Financing</b>				
Repayment Loans & Leases	(0.38)	(0.40)	(0.02)	7.02%
Reserve Transfers	0.10	(0.05)	(0.15)	(151.44%)
	<b>(0.28)</b>	<b>(0.45)</b>	<b>(0.17)</b>	<b>60.71%</b>
<b>Closing Surplus/(Deficit)</b>	<b>52.44</b>	<b>60.10</b>	<b>7.66</b>	<b>14.58%</b>

**STATEMENT OF COMPREHENSIVE INCOME – BY NATURE AND TYPE FOR THE PERIOD TO 30 SEPTEMBER 2023**

As detailed in the Statement of Comprehensive Income by Nature and Type, operating income and expenses have varied to the Adopted Budget as follows:

Description	YTD Adopted Budget \$	YTD Actual \$	Variance \$	Variance %
<b>Operating Income</b>				
Rates (including Annual Levy)	57,699,128	59,543,112	1,843,984	3.20%
Service Charges	2,198	8,804	6,606	300.55%
Op. Grants, Subsidies & Contributions	1,120,399	919,751	(200,648)	(17.91%)
Fees and Charges	6,156,738	6,659,681	502,943	8.17%
Interest Earnings	611,090	870,775	259,685	42.50%
Reimbursement Income	233,911	276,009	42,098	18.00%
Other Income	126,236	283,433	157,197	124.53%
<b>Total</b>	<b>65,949,700</b>	<b>68,561,565</b>	<b>2,611,865</b>	<b>3.96%</b>
<b>Operating Expenses</b>				
Employee Costs	(11,296,161)	(10,219,764)	1,076,397	9.53%



<b>Employee costs - Agency Labour</b>	(162,926)	(245,099)	(82,173)	(50.44%)
<b>Materials and Contracts</b>	(7,663,297)	(6,305,951)	1,357,346	17.71%
<b>Depreciation – Non-Curr. Assets</b>	(2,927,794)	(2,956,417)	(28,623)	(0.98%)
<b>Interest Expenses</b>	(115,139)	(131,005)	(15,866)	(13.78%)
<b>Utility Charges</b>	(556,377)	(440,892)	115,485	20.76%
<b>Insurance Expenses</b>	(291,896)	(260,199)	31,697	10.86%
<b>Other Expenditure</b>	(390,757)	(394,082)	(3,325)	(0.85%)
<b>Total</b>	<b>(23,404,347)</b>	<b>(20,953,409)</b>	<b>2,450,938</b>	<b>10.47%</b>

Further explanation of material variances can be found within the Officer’s Comment section of this report.

### **FINANCIAL IMPLICATIONS**

This report is provided to enable Council to assess how revenue and expenditure are tracking against budget, and to identify any budget issues of which the Council should be informed.

### **LEGAL IMPLICATIONS**

Local Government (Financial Management) Regulation 34 requires a monthly financial activity statement and an explanation of any material variances to be prepared and presented to an Ordinary Council meeting.

### **CONSULTATION**

Nil

### **OFFICER’S COMMENT**

#### **Summary of financial performance**

As at the end of September 2023, the City demonstrated strong financial performance with a closing funding surplus of \$60.09m.

In summary, as at the end of September 2023, the current surplus exceeds the YTD amended budget by \$7.65m. This is mainly due to favourable variances against the year-to-date budget across the following areas:

- Increased carry forward funds from the 2022-23 financial year of \$2.0m compared to the adopted budget;
- Increased Rates revenue of \$1.84m;
- Increased revenue from Fees and charges of \$0.5m;
- Increased revenue from Interest earnings of \$0.26m;
- Operating expenditure savings of \$1.08m from Employee Cost;

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- Operating expenditure saving of \$1.36m from Material and Contracts;
- Operating expenditure saving of \$0.12m from Utility charge;
- Capital expenditure saving of \$0.81m.

These favourable variances are offset by:

- Decreased revenue of \$0.2m recognised for Operating grants and contributions
- Decreased Reserve transfer of \$0.16m.

It should be noted that 2022-23 figures remain subject to end of year processing and the finalisation of the audit and will remain draft and subject to change until such time as these processes have been completed. The depreciation expenditure for 2023-24 financial year is calculated based on the budget amount, which will be amended to actual depreciation based on the fair value revalued as at 30 June 2023 once the audit of 2022-23 financial year is completed.

**Explanation of Material Variances & YTD Performance**





In accordance with regulation 34(5) of the Local Government (Financial Management) Regulations 1996 and AASB 1031 Materiality, Council adopted the level to be used in Statements of Financial Activity by Nature in the 2023-24 financial year for reporting material variances as 10% together with the minimum value of \$100,000 (Refer Item C2306-1 from Council meeting on 28 June 2023).

The material variance thresholds are adopted annually by Council and indicate whether actual expenditure or revenue varies materially from the year-to-date budget. The following is an explanation of significant operating and capital variances to budget as identified in the Statements of Financial Activity by Nature.

Building on the favourable opening surplus for the year, the following items explain the City's major variances in operating performance for this financial year, as highlighted in the year-to-date Financial Activity Statement as at 30 September 2023:






<b>Description</b>	<b>Variance Amount (\$)</b>	<b>Comment</b>
<b>Operating Grants, Subsidies and Contributions</b>	<b>(200,648)</b>	 <b>17.91%</b>
<b>Major Variances:</b>		
Provide legal aid – State Baseline	(292,577)	Timing variance – the grants for Legal Aids to be received in October, later than budgeted.
<b>Interest Earnings</b>	<b>259,685</b>	 <b>42.5%</b>
<b>Major Variances:</b>		
Receive investment income	253,327	Higher interest earning is mainly due to higher interest rate and cash surplus from higher revenue and cost savings. Current investment markets continue to offer attractive interest rates.
<b>Other Revenue</b>	<b>157,197</b>	 <b>124.53%</b>
<b>Major Variances:</b>		
Conduct place activation activities	119,049	Grant funding received for Americas Cup Anniversary activities.
<b>Materials and Contracts</b>	<b>1,357,346</b>	 <b>17.71%</b>
<b>Major Variances:</b>		
P-12061 Design and construct - Green linkage projects	275,138	Timing variance -Work completed and invoice to be paid in October.
Collection & Disposal - Domestic - FOGO	115,089	Timing variance – Awaiting invoices to be received.
Prepare statutory financial reports	105,255	Timing variance – The audit fee for 23FY annual financial statements audit was accrued in last financial year. Invoice not yet received to be paid.
Maintain PC's tablets printers and accessories	99,664	Timing variance - 1st quarter lease payment not yet made.
Collect & dispose bulk waste (Verge)	89,073	Timing variance – Recent (late) contract commencement for new service. Budget phasing to be revised.

**Agenda – Ordinary Meeting of Council  
25 October 2023**



<b>Description</b>	<b>Variance Amount (\$)</b>	<b>Comment</b>
Collection & Disposal - Domestic - Residual Waste	87,333	Timing variance – Awaiting invoices to be received.
Conduct Fremantle festival	82,825	Timing variance – A number of final invoices are still pending due to the Festival only recently concluding.
General building proactive maintenance	75,300	Timing variance – Revise expenditure profile. Works planned for November through to January
Maintain Soft Landscaping - Recreation Reserves	69,905	Timing variance – Works are complete, however awaiting invoices to be received.
Maintain Medians, Verges And Street Gardens	54,025	Invoicing timing variance.
Collect and disposal - general waste (2 Bin)	47,345	Timing variance – Awaiting invoices to be received.
Domestic - collect & dispose - recycled waste	37,134	Timing variance – Awaiting invoices to be received.
Manage destination marketing plan implementation	36,861	Timing variance – Budget Committed and payment to be made. Budget phasing to be revised.
Manage commercial parking operations	36,775	Timing variance – Bank fees for credit card to be posted in October.
Collect & dispose green waste (Verge)	35,960	Timing variance – Awaiting invoices to be received.
Maintain Sports Grounds	33,763	Invoicing timing variance.
Coordinate arts centre exhibitions	31,577	Timing variance – A number of final invoices are still pending.
Operate car park 31 Fishing Boat Harbour Fremantle	30,873	Parking revenue less than budgeted, results in decrease in lease payments to car park owner.
P-10300 Plan-Fremantle Oval Precinct	30,350	Timing variance – Consultants appointed and payment to be made in October
<b>Utility Charges</b>	<b>115,485</b>	 <b>20.76%</b>
<b>Major Variances:</b>		
Water Expenses	57,183	Cost savings and timing variance. \$30k related to maintaining hard landscaping, awaiting invoices to pay.
Electricity Expenses	61,503	



Description	Variance Amount (\$)		Comment
<b>Payment for Property, plant and equipment</b>	<b>580,549</b>		<b>54.47%</b>
<b>Major Variances:</b>			
P-10223 Design and construct - Arts Centre - Roof	256,959		Timing variance – Delay in progress due to inclement weather
P-12082 Design and construct - Dick Lawrence - Changeroom	200,000		Timing variance – Budget to be incorporated into Hilton Park master plan project
P-12028 Program - Coastal Monitoring (South)	84,609		Timing variance – Works complete and invoices to be paid in October.
P-12149 Install-Leisure Centre - Air Con	55,000		There is only \$7,471.86 left to pay, remaining \$48k was paid from last year.
<b>Payment for Construction of infrastructure</b>	<b>233,248</b>		<b>17.52%</b>
<b>Major Variances:</b>			
P-12195 Resurface - R2R - Kirby Way	93,995		Timing variance – Project completed. Awaiting invoice.
P-12079 Program - Dog improvements	57,900		Invoice timing variance, works complete and to be paid in October.
P-11823 Design and construct-Port Beach coastal adaptation	48,996		Budget phasing variance. Project is in aquittal phase with Department of Transport.
P-12192 Resurface - Cliff Street - Carpark	32,704		Budget Savings - Project completed. Variance amount expected to be the saving.
<b>Surplus or Deficit at the start of the Financial Year</b>	<b>2,003,485</b>		<b>22.21%</b>
<b>Major Variances:</b>			
Carry forward funds from the 2022-23 financial year	2,003,485		The End of the Financial Year reconciliation process is still in process. The final surplus will be reported to Council once the annual financial statements are signed off by the auditor.



### **Accounting methods**

The City manages its finances in line with the requirements of the Local Government Act 1995, associated regulations and Australian accounting standards.

The City carries out accounting on both an accrual basis and a cash basis.

Accrual accounting requires accounting transactions to be recognised and recorded when they occur, regardless of whether payment/receipt has been made at that time, in accordance with the Australian Accounting standards.

The City accounts for Rates, Service Charges, Interest income on term deposits, Insurance expenses and Interest expenses on borrowings (loans) & leases on an accrual basis.

The remainder of income and expenditure items are recognised and recorded at the period they are encountered.

### **VOTING AND OTHER SPECIAL REQUIREMENTS**

Simple majority required

### **OFFICER'S RECOMMENDATION**

**Council receive the Monthly Financial Report, as provided in Attachment 1, including the Statement of Comprehensive Income, Statement of Financial Activity, Statement of Financial Position and Statement of Net Current Assets, for the period ended 30 September 2023.**



### **13. Motions of which previous notice has been given**

A member may raise at a meeting such business of the City as they consider appropriate, in the form of a motion of which notice has been given to the CEO.

Nil

### **14. Urgent business**

In cases of extreme urgency or other special circumstances, matters may, on a motion that is carried by the meeting, be raised without notice and decided by the meeting.

### **15. Late items**

In cases where information is received after the finalisation of an agenda, matters may be raised and decided by the meeting. A written report will be provided for late items.

### **16. Confidential business**

Members of the public may be asked to leave the meeting while confidential business is addressed.

Nil

### **17. Closure**