



Meeting attachments

Audit and Risk Management Committee

Wednesday, 21 April 2021, 5.30 pm

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ARMC2104-1 ANNUAL FINANCIAL STATEMENTS 30 JUNE 2020

ATTACHMENT 1 - Independent auditor's report for the year ending 30 June 2020



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Fremantle

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Fremantle which comprises the Statement of Financial Position as at 30 June 2020, and 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, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the City of Fremantle:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

Attention is drawn to Notes 1 and 11 to the annual financial report, which describe the basis for accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). The opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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

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

misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the City:
 - a. The Debt Service Cover Ratio and the Operating Surplus Ratio as reported in Note 36 of the annual financial report have been below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. Accounting journal entries were prepared and posted by one employee, without review by a senior staff member independent of preparation. In addition, we also noted non-finance staff have access to approve manual journals. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved.
 - b. Supplier master file controls require enhancement. We noted numerous instances where there was no review and authorisation of changes made to supplier master files, more employees than necessary had the ability to change supplier master file details, and a large number of active suppliers had duplicate records.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 36 of the annual financial report were audited by another auditor when performing their audit of the City for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

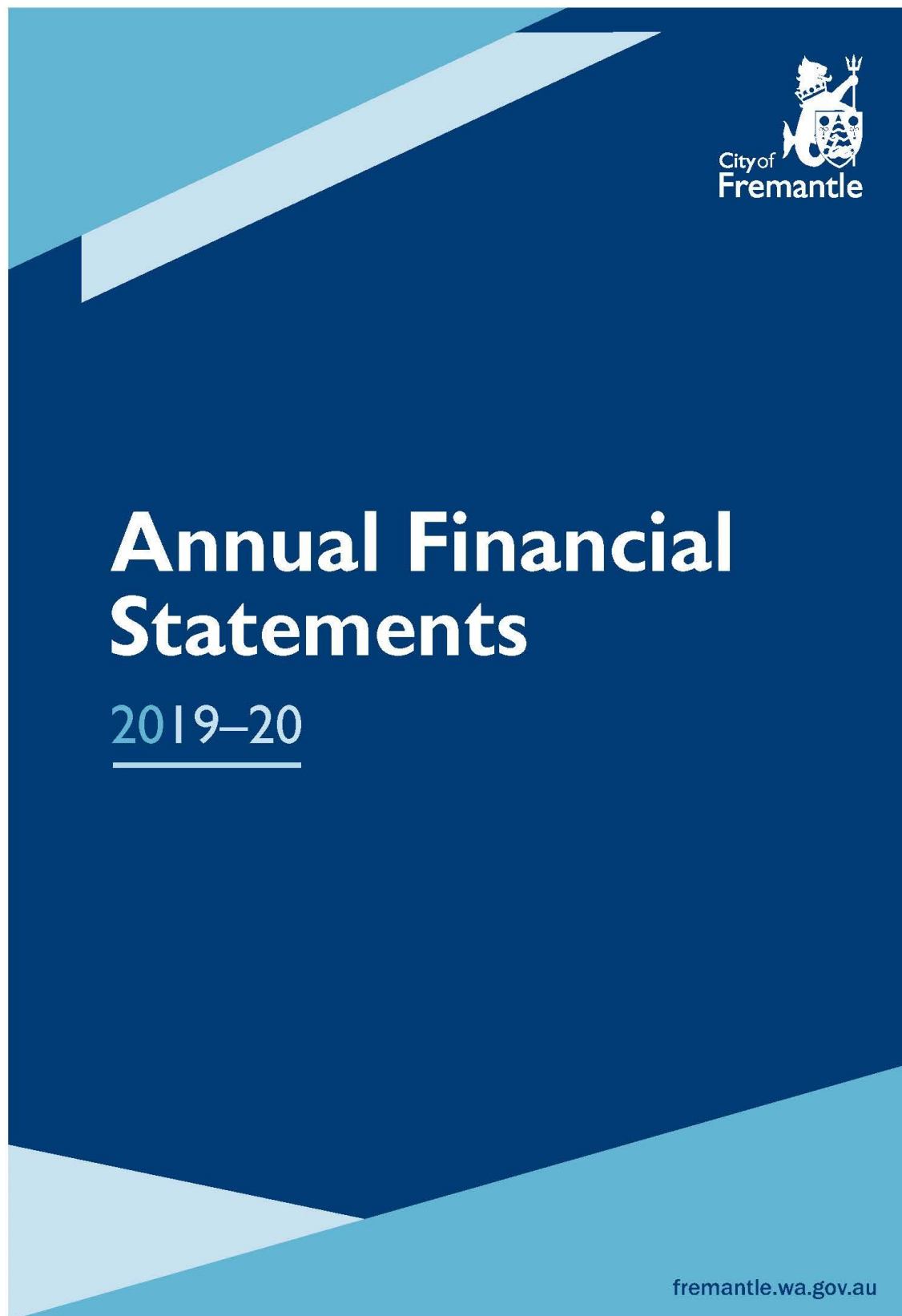
Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Fremantle for the year ended 30 June 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
1 April 2021

**ATTACHMENT 2 - Audited financial report with full set of financial statements
for year ending 30 June 2020**



CITY OF FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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CITY'S VISION

Vision for the future

Fremantle: a destination city

- A city that is clever and creative, inspiring and inclusive;
 - A city that welcomes and celebrates all people and cultures;
 - A city that encourages innovation, prosperity and achievement;
 - A compassionate city that cares for the wellbeing of our people and the environment we share;
- and
- A city that thrives on diversity, that dares to be different – and delivers on its promises.

Principal place of business:
Fremantle Oval
70 Parry Street
Fremantle WA 6160

**CITY OF FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Fremantle for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the City of Fremantle at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

29th day of

March 2021



Chief Executive Officer

Philip St John

Name of Chief Executive Officer



CITY OF FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	27(a)	46,963,336	46,973,288	45,809,107
Operating grants, subsidies and contributions	2(a)	3,538,758	3,694,141	3,615,583
Fees and charges	2(a)	18,479,788	23,181,589	23,738,475
Service charges	27(c)	8,596	11,919	7,576
Interest earnings	2(a)	1,297,001	1,435,662	1,847,113
Other revenue	2(a)	1,639,742	1,138,176	1,169,888
		<u>71,927,221</u>	<u>76,434,775</u>	<u>76,187,742</u>
Expenses				
Employee costs		(35,956,430)	(38,036,280)	(37,747,393)
Materials and contracts		(23,754,055)	(27,614,899)	(26,991,200)
Utility charges		(1,693,259)	(2,111,650)	(1,939,436)
Depreciation on non-current assets	11(d)	(6,895,565)	(7,044,027)	(7,154,608)
Insurance expenses		(793,870)	(867,732)	(859,138)
Other expenditure		(3,321,751)	(2,512,498)	(2,490,512)
		<u>(72,414,930)</u>	<u>(78,187,086)</u>	<u>(77,182,287)</u>
Finance Costs				
Interest expenses	2(b)	(351,141)	(737,581)	(389,660)
		<u>(351,141)</u>	<u>(737,581)</u>	<u>(389,660)</u>
Sub Total		<u>(838,850)</u>	<u>(2,489,892)</u>	<u>(1,384,205)</u>
Grants/Contributions for the Development of Assets				
Non-operating grants, subsidies and contributions	2(a)	4,389,469	4,101,932	2,659,194
		<u>4,389,469</u>	<u>4,101,932</u>	<u>2,659,194</u>
Profit/Loss on Disposal of Assets				
Profit on asset disposals	11(a)	43,901	86,076	62,630
(Loss) on asset disposals	11(a)	(6,843,638)	(7,155,296)	(2,439,905)
		<u>(6,799,737)</u>	<u>(7,069,220)</u>	<u>(2,377,275)</u>
Profit/Loss on Revaluation of Assets				
Fair value adjustments to financial assets at fair value through profit or loss		2,882	-	175,171
Fair value adjustments to investment property	14	(6,391,253)	-	-
Value adjustment to vested land due to change of accounting policy		(122)	-	-
Fair value adjustments to assets held for sale at fair value through profit or loss		-	-	(1,566,457)
Share of net profit of associates accounted for using the equity method	25(a)	1,154,491	-	(306,893)
		<u>(5,234,002)</u>	<u>-</u>	<u>(1,698,179)</u>
Net result for the period		<u>(8,483,120)</u>	<u>(5,457,180)</u>	<u>(2,800,465)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(24,403,166)	-	-
Total other comprehensive income for the period		<u>(24,403,166)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(32,886,286)</u>	<u>(5,457,180)</u>	<u>(2,800,465)</u>

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

CITY OF FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue	2(a)			
Governance		863,764	174,600	241,509
General purpose funding		49,386,330	49,574,475	48,842,139
Law, order, public safety		1,726,314	2,381,758	2,532,653
Health		442,225	542,640	525,653
Education and welfare		916,233	895,680	886,494
Community amenities		1,795,058	2,144,950	2,006,167
Recreation and culture		7,092,113	8,526,434	8,849,958
Transport		7,626,827	9,588,935	9,779,734
Economic services		907,187	1,236,005	1,098,404
Other property and services		1,171,170	1,369,298	1,425,031
		<u>71,927,221</u>	<u>76,434,775</u>	<u>76,187,742</u>
Expenses	2(b)			
Governance		(6,671,305)	(6,149,158)	(7,340,568)
General purpose funding		(1,522,606)	(861,901)	(950,253)
Law, order, public safety		(4,063,358)	(4,780,742)	(4,717,031)
Health		(977,384)	(988,043)	(914,936)
Education and welfare		(2,436,064)	(2,919,205)	(2,701,556)
Housing		(525,784)	(744,533)	(643,285)
Community amenities		(12,862,940)	(12,349,717)	(12,061,870)
Recreation and culture		(22,429,854)	(24,869,244)	(25,973,800)
Transport		(13,691,499)	(15,901,410)	(14,505,226)
Economic services		(2,561,568)	(3,354,613)	(2,939,951)
Other property and services		(4,672,568)	(5,268,520)	(4,433,811)
		<u>(72,414,930)</u>	<u>(78,187,086)</u>	<u>(77,182,287)</u>
Finance Costs	2(b)			
Governance		(32,507)	(439,026)	-
Recreation and culture		(72,549)	(65,060)	(77,953)
Transport		(233,895)	(221,305)	(294,016)
Economic services		(12,190)	(12,190)	(17,691)
		<u>(351,141)</u>	<u>(737,581)</u>	<u>(389,660)</u>
		<u>(838,850)</u>	<u>(2,489,892)</u>	<u>(1,384,205)</u>
Grants/Contributions for the Development of Assets				
Non-operating grants, subsidies and contributions	2(a)	<u>4,389,469</u>	<u>4,101,932</u>	<u>2,659,194</u>
		<u>4,389,469</u>	<u>4,101,932</u>	<u>2,659,194</u>
Profit/Loss on Disposal of Assets				
Profit on disposal of assets	11(a)	43,901	86,076	62,630
(Loss) on disposal of assets	11(a)	<u>(6,843,638)</u>	<u>(7,155,296)</u>	<u>(2,439,905)</u>
		<u>(6,799,737)</u>	<u>(7,069,220)</u>	<u>(2,377,275)</u>
Profit/Loss on Revaluation of Assets				
Fair value adjustments to financial assets at fair value through profit or loss		2,882	-	175,171
Fair value adjustments to investment property	14	(6,391,253)	-	-
Value adjustment to vested land due to change of accounting policy		(122)	-	-
Fair value adjustments to assets held for sale at fair value through profit or loss		-	-	(1,566,457)
Share of net profit of associates accounted for using the equity method	25(a)	1,154,491	-	(306,893)
		<u>(5,234,002)</u>	<u>-</u>	<u>(1,698,179)</u>
Net result for the period		<u>(8,483,120)</u>	<u>(5,457,180)</u>	<u>(2,800,465)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(24,403,166)	-	-
Total other comprehensive income for the period		<u>(24,403,166)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(32,886,286)</u>	<u>(5,457,180)</u>	<u>(2,800,465)</u>

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

CITY OF FREMANTLE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	18,651,646	16,146,977
Trade and other receivables	6	2,270,979	1,394,344
Other financial assets	5(a)	31,482,521	28,300,032
Inventories	7	107,628	105,106
Contract assets	2(a)	13,787	-
Other assets	8	112,981	426,127
Assets classified as held for sale	8	4,243,000	2,386,725
TOTAL CURRENT ASSETS		56,882,542	48,759,311
NON-CURRENT ASSETS			
Trade and other receivables	6	584,884	555,879
Other financial assets	5(b)	178,053	175,171
Investments accounted for using the equity	25(a)	4,528,576	3,658,403
Property, plant and equipment	9	240,553,017	252,785,164
Infrastructure	10	157,358,915	158,951,806
Investment property	14	22,654,000	31,556,082
Right of use assets	12(a)	1,646,151	-
TOTAL NON-CURRENT ASSETS		427,503,596	447,682,505
TOTAL ASSETS		484,386,138	496,441,816
CURRENT LIABILITIES			
Trade and other payables	15	7,335,056	6,244,049
Contract liabilities	16	6,495,967	-
Lease liabilities	17(a)	396,717	-
Borrowings	18(a)	3,033,905	2,079,262
Employee related provisions	19	6,024,824	5,794,964
TOTAL CURRENT LIABILITIES		23,286,469	14,118,275
NON-CURRENT LIABILITIES			
Lease liabilities	17(a)	1,147,288	-
Borrowings	18(a)	24,335,744	7,264,268
Employee related provisions	19	978,923	994,278
Trade and other payables- non- current		68,386	81,350
TOTAL NON-CURRENT LIABILITIES		26,530,341	8,339,896
TOTAL LIABILITIES		49,816,810	22,458,171
NET ASSETS		434,569,328	473,983,645
EQUITY			
Retained surplus		138,875,536	146,675,307
Reserves - cash/financial asset backed	4	29,221,018	29,334,823
Revaluation surplus	13	266,472,774	297,973,515
TOTAL EQUITY		434,569,328	473,983,645

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



CITY OF FREMANTLE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

		RESERVES CASH/FINANCIAL		
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS
		\$	\$	\$
Balance as at 1 July 2018		148,345,595	30,465,000	297,973,515
Restated total equity at the beginning of the financial year		148,345,595	30,465,000	297,973,515
Comprehensive income				
Net result for the period		(2,800,465)	-	-
Total comprehensive income		(2,800,465)	-	-
Transfers from reserves	4	(7,152,181)	7,152,181	-
Transfers to reserves	4	8,282,358	(8,282,358)	-
Balance as at 30 June 2019		146,675,307	29,334,823	297,973,515
Change in accounting policy	32(b)	569,420	-	(7,097,573)
Correction of error	13	2	-	(2)
Restated total equity at 1 July 2019		147,244,729	29,334,823	290,875,940
Comprehensive income				
Net result for the period		(8,483,120)	-	-
Loss on value adjustment to vested land		122	-	-
Other comprehensive income	13	-	-	(24,403,166)
Total comprehensive income		(8,482,998)	-	(24,403,166)
Transfers from reserves	4	2,608,650	(2,608,650)	-
Transfers to reserves	4	(2,494,845)	2,494,845	-
Balance as at 30 June 2020		138,875,536	29,221,018	266,472,774

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

**CITY OF FREMANTLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		46,481,415	46,973,288	45,664,917
Operating grants, subsidies and contributions		8,647,197	4,194,141	4,279,992
Fees and charges		18,392,176	21,657,743	23,738,475
Service charges		8,596	11,919	7,576
Interest received		1,595,815	1,435,662	1,793,085
Goods and services tax received		4,886,304	4,039,301	3,558,126
Other revenue		1,654,074	1,138,176	1,169,888
		81,665,577	79,450,230	80,212,059
Payments				
Employee costs		(35,674,419)	(38,066,280)	(37,390,894)
Materials and contracts		(24,686,991)	(28,084,895)	(26,577,257)
Utility charges		(1,693,259)	(2,111,650)	(1,939,436)
Interest expenses		(351,141)	(737,581)	(443,160)
Insurance paid		(793,869)	(867,732)	(859,138)
Goods and services tax paid		(5,137,605)	(4,039,304)	(3,503,206)
Other expenditure		(3,806,166)	(2,512,498)	(2,490,512)
		(72,143,450)	(76,419,940)	(73,203,603)
Net cash provided by (used in) operating activities	20	9,522,127	3,030,290	7,008,456
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(24,841,917)	(50,593,613)	(9,677,360)
Payments for construction of infrastructure	10(a)	(3,319,615)	(6,001,729)	(2,840,146)
Payments for investment property	14	(93,171)	(30,653)	(22,068)
Non-operating grants, subsidies and contributions	2(a)	4,389,469	4,101,932	2,659,194
Proceeds from financial assets at amortised cost - term deposits		(3,182,489)	-	5,937,120
Proceeds from sale of assets held for sale	11(a)	2,386,736	-	-
Proceeds from sale of property, plant & equipment	11(a)	49,906	6,367,688	678,242
Proceeds from sale of investment property		-	1,150,000	6,283,683
Proceeds from sale of infrastructure		-	-	128,044
Net cash provided by (used in) investment activities		(24,611,081)	(45,006,375)	3,146,709
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(1,689,564)	(1,689,565)	(1,718,932)
Payments for principal portion of lease liabilities	17(b)	(716,813)	-	-
Proceeds from new borrowings	18(b)	20,000,000	20,000,000	-
Net cash provided by (used in) financing activities		17,593,623	18,310,435	(1,718,932)
Net increase (decrease) in cash held		2,504,669	(23,665,650)	8,436,233
Cash at beginning of year		16,146,977	41,022,482	7,710,744
Cash and cash equivalents at the end of the year	20	18,651,646	17,356,832	16,146,977

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

**CITY OF FREMANTLE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	28 (b)	3,756,496	1,939,727	2,649,364
		3,756,496	1,939,727	2,649,364
Revenue from operating activities (excluding rates)				
Rates - Specified Area		162,157	161,975	159,116
Service Charges (Underground Power)		8,596	11,919	7,576
Operating Grants, Subsidies and Contributions		3,538,758	3,694,141	3,615,583
Fees and Charges		18,479,788	23,181,589	23,738,475
Interest Earnings		1,297,001	1,435,662	1,847,113
Profit on Sale of Assets		43,901	86,076	62,630
Other Revenue		2,797,115	1,138,176	1,345,059
		26,327,316	29,709,538	30,775,552
Expenditure from operating activities				
Employee Costs		(35,956,430)	(38,036,280)	(37,747,393)
Materials and Contracts		(23,754,055)	(27,614,895)	(26,991,200)
Depreciation on Non Current Assets		(6,895,565)	(7,044,027)	(7,154,608)
Interest Expenses		(351,141)	(737,581)	(389,660)
Utility Charges (gas, electricity, water)		(1,693,259)	(2,111,650)	(1,939,436)
Loss on Sale of Assets		(6,843,638)	(7,155,295)	(2,439,905)
Insurance Expenses		(793,870)	(867,732)	(859,138)
Other Expenditure		(9,713,126)	(2,512,498)	(4,363,862)
		(86,001,084)	(86,079,958)	(81,885,202)
Non-cash amounts excluded from operating activities	28(a)	18,871,980	14,113,246	11,188,211
Amount attributable to operating activities		(37,045,292)	(40,317,447)	(37,272,075)
INVESTING ACTIVITIES				
Capital Revenue				
Non-operating grants, subsidies and contributions	2(a)	4,389,469	4,101,932	2,659,194
Proceeds from disposal of assets	11(a)	2,436,642	7,517,688	7,089,969
		6,826,111	11,619,620	9,749,163
Capital Expense				
Purchase of property, plant and equipment	9(a)	(27,313,964)	(50,593,613)	(9,700,540)
Purchase and construction of infrastructure	10(a)	(3,319,615)	(6,001,729)	(2,816,966)
Purchase of investment property	14	(93,171)	(30,653)	(22,068)
		(30,726,750)	(56,625,995)	(12,539,574)
Amount attributable to investing activities		(23,900,639)	(45,006,375)	(2,790,411)
FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(1,689,564)	(1,689,565)	(1,718,932)
Proceeds from borrowings	18(c)	20,000,000	20,000,000	-
Payments for principal portion of lease liabilities	17(b)	(716,813)	-	-
		17,593,623	18,310,435	(1,718,932)
Reserve Transfers				
Transfer to Reserves (Restricted Assets) - Capital		(2,430,626)	(7,433,188)	(7,089,969)
Transfer to Reserves (Restricted Assets) - Operating		(64,218)	(67,541)	(62,212)
	4	(2,494,844)	(7,500,729)	(7,152,181)
Transfer from Reserves (Restricted Assets) - Capital		2,505,217	27,555,884	8,109,932
Transfer from Reserves (Restricted Assets) - Operating		103,433	176,919	172,426
	4	2,608,650	27,732,803	8,282,358
Amount attributable to financing activities		17,707,429	38,542,509	(588,755)
Surplus/(deficit) before imposition of general rates		(43,238,502)	(46,781,313)	(40,651,241)
Total amount raised from general rates	27(a)	46,801,179	46,811,313	45,649,991
Surplus/(deficit) after imposition of general rates	28(b)	3,562,677	30,000	4,998,750

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

CITY OF FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2020

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CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Prior to 1 July 2019, Financial Management Regulation 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the City. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the City has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the Local Government (Financial Management) Regulations 1996 have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial report.

Specific impacts of AASB 2018-7 Amendments to Australian Accounting Standards - Materiality, have not been identified.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to these financial statements.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, arts & culture, natural area, emergency relief, legal, volunteer, library & waste services and minor facilities	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development, health, waste and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	Refund where permitted under statute	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	Refund where permitted under statute	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Property hire and entry	Use of halls, reserves, galleries and facilities	Single point in time	In full in advance or on approved credit	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym, pool, library and arts membership	Over time	Payment in full in advance or periodical payment	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method over 12 months matched to access right
Fees and charges for other goods and services	Waste, parking, health, engineering & administration services, library fees, reinstatements and private works	Single point in time	Payment in full in advance or approved credit	Refund for unused portion on application	Adopted by council annually	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on provision of service or completion of works
Commercial Property	Right of use of leased property	Over time	Payment in full in advance or approved credit	None	Set by mutual agreement with the customer	Apportioned equally across the lease period	Not applicable	Output method over 12 months matched to access right
Infringements	Parking, health, animals, litter and local law fines and penalties	Single point in time	Issued to pay	None	Adopted by council annually	On receipt of funds	Not applicable	When assets are controlled
Sale of stock	Recycle, visitor, leisure and arts centres' stock and marketing merchandise	Single point in time	Payment in full in advance or approved credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing, ticket sales and merchandise	Over time	Payment in full in advance or approved credit	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims, tenancy agreements and other reimbursements	Single point in time	Payment in arrears for claimable event or approved credit	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	1,067,688	1,040,000	1,064,949
Law, order, public safety	180	2,000	1,370
Education and welfare	625,210	624,481	599,745
Community amenities	225,367	250,000	167,477
Recreation and culture	1,364,645	1,411,195	1,405,261
Transport	148,118	147,835	143,503
Economic services	51,500	171,630	75,000
Other property and services	56,050	47,000	158,278
	3,538,758	3,694,141	3,615,583
Non-operating grants, subsidies and contributions			
Governance	-	-	2,170
Law, order, public safety	755,800	691,150	742,712
Community amenities	164,075	150,000	150,000
Recreation and culture	2,547,836	2,394,564	971,278
Transport	896,750	866,218	788,135
Other property and services	25,008	-	4,899
	4,389,469	4,101,932	2,659,194
Total grants, subsidies and contributions	7,928,227	7,796,073	6,274,777
Fees and charges			
Governance	42,467	52,100	51,217
General purpose funding	218,602	232,500	222,507
Law, order, public safety	1,487,024	2,134,975	2,238,524
Health	441,396	537,140	520,496
Education and welfare	267,364	259,540	270,892
Community amenities	1,482,690	1,807,950	1,751,688
Recreation and culture	5,271,844	6,657,790	6,956,684
Transport	7,446,078	9,431,100	9,616,745
Economic services	835,029	987,116	971,839
Other property and services	987,294	1,081,378	1,137,883
	18,479,788	23,181,589	23,738,475

There was a reduction of \$5,679,929 during the year to the amount of the fees or charges detailed in the original budget mainly due to the impact of Covid-19.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	2,322,952	2,654,141	2,547,695
Fees and charges	16,094,392	23,181,589	23,738,475
Other revenue	225,863	1,138,176	1,169,888
Non-operating grants, subsidies and contributions	4,389,469	4,101,932	2,659,194
	<u>23,032,676</u>	<u>31,075,838</u>	<u>30,115,252</u>

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:

Contracts with customers included as a contract liability at the start of the period	413,732	-	-
Performance obligations satisfied in the previous year			
Other revenue from contracts with customers recognised during the year	15,906,523	24,319,765	-
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	828,522	-	-
Other revenue from performance obligations satisfied during the year	5,883,899	6,756,073	-
	<u>23,032,676</u>	<u>31,075,838</u>	<u>-</u>

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	1,307,132	-
Contract assets	13,787	-
Contract liabilities from contracts with customers	(212,733)	-
Financial assets held from transfers for recognisable financial assets	6,283,234	-
Contract liabilities from transfers for recognisable non financial assets	(6,283,234)	-

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	46,801,179	46,811,313	45,649,991
Specified area rates	162,157	161,975	159,116
Service charges	8,596	11,919	7,576
Statutory permits and licences	958,126	1,267,300	1,248,757
Fines	1,427,270	2,092,100	2,186,401
	49,357,328	50,344,607	49,251,841

Other revenue

Reimbursements and recoveries	873,247	948,176	809,645
Other	766,495	190,000	360,243
	1,639,742	1,138,176	1,169,888

Interest earnings

Interest on reserve funds	468,447	217,700	388,609
Rates instalment and penalty interest (refer Note 27(e))	399,933	394,000	388,609
Other interest earnings	428,621	823,962	1,069,895
	1,297,001	1,435,662	1,847,113

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	67,000	75,000	26,206
- Grant Acquittals	16,070	4,700	12,150
	83,070	79,700	38,356

Interest expenses (finance costs)

Borrowings	18(b) 315,977	737,581	389,660
Lease liabilities	17(b) 35,164	-	-
	351,141	737,581	389,660

Other expenditure

Impairment loss on trade and other receivables from contracts with customers	584,675	-	136,643
Sundry expenses	2,737,076	2,512,498	2,353,869
	3,321,751	2,512,498	2,490,512

The City has calculated the loss allowance to take into account the credit risk associated with the event being postponed or cancelled due to the COVID 19 pandemic

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

NOTE	2020	2019
	\$	\$
Cash at bank and on hand	13,651,646	13,146,977
Term deposits	5,000,000	3,000,000
Total cash and cash equivalents	18,651,646	16,146,977

Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	8,238,886	3,751,779
- Financial assets at amortised cost	29,221,018	28,300,032
	37,459,904	32,051,811

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	29,221,018	29,334,823
Contract liabilities from contracts with customers	16	212,733	-
Contract liabilities from transfers for recognisable non financial assets	16	6,283,234	-
Unspent grants, subsidies and contributions		-	1,082,180
Bonds and Deposits Held		1,151,093	1,634,808
Unspent loans	18(d)	591,826	-
Total restricted assets		37,459,904	32,051,811

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

4. RESERVES - CASH/FINANCIAL ASSET	2020 Actual Opening Balance	2020 Actual Transfer (from)	2020 Actual Transfer to	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer (from)	2020 Budget Transfer to	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer (from)	2019 Actual Transfer to	2019 Actual Transfer Between	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Cantonment Hill Master Plan Reserve	167,746	-	-	167,746	176,933	(60,000)	-	116,933	1,172,935	(505,189)	-	(500,000)	167,746
(b) Community Care Programs Reserve	6,386	-	-	6,386	6,386	-	-	6,386	26,624	(20,238)	-	-	6,386
(c) Former Stan Reilly Property Site Redevelopment	-	-	-	-	-	-	-	-	1,042,967	-	-	(1,042,967)	-
(d) Fremantle Markets Conservation Reserve	271,415	(6,200)	-	265,215	271,415	(230,000)	-	41,415	271,415	-	-	-	271,415
(e) Fremantle Oval Reserve	250,000	-	-	250,000	250,000	(50,000)	-	200,000	-	-	-	250,000	250,000
(f) Fremantle Town Hall Refurbishment Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
(f) Heritage Places Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
(f) Investment Fund Reserve	21,361,254	(1,959,468)	2,430,626	21,832,412	20,605,549	(26,079,790)	7,433,188	1,958,947	19,238,741	(6,260,423)	7,089,969	1,292,967	21,361,254
(g) Kings Square Improvements Reserve	-	-	-	-	-	-	-	-	1,326,695	(1,326,695)	-	-	-
(h) Leighton Precinct Maintenance Reserve	213,117	(42,698)	55,623	226,042	222,511	(45,000)	55,622	233,133	207,874	(49,393)	54,636	-	213,117
(i) Leisure Centre Upgrade Reserve	123,599	(32,400)	-	91,199	123,599	(90,000)	-	33,599	123,599	-	-	-	123,599
(j) Parking Dividend Equalisation Reserve	6,260,718	(52,153)	-	6,208,565	6,263,846	(590,853)	-	5,672,993	6,381,138	(120,420)	-	-	6,260,718
(k) Parks Recreation and Facilities Reserve	97,771	-	-	97,771	97,771	-	-	97,771	97,771	-	-	-	97,771
(l) Renewable Energy Investment Reserve	575,241	(515,731)	-	59,510	575,241	(575,241)	-	-	575,241	-	-	-	575,241
(m) White Gum Valley Precinct Community Bore Res	7,576	-	8,596	16,172	11,919	(11,919)	11,919	11,919	-	-	7,576	-	7,576
	29,334,823	(2,608,650)	2,494,845	29,221,018	28,605,170	(27,732,803)	7,500,729	8,373,096	30,465,000	(8,282,358)	7,152,181	-	29,334,823

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Cantonment Hill Master Plan Reserve	Ongoing	To fund capital works at Cantonment Hill in accordance with the Cantonment Hill Master Plan.
(b) Community Care Programs Reserve	Ongoing	To fund Community Care Programs.
(c) Former Stan Reilly Property Site Redevelopment Reserve	Ongoing	To fund capital works for the development of the Stan Reilly site.
(d) Fremantle Markets Conservation Reserve	Ongoing	To fund conservation works to the Fremantle Markets
(e) Fremantle Oval Reserve	Ongoing	To fund capital and business planning costs associated with the redevelopment of the Fremantle Oval precinct.
(f) Fremantle Town Hall Refurbishment Reserve	Ongoing	To provide funds for major refurbishment of the historic Fremantle Town Hall.
(f) Heritage Places Reserve	Ongoing	To finance the major upgrading and maintenance (including painting) to the Fremantle Town Hall. Conserve heritage places already owned or vested in the Council. Augment external funds allocated to the City for the purpose of heritage conservation. Provide assistance to other owners of heritage places within the municipality where Council is satisfied that this is a proper, cost effective and lawful use of the funds. To administer conservation funds appeals. To finance the additional costs of higher specified infrastructure improvements (e.g. footpaths, roads, landscaping, buildings, etc.) to areas abutting or adjacent to heritage places where the higher specifications are incurred to maintain the area in sympathy with the heritage place. Purchase heritage properties within the municipality of Fremantle which are in a distinct need of conservation, Council can conserve according to the Burra Charter principles, enable Council to demonstrate the Burra Charter model of conservation for other to follow or in Council's estimation would otherwise be conserved (restored) in accordance with Burra Charter principles. Finance major renewal, restoration or maintenance of heritage properties. Council Policy SG30 Heritage Places Reserves also refers.
(f) Investment Fund Reserve	Ongoing	To realise and make investments in income producing assets. A specified list of investment properties forms part of the investments. Funds will not be withdrawn from the reserve to subsidise operating or recurrent expenditure, nor shall funds be withdrawn for the purpose of providing community facilities that do not provide a commercial rate of return, unless specifically decided otherwise by the Council.
(g) Kings Square Improvements Reserve	Ongoing	To fund capital improvements to Kings Square.
(h) Leighton Precinct Maintenance Reserve	Ongoing	To hold any specified area rate income raised during the financial year that were unspent at 30 June in relation to Leighton Precinct maintenance. To fund the above normal costs associated with maintaining the higher standard of the landscaping of the Leighton residential area.
(i) Leisure Centre Upgrade Reserve	Ongoing	To provide funds for major upgrading and refurbishment works at the Fremantle Leisure Centre.
(j) Parking Dividend Equalisation Reserve	Ongoing	To provide a smoothing out of revenue contributions to municipal operations from commercial parking activities. That is to be achieved as follows (a) by transferring net profits in excess of budget to the reserve and (b) if required, when there is a material (i.e. plus 1%) net loss, transferring funds from the reserve to municipal fund to compensate the loss. Fund commercial parking capital equipment and facilities or parking infringement capital equipment and facilities to the extent the funds available in the reserve exceed 2.5% of budgeted gross parking revenue.
(k) Parks Recreation and Facilities Reserve	Ongoing	To fund improvements within the South Fremantle Tip Site Reserve. To Finance improvements within the Kings Square Reserve. To Finance tourism projects within the City. To finance facilities for sporting clubs on a self supporting loan basis in accordance with Council guidelines for such advances to clubs. To Finance improvements within the Port and Leighton Beach Reserve. To finance capital works and improvements at Fremantle Oval. To Finance improvements or major refurbishments to other parks and recreation facilities within the municipality.
(l) Renewable Energy Investment Reserve	Ongoing	To purchase sufficient carbon offsets to maintain the City's carbon neutral status. Remaining funds will then be used to invest in projects that promote positive renewable energy outcomes. If no renewable energy projects can be identified, the fund will accumulate that year's contribution.
(m) White Gum Valley Precinct Community Bore Reserve	Ongoing	To fund the associated costs required to maintain the community bore within the WGV development.

4 RESERVES/CASH AND FINANCIAL ASSET (Continued)

Cash Backed Reserves	Adopted Budget	Actual
	\$	
Cantonment Hill Master Plan Reserve		
<u>Reserve Purpose:</u>		
<i>To fund capital works at Cantonment Hill in accordance with the Cantonment Hill Master</i>		
<u>Source of Income:</u>		
<i>Transfer from the Investment Reserve as approved by Council. Transfer from Municipal Fund amounts determined by Council through the annual budget and budget review</i>		
Opening Balance	176,933	167,746
Transfer to Reserves (Operating)	-	-
Transfer to Reserves (Capital)	-	-
Transfer from Reserves (Operating)	-	-
Transfer from Reserves (Capital)	(60,000)	-
300076 - P-10325 Restoration - Naval Store Cantonment Hill	(10,000)	-
300116 - P-11836 Design and construct - Signal Station	(50,000)	-
Closing Balance	116,933	167,746
Community Care Programs Reserve		
<u>Reserve Purpose:</u>		
<i>To fund Community Care Programs.</i>		
<u>Source of Income:</u>		
<i>Transfer from final balance held in old HACC Asset Replacement Reserve at end of 17/18 financial year.</i>		
Opening Balance	6,385	6,386
Transfer to Reserves (Operating)	-	-
Transfer to Reserves (Capital)	-	-
Transfer from Reserves (Operating)	-	-
Transfer from Reserves (Capital)	-	-
Closing Balance	6,385	6,386

4 RESERVES/CASH AND FINANCIAL ASSET (Continued)

Cash Backed Reserves	Adopted Budget	Actual
	\$	
Fremantle Markets Conservation Reserve		
<u>Reserve Purpose:</u>		
<i>To fund conservation works to the Fremantle Markets</i>		
<u>Source of Income:</u>		
<i>Contribution by lessee on signing of new lease in June 2008. Increase of rent derived from the premises for the first ten years of the lease commencing in June 2008 as a minimum to assist in obtaining external funding for implementing the Conservation Plan.</i>		
Opening Balance	271,415	271,415
Transfer to Reserves (Operating)	-	-
Transfer to Reserves (Capital)	-	-
Transfer from Reserves (Operating)	-	-
Transfer from Reserves (Capital)	(230,000)	(6,200)
300121 - P-11843 Design and construct - Markets Building Services	(40,000)	(6,200)
300122 - P-11844 Design and construct - Markets Structural works	(90,000)	-
300124 - P-11845 Design and construct - Markets Building compliance	(100,000)	-
Closing Balance	41,415	265,215
Fremantle Oval Reserve		
<u>Reserve Purpose:</u>		
<i>To fund capital and business planning costs associated with the redevelopment of the Fremantle Oval precinct</i>		
<u>Source of Income:</u>		
<i>Transfer from Former Stan Reilly Property Site Redevelopment Reserve as approved by Council. Transfer from Municipal Fund amounts determined by Council through the annual budget, budget review and budget amendments</i>		
Opening Balance	250,000	250,000
Transfer to Reserves (Operating)	-	-
Transfer to Reserves (Capital)	-	-
Transfer from Reserves (Operating)	(50,000)	-
200132 - P-10300 Plan - Fremantle Oval Precinct	(50,000)	-
Transfer from Reserves (Capital)	-	-
Closing Balance	200,000	250,000

4 RESERVES/CASH AND FINANCIAL ASSET (Continued)

Cash Backed Reserves	Adopted Budget \$	Actual
Investment Fund Reserve		
<u>Reserve Purpose:</u>		
<i>properties forms part of the investments. Funds will not be withdrawn from the reserve to subsidise operating or recurrent expenditure, nor shall funds be withdrawn for the purpose of providing community facilities that do not provide a commercial rate of return, unless specifically decided otherwise by the Council.</i>		
<u>Source of Income:</u>		
<i>Net proceeds of sale of nominated freehold properties, unless otherwise resolved by Council. Net proceeds from sale of miscellaneous parcels of land, unless otherwise resolved by Council. Transfer from municipal fund of principal repayment equivalent for Loan 189 (Queensgate) that was paid out in January 2006 using funds from the Investment Reserve. Net proceeds from the winding up of the City of Fremantle Trust Fund as per the City of Fremantle and Town of East Fremantle Trust Funds (Amendment and Expiry) Bill 2013.</i>		
Opening Balance	20,605,549	21,361,254
Transfer to Reserves (Operating)	-	-
Transfer to Reserves (Capital)	7,433,188	2,430,626
300047 - P-10458 Disposal - 7 Quarry St	2,750,000	-
300053 - P-11052 Disposal - 9 Quarry St	2,250,000	-
300062 - P-11051 Disposal - 12 Holdsworth St	1,134,188	1,084,886
300063 - P-11633 Disposal - 12 Josephson St	1,150,000	1,301,850
300145 - P-11863 Sale - Waste Trucks	149,000	43,890
Transfer from Reserves (Operating)	(70,000)	(60,735)
200453 - P-11745 Demolish 9-15 Quarry Street	(70,000)	(60,735)
Transfer from Reserves (Capital)	(26,520,031)	(1,898,733)
300000 - P-10297 Construct - Council Admin Offices (Kings Square)	(20,154,700)	-
300065 - P-10242 Install - Evan Davies lift	(30,653)	(24,914)
300073 - P-11077 Install - Network Infrastructure (Kings Square)	(39,378)	-
300085 - P-10295 Design and construct - Public Realm Newman Court (KS)	(2,000,000)	(481,610)
300086 - P-11814 Building development - Consultants Council Admin Building	(1,295,960)	(992,536)
300087 - P-11598 Building development - Project Management fees(KS)	(670,017)	(391,632)
300088 - P-11687 Install - Public Art (Kings Square)	(250,000)	-
300100 - P-11682 Building development - Fit out - Civic Building (KS)	(1,129,323)	(1,859)
300101 - P- 10898 Relocation - AV Equipment & Installation (KS)	(500,000)	-
300102 - P-11705 Relocation - Network & Communications (KS)	(250,000)	-
300112 - P-11829 Design and construct - Commercial tenancy (KS)	(200,000)	(806)
300162 - P-11878 Design and construct - Kings Square - Windows to the past	-	(5,376)
Closing Balance	1,448,706	21,832,412

4 RESERVES/CASH AND FINANCIAL ASSET (Continued)

Cash Backed Reserves	Adopted Budget \$	Actual
Leighton Precinct Maintenance Reserve		
<u>Reserve Purpose:</u>		
<i>To hold any specified area rate income raised during the financial year that were unspent at 30 June in relation to Leighton Precinct maintenance. To fund the above normal costs associated with maintaining the higher standard of the landscaping of the Leighton residential area.</i>		
<u>Source of Income:</u>		
<i>Revenue raised from a specified area rate that was unspent at the end of the financial year.</i>		
Opening Balance	222,511	213,117
Transfer to Reserves (Operating)	55,622	55,623
100913 - Maintain Landscape - Leighton Precinct SAR	55,622	55,623
Transfer to Reserves (Capital)	-	-
Transfer from Reserves (Operating)	(45,000)	(42,698)
100913 - Maintain Landscape - Leighton Precinct SAR	(45,000)	(42,698)
Transfer from Reserves (Capital)	-	-
Closing Balance	233,133	226,042
Leisure Centre Upgrade Reserve		
<u>Reserve Purpose:</u>		
<i>To provide funds for major upgrading and refurbishment works at the Fremantle Leisure</i>		
<u>Source of Income:</u>		
<i>Transfer from the Investment Reserve as approved by Council. Transfer from Municipal Fund amounts determined by Council through the annual budget and budget review.</i>		
Opening Balance	123,599	123,599
Transfer to Reserves (Operating)	-	-
Transfer to Reserves (Capital)	-	-
Transfer from Reserves (Operating)	-	-
Transfer from Reserves (Capital)	(90,000)	(32,400)
300123 - P-11670 Design and construct - Leisure Centre Pool Roof	(90,000)	(32,400)
Closing Balance	33,599	91,199

4 RESERVES/CASH AND FINANCIAL ASSET (Continued)

Cash Backed Reserves	Adopted Budget \$	Actual
Parking Dividend Equalisation Reserve		
<u>Reserve Purpose:</u>		
<i>To provide a smoothing out of revenue contributions to municipal operations from commercial parking activities. That is to be achieved as follows (a) by transferring net profits in excess of budget to the reserve and (b) if required, when there is a material (i.e. plus 1%) net loss, transferring funds from the reserve to municipal fund to compensate the loss. Fund commercial parking capital equipment and facilities or parking infringement capital equipment and facilities to the extent the funds available in the reserve exceed 2.5% of budgeted gross parking revenue.</i>		
<u>Source of Income:</u>		
<i>Transfer from the Municipal Fund (a) net profit on commercial parking operations exceeding a set figure in the budget. Note: Net profit is calculated including depreciation and allocated support service costs but excludes capital. and/or (b) Transfer from the Municipal Fund amounts determined by Council through the annual budget or budget review in relation to parking operations. Transfer from Municipal Fund amounts determined by Council through the annual budget or budget review in relation to parking infringement operations. Net proceeds from sale of parking facilities as determined by Council through the annual budget or budget review.</i>		
Opening Balance	6,263,846	6,260,718
Transfer to Reserves (Operating)	-	-
Transfer to Reserves (Capital)	-	-
Transfer from Reserves (Operating)	-	-
Transfer from Reserves (Capital)	(590,853)	(52,153)
300010 - P-11794 Purchase - Software parking application	(35,853)	(35,853)
300039 - P-11793 Install - Electronic parking signs	(165,000)	-
300103 - P-11720 Software - Licencing Pinforce	(40,000)	(16,300)
300115 - P-10865 Construct - Fremantle Park carpark	(350,000)	-
Closing Balance	5,672,993	6,208,565
Parks Recreation and Facilities Reserve		
<u>Reserve Purpose:</u>		
<i>To fund improvements within the South Fremantle Tip Site Reserve. To Finance improvements within the Kings Square Reserve. To Finance tourism projects within the City. To finance facilities for sporting clubs on a self supporting loan basis in accordance with Council guidelines for such advances to clubs. To Finance improvements within the Port and Leighton Beach Reserve. To finance capital works and improvements at Fremantle Oval. To Finance improvements or major refurbishments to other parks and recreation facilities within the municipality.</i>		
<u>Source of Income:</u>		
<i>Municipal Fund contribution as approved by Council in the annual budget.</i>		
Opening Balance	97,771	97,771
Transfer to Reserves (Operating)	-	-
Transfer to Reserves (Capital)	-	-
Transfer from Reserves (Operating)	-	-
Transfer from Reserves (Capital)	-	-
Closing Balance	97,771	97,771

4 RESERVES/CASH AND FINANCIAL ASSET (Continued)

Cash Backed Reserves	Adopted Budget	Actual
	\$	
Renewable Energy Investment Reserve		
<u>Reserve Purpose:</u>		
<i>To purchase sufficient carbon offsets to maintain the City's carbon neutral status. Remaining funds will then be used to invest in projects that promote positive renewable energy outcomes. If no renewable energy projects can be identified, the fund will accumulate that year's contribution.</i>		
<u>Source of Income:</u>		
<i>Transfer from Municipal Fund amounts determined by Council through the annual budget and budget review.</i>		
Opening Balance	575,241	575,241
Transfer to Reserves (Operating)	-	-
Transfer to Reserves (Capital)	-	-
Transfer from Reserves (Operating)	-	-
Transfer from Reserves (Capital)	(575,241)	(515,731)
300000 - P-10297 Construct - Council Admin Offices (Kings Square)	(510,241)	(510,241)
300152 - P-11873 Program-Solar Panels City	(65,000)	(5,490)
Closing Balance	-	59,510
White Gum Valley Precinct Community Bore Reserve		
<u>Reserve Purpose:</u>		
<i>To fund the associated costs required to maintain the community bore within the WGV development.</i>		
<u>Source of Income:</u>		
<i>Revenue raised from a service charge that was unspent at the end of the financial year.</i>		
Opening Balance	11,919	7,576
Transfer to Reserves (Operating)	11,919	8,596
100738 - Service charge - Use of community bore	11,919	8,596
Transfer to Reserves (Capital)	-	-
Transfer from Reserves (Operating)	(11,919)	-
100738 - Service charge - Use of community bore	(11,919)	-
Transfer from Reserves (Capital)	-	-
Closing Balance	11,919	16,172
Summary		
Opening Balance	28,605,169	29,334,823
Transfer to Reserves (Operating)	67,541	64,219
Transfer to Reserves (Capital)	7,433,188	2,430,626
Transfer from Reserves (Operating)	(176,919)	(103,433)
Transfer from Reserves (Capital)	(28,066,125)	(2,505,217)
Closing Balance	7,862,854	29,221,018

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	31,482,521	28,300,032
	31,482,521	28,300,032
Other financial assets at amortised cost		
Term deposits	31,482,521	28,300,032
	31,482,521	28,300,032
(b) Non-current assets		
Financial assets at fair value through profit and loss	178,053	175,171
	178,053	175,171
Financial assets at fair value through profit and loss		
- <i>Unlisted equity investments</i>		
Units in Local Government House Trust	178,053	175,171
	178,053	175,171
During the year, the following gains/(losses) were recognised in profit and loss:		
Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services	2,882	175,171
	2,882	175,171

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

2020	2019
\$	\$
982,533	510,737
1,307,132	713,827
565,989	314,687
(584,675)	(144,907)
2,270,979	1,394,344
584,884	555,879
584,884	555,879

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 29.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

7. INVENTORIES

Current

Consumables
Goods for sale

2020	2019
\$	\$
43,730	59,819
63,898	45,287
107,628	105,106

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

105,106	183,803
(583,719)	(983,785)
586,241	905,088
107,628	105,106

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. OTHER ASSETS

Other assets - current

Accrued income

Assets held for sale

Land and buildings

7 - 15 Quarry Street

12 Josephson Street

12 Holdsworth Street

	2020	2019
	\$	\$
Accrued income	112,981	426,127
	112,981	426,127
Assets held for sale		
Land and buildings		
7 - 15 Quarry Street	4,243,000	-
12 Josephson Street	-	1,301,850
12 Holdsworth Street	-	1,084,875
	4,243,000	2,386,725

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Non-current assets held for sale (Continued)

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 34(h).

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020
9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and Fittings	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	139,365,011	5,285,899	144,650,910	98,117,991	98,117,991	242,768,901	3,839,834	4,371,498	250,980,233
Additions	-	-	-	9,277,784	9,277,784	9,277,784	195,850	203,726	9,677,360
(Disposals)	(1,709,000)	-	(1,709,000)	(1,357,883)	(1,357,883)	(3,066,883)	-	(40,730)	(3,107,613)
Depreciation (expense)	-	-	-	(1,522,942)	(1,522,942)	(1,522,942)	(158,007)	(578,650)	(2,259,599)
Transfers	(1,934,000)	-	(1,934,000)	(571,217)	(571,217)	(2,505,217)	-	-	(2,505,217)
Carrying amount at 30 June 2019	135,722,011	5,285,899	141,007,910	103,943,733	103,943,733	244,951,643	3,877,677	3,955,844	252,785,164
Comprises:									
Gross carrying amount at 30 June 2019	135,722,011	5,285,899	141,007,910	125,492,999	125,492,999	266,500,909	5,531,129	10,804,786	282,836,824
Accumulated depreciation at 30 June 2019	-	-	-	(21,549,266)	(21,549,266)	(21,549,266)	(1,653,452)	(6,848,942)	(30,051,660)
Carrying amount at 30 June 2019	135,722,011	5,285,899	141,007,910	103,943,733	103,943,733	244,951,643	3,877,677	3,955,844	252,785,164
Change in accounting policy	-	(5,285,899)	(5,285,899)	-	-	(5,285,899)	-	-	(5,285,899)
Carrying amount at 1 July 2019	135,722,011	-	135,722,011	103,943,733	103,943,733	239,665,744	3,877,677	3,955,844	247,499,265
Additions	-	-	-	25,843,811	25,843,811	25,843,811	205,537	1,264,616	27,313,964
(Disposals)	-	-	-	(6,841,877)	(6,841,877)	(6,841,877)	-	(7,777)	(6,849,654)
Revaluation increments / (decrements) transferred to revaluation surplus	(59,528,111)	-	(59,528,111)	35,124,945	35,124,945	(24,403,166)	-	-	(24,403,166)
Depreciation (expense)	-	-	-	(754,346)	(754,346)	(754,346)	(177,571)	(436,475)	(1,368,392)
Transfer to assets held for sale	(4,243,000)	-	(4,243,000)	-	-	(4,243,000)	-	-	(4,243,000)
Transfers from investment properties	2,604,000	-	2,604,000	-	-	2,604,000	-	-	2,604,000
Carrying amount at 30 June 2020	74,554,900	-	74,554,900	157,316,266	157,316,266	231,871,166	3,905,643	4,776,208	240,553,017
Comprises:									
Gross carrying amount at 30 June 2020	74,554,900	-	74,554,900	265,143,718	265,143,718	339,698,618	5,736,666	11,664,477	357,099,761
Accumulated depreciation at 30 June 2020	-	-	-	(107,827,452)	(107,827,452)	(107,827,452)	(1,831,023)	(6,888,269)	(116,546,744)
Carrying amount at 30 June 2020	74,554,900	-	74,554,900	157,316,266	157,316,266	231,871,166	3,905,643	4,776,208	240,553,017

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	Level 2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2020	Price per hectare.
	Level 3	Market approach using estimated data for similar properties	Independent registered valuers	June 2020	Estimated price per hectare.
Buildings	Level 2/3	Market approach using recent observable data for similar properties or cost approach using depreciated replacement cost.	Independent registered valuers/ Management valuation	June 2020	Average cost of construction by component (Level 2), current condition, residual values and remaining useful life assessment (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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

CITY OF FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - Paths	Infrastructure - Drainage	Infrastructure - Parks	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	78,545,696	30,849,229	32,508,604	11,896,204	7,353,532	161,153,265
Additions	1,369,825	429,933	229,449	661,304	149,635	2,840,146
(Disposals)	-	-	-	-	(126,631)	(126,631)
Depreciation (expense)	(1,998,883)	(882,373)	(559,031)	(1,181,089)	(273,633)	(4,895,009)
Transfers to Assets classified as held for sale	-	-	-	-	(19,965)	(19,965)
Carrying amount at 30 June 2019	77,916,638	30,396,789	32,179,022	11,376,419	7,082,938	158,951,806
Comprises:						
Gross carrying amount at 30 June 2019	117,865,476	46,877,087	51,552,173	21,685,320	13,266,051	251,246,107
Accumulated depreciation at 30 June 2019	(39,948,838)	(16,480,298)	(19,373,151)	(10,308,901)	(6,183,113)	(92,294,301)
Carrying amount at 30 June 2019	77,916,638	30,396,789	32,179,022	11,376,419	7,082,938	158,951,806
Additions	1,540,800	37,931	51,004	1,685,912	3,968	3,319,615
Depreciation (expense)	(1,992,341)	(901,465)	(537,243)	(1,207,079)	(274,378)	(4,912,506)
Carrying amount at 30 June 2020	77,465,097	29,533,255	31,692,783	11,855,252	6,812,528	157,358,915
Comprises:						
Gross carrying amount at 30 June 2020	119,406,277	46,915,018	51,603,177	23,371,232	13,270,019	254,565,723
Accumulated depreciation at 30 June 2020	(41,941,180)	(17,381,763)	(19,910,394)	(11,515,980)	(6,457,491)	(97,206,808)
Carrying amount at 30 June 2020	77,465,097	29,533,255	31,692,783	11,855,252	6,812,528	157,358,915

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE (Continued)

(b) 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 valuers	June 2018	The unit rates (Level 2), asset condition, residual values, pattern of consumption and remaining useful life assessments (Level 3) inputs.
Infrastructure - Paths	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	The unit rates (Level 2), asset condition, residual values, pattern of consumption and remaining useful life assessments (Level 3) inputs.
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	The unit rates (Level 2), asset condition, residual values, pattern of consumption and remaining useful life assessments (Level 3) inputs.
Infrastructure - Parks	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	The unit rates (Level 2), asset condition, residual values, pattern of consumption and remaining useful life assessments (Level 3) inputs.
Infrastructure - Other	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	The unit rates (Level 2), asset condition, residual values, pattern of consumption 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.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City 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 that are land, buildings, infrastructure and investment properties 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 land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

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 land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

In accordance with the then Local Government (Financial Management) *Regulation 16(a)(ii)*, the City was previously required to include as an asset (by 30 June 2013), vested 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.

Land under roads prior to 1 July 2019

In Western Australia, most 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 then Local Government (Financial Management) Regulation 16(a)(i) which arbitrarily *prohibited local governments from recognising such land as an asset*. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then Local Government (Financial Management) Regulation 16(a)(i) prohibited 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 was not included as an asset of the City.

Land under roads from 1 July 2019

As a result of amendments to the Local Government (Financial Management) Regulations 1996, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with Local Government (Financial Management) Regulation 17A(2)(iv) is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 12 that details the significant accounting policies applying to leases (including right of use assets).

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Land Held For Sale												
Project 11633 - Disposal of 12 Josephson St	1,301,850	1,301,850	-	-	-	-	-	-	-	-	-	-
Project 11051 - Disposal of 12 Holdsworth St	1,084,875	1,084,886	11	-	-	-	-	-	-	-	-	-
	2,386,725	2,386,736	11	-	-	-	-	-	-	-	-	-
Total - Land held for sale	2,386,725	2,386,736	11	-	-	-	-	-	-	-	-	-
Investment Land												
Project 11633 - Disposal of 12 Josephson St	-	-	-	-	1,448,409	1,150,000	-	(298,409)	6,233,000	6,283,683	50,683	-
Project-10467 Disposal of Car Park 13 The Malls	-	-	-	-	1,448,409	1,150,000	-	(298,409)	6,233,000	6,283,683	50,683	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total - Investment property	-	-	-	-	1,448,409	1,150,000	-	(298,409)	6,233,000	6,283,683	50,683	-
Land - freehold land												
Project 11817 Disposal Tapper St Mews	-	-	-	-	-	-	-	-	1,709,000	241,371	-	(1,467,629)
Project 11051 - Disposal of 12 Holdsworth St	-	-	-	-	1,934,000	871,874	-	(1,062,126)	-	-	-	-
Project 10458 - Disposal of 7 Quarry St, Fremantle	-	-	-	-	3,245,000	2,750,000	-	(495,000)	-	-	-	-
Project 11052 - 9 to 15 Quarry St, Fremantle	-	-	-	-	6,076,000	1,971,925	-	(4,104,075)	-	-	-	-
	-	-	-	-	11,255,000	5,593,799	-	(5,661,201)	1,709,000	241,371	-	(1,467,629)
Buildings - non-specialised												
Project-10467 Disposal of Car Park 13 The Malls	-	-	-	-	-	-	-	-	236,100	238,273	2,173	-
Project 11817 Disposal Tapper St Mews	-	-	-	-	-	-	-	-	1,121,783	158,629	-	(963,154)
Project 11052 - 9 to 15 Quarry St, Fremantle	-	-	-	-	856,821	278,075	-	(578,746)	-	-	-	-
Project 11051 - Disposal of 12 Holdsworth St	-	-	-	-	581,865	262,314	-	(319,551)	-	-	-	-
Demolished Assets or Assets not belonging to COF	6,841,877	-	-	(6,841,877)	-	-	-	-	-	-	-	-
	6,841,877	-	-	(6,841,877)	1,438,686	540,389	-	(898,297)	1,357,883	396,902	2,173	(963,154)
Plant and equipment												
Disposal - various fleet vehicles	-	-	-	-	-	-	-	-	40,730	39,969	8,361	(9,122)
Project 11863 - Sale Waste Trucks	-	43,890	43,890	-	8,924	95,000	86,076	-	-	-	-	-
Project 11863 - Sale Waste Trucks	7,777	6,016	-	(1,761)	435,889	138,500	-	(297,389)	-	-	-	-
	7,777	49,906	43,890	(1,761)	444,813	233,500	86,076	(297,389)	40,730	39,969	8,361	(9,122)
Total - Property, plant and equipment	6,849,654	49,906	43,890	(6,843,638)	13,138,499	6,367,688	86,076	(6,856,887)	3,107,613	678,242	10,534	(2,439,905)
Infrastructure - Other												
Project-10467 Disposal of Car Park 13 The Malls	-	-	-	-	-	-	-	-	126,631	128,044	1,413	-
	-	-	-	-	-	-	-	-	126,631	128,044	1,413	-
Total - Infrastructure	-	-	-	-	-	-	-	-	126,631	128,044	1,413	-
	9,236,379	2,436,642	43,901	(6,843,638)	14,586,908	7,517,688	86,076	(7,155,296)	9,467,244	7,089,969	62,630	(2,439,905)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Health				
Project 11051 - Disposal of 12 Holdsworth St	1,084,875	1,084,886	11	-
Education				
Demolished Buildings	846,786	-	-	(846,786)
Recreation & Culture				
Assets not belonging to CoF	4,870,000	-	-	(4,870,000)
Demolished Buildings	961,992	-	-	(961,992)
Transport				
Project 11863 - Sale Waste Trucks	-	43,890	43,890	-
Project-11633 Disposal of investment land - 12 Jose	1,301,850	1,301,850	-	-
Other property and services				
Demolished Buildings	163,099	-	-	(163,099)
P-10673 Purchase-Gang Mower	7,777	6,016	-	(1,761)
	9,236,379	2,436,642	43,901	(6,843,638)
	9,236,379	2,436,642	43,901	(6,843,638)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.

	2020	2019
	\$	\$
Furniture and Fittings	710,135	523,113
Plant and equipment	3,307,266	3,471,663
	4,017,401	3,994,776

(c) Temporarily Idle Assets

The City did not have any idle assets at 30 June 2020.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11. FIXED ASSETS

(d) Depreciation

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Buildings - non-specialised	754,346	1,662,419	1,522,942
Furniture and Fittings	177,571	149,573	158,007
Plant and equipment	436,475	339,504	578,650
Infrastructure - roads	1,992,341	1,998,774	1,998,883
Infrastructure - Paths	901,465	882,313	882,373
Infrastructure - Drainage	537,243	559,024	559,031
Infrastructure - Parks	1,207,079	1,182,092	1,181,089
Infrastructure - Other	274,378	270,328	273,633
Right of use assets - plant and equipment	614,667	-	-
	6,895,565	7,044,027	7,154,608

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life	Depreciation Rate	Asset Class	Useful life	Depreciation Rate
Property, Plant & Equipment			Infrastructure		
Community Buildings	0 - 188	0.56% - 10%	Paths	11 - 61	1.66% - 10.00%
Plant & Equipment	5 - 31	3.18% - 20.00%	Drainage	81 - 100	1.00% - 1.25%
Furniture & Fittings	5 - 150	0% - 20.00%	Roads	0 - 91	0% - 9.9%
			Parks	10 - 50	2.00% - 10.00%
Investment Property			Other	21 - 83	1.21% - 4.97%
Buildings	100	0%			

Depreciation on revaluation

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

- (a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

CITY OF FREMANTLE
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11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(d) Depreciation (Continued)

Depreciation rates

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

Asset Class	Useful Life in Years	Depreciation Rate	Asset Class	Useful Life in Years	Depreciation Rate
Property, Plant & Equipment			Investment Property		
Land	Not Depreciated	0	Investment Land	Not Depreciated	0
Buildings			Investment Build	100	0
Electrical	50 - 95	1.05% - 2%			
Fire	20 - 50	2% - 5%	Infrastructure		
Floor Covering	17.5 - 50	2% - 5.71%	Paths		
Hydraulic	50 - 103	0.97% - 2%	Asphalt	11	10.00%
Furniture & Fittings	37.5 - 62.5	1.6% - 2.67%	Staircases	61	1.66%
Mechanical	10.5 - 55	1.81% - 9.52%	Boardwalks Bridge	21	5.00%
Roof	50 - 143	0.7% - 2%	Brick Paving	21	5.00%
Security	15 - 50	2% - 6.67%	Concrete	21	5.00%
Substructure	50 - 136	0.73% - 2%	Paths	58	1.74%
Superstructure	0 - 188	0.56% - 10%	Seal - Other	21	5.00%
Site Infrastructure	50	2%	Drainage		
Internal Screen	10 - 63	1.59% - 10%	Pipes	100	1.00%
Solar Panel	10	10%	Pits	81	1.25%
Transport	50	2%	Roads		
Plant & Equipment			Asphalt	33	3.08%
Building Security	31	3.18%	Kerbs	91	1.1%
Heavy Vehicles	20	5%	Lighting	25	4.0%
Light Vehicles	10 - 20	5% - 10%	Pavements	74	1.4%
Major Plant	20	5%	Road Structure	Not Depreciated	0.0%
Minor Plant	10 - 20	5% - 10%	Formation	Not Depreciated	0.0%
Other	10	10%	Others	11	9.90%
Outdoor Security	10	10%	Parks		
Parking Equipment	5 - 10	10% - 20%	Fences	20 - 50	2% - 5%
Furniture & Fittings			Furniture	10 - 40	2.5% - 10%
Art Centre	10 - 50	2% - 10%	Hard Landscape	20 - 21	5%
Art Collection	Not Depreciated	0%	Irrigation	20 - 21	5%
AV Equipment	7 - 10	10% - 14.29%	Lighting	20 - 43	2.33% - 5%
Comms Equipment	7 - 10	10% - 14.29%	Other	10 - 21	5% - 10%
Community Centres	10 - 50	2% - 10%	Park Equipment	10 - 21	5% - 10%
External Art	75 - 150	0.67% - 1.33%	Sport Fields	20 - 21	5%
Hardware	7 - 10	10% - 14.29%	Structures	15 - 21	5% - 6.67%
Kitchen Equipment	10	10%	Others		
Leisure Centre	7 - 50	2% - 14.29%	Bus Shelters	21	4.97%
Office Equipment	10	10%	Car Park	30 - 83	1.21% - 3.38%
Office Furniture	10 - 50	2% - 10%			
Other	10	10%			
Special Equipment	5 - 10	10% - 20%			
Right of use (plant and equipment)	Based on the remaining lease				

12. LEASES

(a) Right of Use Assets

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

	Right of use assets - plant and equipment \$	Right of use assets Total \$
Carrying amount at 30 June 2019	-	-
Recognised on initial application of AASB 16	1,287,918	1,287,918
Restated total equity at the beginning of the financial year	1,287,918	1,287,918
Additions	972,900	972,900
Depreciation (expense)	(614,667)	(614,667)
Carrying amount at 30 June 2020	1,646,151	1,646,151
(b) Cash outflow from leases		
Interest expense on lease liabilities	35,164	35,164
Lease principal expense	716,813	716,813
Total cash outflow from leases	751,977	751,977
(c) Other expenses and income relating to leases		
Short-term lease payments recognised as expense	9,697	9,697
Expenses for variable lease payment not recognised as a liability	20,975	20,975
	30,672	30,672

The City has 11 leases relating to plant and equipment, car parks and rental properties with various lease terms (Note 17). Two leases expired in 2019/20 FY, which is recognised as lease expenditure rather than right of use assets. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the City is committed.

The City has not revalued the right of use assets relating to leased plant and equipment as the difference between the fair value and carrying amount is immaterial.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than concessionary vested improvements) under zero cost leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

CITY OF FREMANTLE
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13. REVALUATION SURPLUS

	2020 Opening Balance	Correction of Error	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Closing Balance
	\$	\$	\$		\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	142,772,958	-	142,772,958		-	(59,528,111)	(59,528,111)	83,244,847	142,772,958	142,772,958
Revaluation surplus - Land - vested in and under the control of Council	5,285,777	-	5,285,777	(5,285,777)	-	-	-	-	5,285,777	5,285,777
Revaluation surplus - Buildings - non-specialised	56,919,788	1	56,919,789		35,124,945	-	35,124,945	92,044,734	56,919,788	56,919,788
Revaluation surplus - Furniture and Fittings	1,570,770	1	1,570,771	(1,570,771)	-	-	-	-	1,570,770	1,570,770
Revaluation surplus - Plant and equipment	241,025	-	241,025	(241,025)	-	-	-	-	241,025	241,025
Revaluation surplus - Infrastructure - roads	49,110,387	1	49,110,388		-	-	-	49,110,388	49,110,387	49,110,387
Revaluation surplus - Infrastructure - Paths	10,533,150	1	10,533,151		-	-	-	10,533,151	10,533,150	10,533,150
Revaluation surplus - Infrastructure - Drainage	24,401,607	-	24,401,607		-	-	-	24,401,607	24,401,607	24,401,607
Revaluation surplus - Infrastructure - Parks	826,395	4	826,391		-	-	-	826,391	826,395	826,395
Revaluation surplus - Infrastructure - Other	6,311,658	2	6,311,656		-	-	-	6,311,656	6,311,658	6,311,658
	297,973,515	(2)	297,973,513	(7,097,573)	35,124,945	(59,528,111)	(24,403,166)	266,472,774	297,973,515	297,973,515

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

CITY OF FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2020

14. INVESTMENT PROPERTY

Non-current assets - at fair value

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Carrying balance at 1 July	31,556,082		39,195,014
Capitalised subsequent expenditure	93,171		22,068
Classified as held for sale or disposal	-		(1,428,000)
Transfer to freehold land	(2,604,000)		-
Disposals	-		(6,233,000)
Net gain/(loss) from fair value adjustment	(6,391,253)		-
Closing balance at 30 June	22,654,000		31,556,082

Amounts recognised in profit or loss for investment properties

Rental income	863,483		976,097
Reimbursement Income	12,386		17,015
Direct operating expenses from property that generated rental income	(12,394)		(17,120)

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year	973,278	954,372	1,002,868
Later than one year but not later than 5 years	3,014,084	-	3,069,327
Later than 5 years	-	-	792,925
	3,987,362	954,372	4,865,120

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

Fair value of investment properties

A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

15. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued Expenses
Accrued salaries and wages
Bonds and deposits held
Accrued interest on long term borrowings
Debtors invoiced in advance
Deferred Income

2020	2019
\$	\$
1,172,487	1,949,598
403,070	375,926
3,763,700	1,425,078
579,152	511,646
1,151,093	1,634,808
89,089	95,880
163,501	238,149
12,964	12,964
7,335,056	6,244,049

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

16. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers
 Contract liabilities from transfers for recognisable non
 financial assets - Capital

2020	2019
\$	\$
212,733	-
6,283,234	-
6,495,967	-

Performance obligations from contracts with customers
 are expected to be recognised as revenue in accordance
 with the following time bands:

Less than 1 year

6,495,967
6,495,967

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

Contract liabilities represent the the City's obligation to
 transfer goods or services to a customer for which the
 City has received consideration from the customer.

With respect to transfers for recognisable non-financial
 assets, contract liabilities represent performance
 obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the
 performance obligations in the contract are satisfied.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

17. LEASE LIABILITIES

(a) Lease Liabilities

	2020	2019
	\$	\$
Current	396,717	-
Non-current	1,147,288	-
	<u>1,544,005</u>	<u>-</u>

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2019	30 June 2020 Actual New Leases	30 June 2020 Actual Lease Principal Repayments	30 June 2020 Actual Lease Principal Outstanding	30 June 2020 Actual Lease Interest Repayments
					\$	\$	\$	\$	\$
Governance									
Lease - 01 NetApp + Cisco	1	Capital Finance	3%	48 months	145,113	-	(139,945)	5,168	(1,541)
Lease - 03 Folding Machine	3	Pitney Bowes	3%	60 months	7,543	-	(4,262)	3,281	(166)
Lease - 04 Printer	4	Ricoh Finance	3%	24 months	73,359	-	(51,464)	21,895	(1,477)
Lease - 05 MS Surface	5	Capital Finance	3%	36 months	402,209	-	(316,023)	86,186	(8,079)
Lease - 10 Data Centre	10	Rosecrown Inves	3%	60 months	56,295	-	(23,653)	32,642	(1,347)
Law, order, public safety									
Lease - 09 Legal Centre	9	Rosecrown Inves	3%	60 months	99,359	-	(37,558)	61,801	(2,442)
Recreation and culture									
Lease - 06 Pool Cleaner	6	John Shenton Pu	3%	24 months	-	19,435	(3,161)	16,274	(179)
Lease - 07 Gym Equipment	7	Capital Finance	3%	48 months	93,968	-	(22,462)	71,506	(2,478)
Lease - 08 Restaurant - Salt	8	Department of Pl	3%	120 months	183,637	-	(28,392)	155,245	(4,848)
Lease - 11 Car Park 12 A+B	11	Burgess Rawson	3%	120 months	226,435	-	(69,232)	157,203	(5,768)
Lease - 12 Car Park 19	12	Burgess Rawson	3%	120 months	-	953,465	(20,661)	932,804	(6,839)
					<u>1,287,918</u>	<u>972,900</u>	<u>(716,813)</u>	<u>1,544,005</u>	<u>(35,164)</u>

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

18. INFORMATION ON BORROWINGS

(a) Borrowings		2020	2019
		\$	\$
Current		3,033,905	2,079,262
Non-current		24,335,744	7,264,268
		<u>27,369,649</u>	<u>9,343,530</u>

(b) Repayments - Borrowings																			
Particulars	Loan Number	Expiry Date of Loan	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019
				Principal	Actual	Actual	Actual	Actual		Budget	Budget	Budget	Budget	Budget		Actual	Actual	Actual	Actual
				1 July 2019	New Loans	repayments	repayments	outstanding		1 July 2019	New Loans	repayments	repayments	outstanding		1 July 2018	repayments	repayments	outstanding
				\$	\$	\$	\$	\$		\$	\$	\$	\$	\$		\$	\$	\$	\$
Governance																			
307 Walyalup Civic Centre and Librar	307	28/06/2040	1.96%	-	20,000,000	-	(17,454)	20,000,000	-	20,000,000	-	-	(439,026)	20,000,000	-	-	-	-	-
Recreation and culture																			
269 Heritage Restoration Projects	269	1/07/2019	6.18	20,172	-	(20,172)	-	-	20,173	-	-	(20,173)	-	-	97,841	(77,669)	(3,713)	20,172	
298 Leighton Beach Kiosk & Changer	298	1/07/2025	3.44	946,303	-	(138,132)	(35,637)	808,171	946,304	-	-	(138,132)	(35,637)	808,172	1,079,784	(133,481)	(41,268)	946,303	
301 Leighton Beach Kiosk	301	1/07/2026	3.15	275,519	-	(34,381)	(9,789)	241,138	275,520	-	-	(34,381)	(9,789)	241,139	308,838	(33,319)	(11,093)	275,519	
303 Fremantle Boys School	303	28/06/2027	2.86	575,488	-	(64,968)	(19,619)	510,520	575,487	-	-	(64,968)	(19,634)	510,519	638,631	(63,143)	(21,880)	575,488	
Transport																			
Streetscape Programme	223	1/07/2019	7.23	12,476	-	(12,476)	-	-	12,475	-	-	(12,475)	-	-	60,198	(47,722)	(2,400)	12,476	
Streets Ahead (1)	225	1/07/2020	6.96	111,191	-	(88,168)	(4,336)	23,023	111,191	-	-	(88,168)	(4,335)	23,023	193,400	(82,209)	(10,916)	111,191	
Streets Ahead Programme (2)	232	1/07/2021	6.56	188,368	-	(80,274)	(10,067)	108,094	188,368	-	-	(80,274)	(10,067)	108,094	263,511	(75,143)	(15,751)	188,368	
Streets Ahead Programme (3)	236	1/07/2022	6.56	210,809	-	(60,114)	(12,604)	150,695	210,809	-	-	(60,115)	(12,604)	150,694	267,081	(56,272)	(16,859)	210,809	
Footpath Replacements	265		7.53	-	-	-	-	-	-	-	-	-	-	-	10,571	(10,571)	-	-	
Road Asset Program	271	1/07/2020	5.93	159,671	-	(126,791)	(5,858)	32,880	159,672	-	-	(126,791)	(5,858)	32,881	279,214	(119,543)	(13,956)	159,671	
Footpath Asset Program	272	1/07/2020	5.93	87,820	-	(69,735)	(3,222)	18,085	87,819	-	-	(69,735)	(3,222)	18,084	153,568	(65,748)	(7,676)	87,820	
Road Asset Program	277	1/07/2021	5.56	275,473	-	(118,218)	(13,014)	157,255	275,473	-	-	(118,218)	(13,015)	157,255	387,341	(111,868)	(20,144)	275,473	
Footpath Asset Program	278	1/07/2021	5.56	135,130	-	(57,991)	(6,384)	77,139	135,131	-	-	(57,991)	(6,392)	77,140	190,006	(54,876)	(9,881)	135,130	
Road Rehabilitation & Improvement p	280	1/07/2022	3.93	221,345	-	(65,135)	(8,524)	156,210	221,345	-	-	(65,135)	(8,524)	156,210	283,982	(62,637)	(11,428)	221,345	
Footpath Replacement Program	281	1/07/2022	3.93	128,956	-	(37,948)	(4,966)	91,008	128,956	-	-	(37,948)	(4,966)	91,008	165,448	(36,492)	(6,658)	128,956	
Road Asset Program	284	1/07/2023	4.01	308,354	-	(67,922)	(12,630)	240,432	308,354	-	-	(67,922)	(12,629)	240,432	373,619	(65,265)	(15,709)	308,354	
Road Asset Program	289	1/07/2024	3.99	1,013,517	-	(177,123)	(42,459)	836,394	1,013,517	-	-	(177,123)	(42,459)	836,394	1,183,745	(170,228)	(50,453)	1,013,517	
Footpath Asset Program	290	1/07/2024	3.99	204,431	-	(35,726)	(8,564)	168,705	204,431	-	-	(35,726)	(8,564)	168,705	238,767	(34,336)	(10,177)	204,431	
Drainage Asset Program	291	1/07/2024	3.99	172,758	-	(30,191)	(7,237)	142,567	172,758	-	-	(30,191)	(7,237)	142,567	201,774	(29,016)	(8,600)	172,758	
Road Asset Program	295	1/07/2025	3.44	598,926	-	(87,425)	(22,555)	511,501	598,926	-	-	(87,425)	(22,554)	511,501	683,407	(84,481)	(26,119)	598,926	
Footpath Asset Program	296	1/07/2025	3.44	171,712	-	(25,065)	(6,466)	146,647	171,712	-	-	(25,065)	(6,466)	146,647	195,933	(24,221)	(7,488)	171,712	
Drainage Asset Program	297	1/07/2025	3.44	199,643	-	(29,142)	(7,518)	170,501	199,642	-	-	(29,142)	(7,518)	170,500	227,803	(28,160)	(8,706)	199,643	
Road Asset Program	300	1/07/2026	3.15	639,599	-	(79,812)	(22,724)	559,787	639,598	-	-	(79,812)	(22,724)	559,786	716,945	(77,346)	(25,751)	639,599	
Acquisition 73 Hampton Road	294	1/07/2024	4.03	193,101	-	(33,717)	(8,146)	159,384	193,101	-	-	(33,717)	(8,146)	159,384	225,493	(32,392)	(9,714)	193,101	
Heavy Vehicles	305	28/06/2027	2.86	411,063	-	(46,406)	(14,014)	364,657	411,063	-	-	(46,406)	(14,025)	364,657	456,165	(45,102)	(15,629)	411,063	
Economic services																			
279 Fremantle Markets Upgrade	279	1/07/2021	5.56	137,736	-	(59,109)	(6,507)	78,627	137,737	-	-	(59,109)	(6,507)	78,628	193,670	(55,934)	(10,072)	137,736	
283 Fremantle Markets Upgrade	283	1/07/2022	3.93	147,564	-	(43,423)	(5,683)	104,141	147,563	-	-	(43,423)	(5,683)	104,140	189,322	(41,758)	(7,619)	147,564	
				<u>7,547,125</u>	<u>20,000,000</u>	<u>(1,689,564)</u>	<u>(315,977)</u>	<u>25,857,561</u>	<u>7,547,125</u>	<u>20,000,000</u>	<u>(1,689,565)</u>	<u>(737,581)</u>	<u>25,857,560</u>	<u>9,266,057</u>	<u>(1,718,932)</u>	<u>(389,660)</u>	<u>7,547,125</u>		
Share of SMRC* Loans				<u>1,796,405</u>	<u>-</u>	<u>(284,317)</u>	<u>-</u>	<u>1,512,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,205,158</u>	<u>-</u>	<u>-</u>	<u>1,796,405</u>	
				<u>9,343,530</u>	<u>20,000,000</u>	<u>(1,973,881)</u>	<u>(315,977)</u>	<u>27,369,649</u>	<u>7,547,125</u>	<u>20,000,000</u>	<u>(1,689,565)</u>	<u>(737,581)</u>	<u>25,857,560</u>	<u>11,471,215</u>	<u>(1,718,932)</u>	<u>(389,660)</u>	<u>9,343,530</u>		

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

18. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed 2020		Amount (Used) 2020		Total Interest & Charges	Actual Balance Unspent
					Actual	Budget	Actual	Budget		
307 Walyalup Civic Centre and Lil	WATC*	Debenture	20 years	1.96%	20,000,000	20,000,000	19,408,174	20,000,000	17,454	591,826
* WA Treasury Corporation					20,000,000	20,000,000	19,408,174	20,000,000	17,454	591,826

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2019	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2020
307 Walyalup Civic Centre and Library	19/06/2020	\$ -	\$ 20,000,000	\$ (19,408,174)	\$ 591,826
* WA Treasury Corporation		-	20,000,000	(19,408,174)	591,826

(e) Undrawn Borrowing Facilities

	2020	2019
Credit Standby Arrangements		
Bank overdraft limit	-	-
Bank overdraft at balance date	-	-
Credit card limit	450,000	450,000
Credit card balance at balance date	(22,629)	(77,179)
Total amount of credit unused	427,371	372,821

Loan facilities

Loan facilities - current	3,033,905	2,079,262
Loan facilities - non-current	24,335,744	7,264,268
Lease liabilities - current	396,717	-
Lease liabilities - non-current	1,147,288	-
Total facilities in use at balance date	28,913,654	9,343,530

Unused loan facilities at balance date nil nil

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 29.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	3,107,193	2,687,771	5,794,964
Non-current provisions	-	994,278	994,278
	3,107,193	3,682,049	6,789,242
Additional provision	2,787,622	564,552	3,352,174
Amounts used	(2,734,682)	(402,987)	(3,137,669)
Balance at 30 June 2020	3,160,133	3,843,614	7,003,747
Comprises			
Current	3,160,133	2,864,691	6,024,824
Non-current	-	978,923	978,923
	3,160,133	3,843,614	7,003,747
Amounts are expected to be settled on the following basis:	2020 \$	2019 \$	
Less than 12 months after the reporting date	3,137,669	3,445,934	
More than 12 months from reporting date	4,175,710	3,447,787	
Expected reimbursements from other WA local governments	(309,632)	(104,479)	
	7,003,747	6,789,242	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

Provision is made for the City'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 City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City 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 City 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.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

20. 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:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	18,651,646	17,356,832	16,146,977

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(8,483,120)	(5,457,180)	(2,800,465)
------------	-------------	-------------	-------------

Non-cash flows in Net result:

Adjustments to fair value of financial assets at fair value through profit and loss	(2,882)	-	(175,171)
Adjustments to fair value of investment property	6,391,253	-	-
Change of accounting policy - Adjustments to vested land	122	-	-
Adjustments to fair value of assets held for sale	-	-	1,566,457
Depreciation on non-current assets	6,895,565	7,044,027	7,154,608
(Profit)/loss on sale of asset	6,799,737	7,069,220	2,377,275
Share of profits of associates	(1,154,490)	-	306,893
Loss on revaluation of fixed assets	-	-	-
Reversal of loss on revaluation of fixed assets	-	-	-
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(905,640)	500,000	(87,782)
(Increase)/decrease in other assets	313,146	0	608,893
(Increase)/decrease in inventories	(2,522)	(20,000)	78,697
Change in accounting policies transferred to retained surplus	-	(1,523,843)	-
(Increase)/decrease in contract assets	(13,787)	-	-
Increase/(decrease) in payables	(1,394,004)	(450,002)	354,357
Increase/(decrease) in provisions	214,505	(30,000)	283,888
Increase/(decrease) in contract liabilities	5,253,713	-	-
Non-operating grants, subsidies and contributions	(4,389,469)	(4,101,932)	(2,659,194)
Net cash from operating activities	9,522,127	3,030,290	7,008,456

CITY OF FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	74,281,467	72,931,673
General purpose funding	51,814,565	45,931,488
Law, order, public safety	2,533,994	1,655,264
Health	-	1,086,501
Education and welfare	8,215,874	16,441,984
Community amenities	5,585,419	4,754,533
Recreation and culture	110,711,294	117,308,278
Transport	153,651,894	160,122,904
Other property and services	77,591,631	76,209,191
	<u>484,386,138</u>	<u>496,441,816</u>

22. CONTINGENT LIABILITIES

The City did not have any contingent liabilities as at 30 June 2020.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

23. CAPITAL COMMITMENTS

Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

2020	2019
\$	\$
22,930,107	48,165,776
<u>22,930,107</u>	<u>48,165,776</u>

Payable:

- not later than one year

- later than one year but not later than five years

22,930,107	43,271,832
-	4,893,955
<u>22,930,107</u>	<u>48,165,787</u>

The capital expenditure projects outstanding at the end of the current reporting period mainly represents:

- (i) Architectural services for the new Fremantle Golf Course Club House and Community Centre
- (ii) Construction costs of Walyalup Civic Centre and Library
- (iii) Construction costs for interior architect of Walyalup Civic Centre and Library
- (iv) Construction costs for project management of Walyalup Civic Centre and Library
- (v) Construction cost for Kings Square Public Realm
- (vi) Construction costs for quantity surveying services for Walyalup Civic Centre and Library

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 City, are classified as finance leases.

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

Leases (Continued)

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

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

24. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Local Government Allowance Exp - Mayor	85,265	89,753	88,864
Local Government Allowance Exp - Deputy Mayor	20,592	22,438	22,216
Meeting Allowance Exp - Mayor	45,141	47,516	47,046
Meeting Allowance Exp - Deputy Mayor	29,072	31,678	31,364
Meeting Allowance Exp - Elected Member	330,671	348,458	345,004
Other Allowance Exp - Mayor	4,599	3,535	3,500
Other Allowance Exp - Deputy Mayor	2,357	3,535	3,500
Other Allowance Exp - Elected Members	37,954	38,885	38,500
Other Allowance Exp - Mayor Vehicle	2,245	6,500	6,895
	557,896	592,298	586,889

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	1,159,765	1,283,991
Post-employment benefits	111,802	118,120
Other long-term benefits	219,057	39,561
	1,490,624	1,441,672

Short-term employee benefits

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

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the City'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).

24. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties and the City 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.

	2020 Actual	2019 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services	126,109	94,200

Amounts outstanding from related parties:

Trade and other receivables	537	-
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Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

The associate person of KMP was employed by the City under normal employment terms and conditions.

iii. Entities subject to significant influence by the City

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.

iv. Joint venture entities accounted for under the proportionate consolidation method

The City is a participant in the Canning Vale Regional Resource Recovery Centre (RRRC). The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 25.

25. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

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

The SMRC is responsible for developing environmentally sustainable waste management solutions for the communities of the Participants.

The member local governments have jointly agreed to establish SMRC under an Establishment Agreement and each participant may participate in regional projects that are governed by a Participants' Project Agreement.

There are two core projects, being:

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

Both the projects were established through separate project participants' agreements. The City of Kwinana are not participants in the RRRC project. In addition to the above two projects, the support activities of SMRC such as Administrative activities, Education and Marketing and Research and Development, are referred to as Existing Undertakings.

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

(a) Existing Undertakings

The historical annual contributions made by Participants to the Existing Undertakings are used to determine the proportional contribution percentage of each Participant to the Existing Undertakings. The Council's share as on 30 June 2020:

SMRC Existing Undertakings Proportional Equity Share:	17.05%
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(b) Regional Resource Recovery Centre (RRRC) Project

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

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

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

The Council's share as on 30 June 2020:

RRRC Project Proportional Equity Share:	20.67%
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25. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS (Continued)

RRRC - Lending Facility

The capital construction of the RRRC facility was funded by borrowings from Western Australian Treasury Corporation (WATC). The lending facility will be fully repaid on the 30 June 2023.

The SMRC administer the borrowings with the project participants making quarterly contributions equal to the repayment costs of these borrowings.

The Council guaranteed by way of agreement to its share of the loan liability to the SMRC and the WATC. The Council's estimated share of the project funding is based on population percentages as derived from the Australian Bureau of Statistics census. These are revised yearly over the life of the lending facility.

As at 30 June 2020, the balance outstanding against the lending facility stood at:	\$	9,913,250
with the Council's share of this liability being:	\$	1,210,408
using the current cost/profit sharing percentage of:		12.21%

(c) Office Accommodation Project

The Office Project pertains to SMRC's office located at 9 Aldous Place, Booragoon, Western Australia. The Council's equity share of the project is based on their proportional populations.

The Council's share as on 30 June 2020:

Office Accommodation Project Proportional Equity Share:		16.97%
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Office Accommodation - Lending Facility

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

As at 30 June 2020, the balance outstanding against the lending facility stood at:	\$	1,800,000
with the Council's share of this liability being:	\$	301,680
using the current cost/profit sharing percentage of:		16.76%

25. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS (Continued)

	2020	2019
	\$	\$
(a) Carrying amount of investment in associate		
The City's share in the net assets of the SMRC (excluding equity)	4,528,576	3,658,403
Equity Ratio	17.05%	11.19%
Represented by Share of Joint Venture entity's Financial Position:		
Current assets	3,664,885	3,539,271
Non current assets	6,222,368	3,864,226
Total assets	9,887,253	7,403,497
Current liabilities	1,904,782	1,589,515
Non current liabilities	3,453,895	2,155,579
Total liabilities	5,358,677	3,745,094
Net assets	4,528,576	3,658,403
Net Increase / (Decrease) in Share of Joint Venture's Equity - SMRC	870,173	(715,646)
- Share of associates profit/(loss) from ordinary activities	325,537	-
- Share of associates other comprehensive income arising during the period	544,636	(715,646)
- Share of associates total comprehensive income arising during the period	870,173	(715,646)
Carrying amount at beginning of period	3,658,403	4,374,049
- Share of associates total comprehensive income arising during the period	870,173	(715,646)
Carrying amount at end of period	4,528,576	3,658,403
(b) Share of joint operations		
Share in Net Assets	870,173	(715,646)
Share in SMRC Loans (Note 18(b))	284,317	408,753
	1,154,490	(306,893)

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 arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

Interests in joint arrangements (Continued)

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

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

26. MAJOR LAND TRANSACTIONS

(a) Details

The Kings Square Project is the integrated development and redevelopment of a number of City owned and previously owned properties and functions -The Library (demolished), Administration Offices (demolished), Queensgate Centre (disposed), Queensgate Car Park (disposed), Spicer Site (disposed), Fremantle Visitor Centre and the public spaces within the Kings Square Precinct - in conjunction with the redevelopment of the adjoining old Myer Building owned by Sirona Capital Management (Sirona). The City of Fremantle and Sirona have signed a contract in regard to this redevelopment.

This project involves the redevelopment of the Council's Civic and Library Building, with provision initially been made in the 2017/18 budget for those works to commence and construction will continue into budget 2020/21. The total Kings Square Redevelopment is a two to four year project and is being funded through various sale of properties, loan borrowings and reserve funds.

The 12 Josephson Street land and 12 Holdsworth Street land was settled in 2019/20 financial year with sales proceeds of \$2,386,736.

The 7 and 9 Quarry Street land is re-budgeted for sale in 2020/21 financial year with sale proceeds of \$5,000,000.

The sales proceeds were transferred to Investment Reserve to fund Kings Square project.

(b) Current year transactions

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash inflows			
- Loan proceeds	20,000,000	20,000,000	-
- Sale proceeds			
8 Henderson Street, Fremantle (Spicers Site)	-	-	6,650,000
7 Quarry Street Fremantle	-	2,750,000	-
12 Josephson Street	1,301,850	1,150,000	-
9 Quarry Street Fremantle	-	2,250,000	-
12 Holdsworth Street	1,084,886	1,134,188	-
	22,386,736	27,284,188	6,650,000
Cash outflows			
Transfer to Reserve - Sale Proceeds	(2,386,736)	(7,284,188)	(6,650,000)
Civic and Library Building construction	(19,408,174)	(20,000,000)	-
Transfer to unspent loan	(591,826)		
	(22,386,736)	(27,284,188)	(6,650,000)
Net cash flows	-	-	-

(c) Expected future cash flows

	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$	Total \$
Cash outflows					
Transfer to Reserve - Sale Proceeds	(5,000,000)	-	-	-	(5,000,000)
	(5,000,000)	-	-	-	(5,000,000)
Cash inflows					
- Sale proceeds					
7 Quarry Street Fremantle	2,750,000	-	-	-	2,750,000
9 Quarry Street Fremantle	2,250,000	-	-	-	2,250,000
	5,000,000	-	-	-	5,000,000
Net cash flows	-	-	-	-	-

(d) Assets and liabilities

Land held for resale included within Note 8

	2020 \$	2019 \$
Current Inventory		
Land held for resale - cost		
7 - 15 Quarry Street	4,243,000	-
12 Josephson Street	-	1,301,850
12 Holdsworth Street	-	1,084,875
	4,243,000	2,386,725

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

27. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate										
Gross rental valuations										
Residential Improved	0.073327	9,399	263,363,162	19,311,596	183,806	19,495,402	19,311,596	200,000	19,511,596	18,822,132
Commercial and Industrial General	0.081596	1,459	152,067,002	12,408,052	21,180	12,429,232	12,408,052	-	12,408,052	12,194,618
City Centre Commercial	0.086286	378	84,686,468	7,307,255	7,264	7,314,519	7,307,255	-	7,307,255	7,179,615
Nightclubs	0.146652	3	2,075,831	304,425	0	304,425	304,425	-	304,425	299,042
Residential Short Term Accommodation	0.081586	121	3,059,339	249,599	7,954	257,553	249,599	-	249,599	446,603
Unimproved valuations										
Vacant Residential	0.117364	174	4,600,790	539,966	(23,354)	516,612	539,966	-	539,966	525,887
Vacant Commercial and Industrial General	0.146651	48	2,375,150	348,318	(6,424)	341,894	348,318	-	348,318	348,486
Sub-Total		11,582	512,227,742	40,469,211	190,426	40,659,637	40,469,211	200,000	40,669,211	39,816,383
Minimum payment	Minimum \$									
Gross rental valuations										
Residential Improved	1,344	4,192	66,872,304	5,634,048	-	5,634,048	5,634,048	-	5,634,048	5,396,160
Commercial and Industrial General	1,344	304	3,479,120	408,576	-	408,576	408,576	-	408,576	366,960
City Centre Commercial	1,344	57	610,830	76,608	-	76,608	76,608	-	76,608	75,240
Residential Short Term Accommodation	1,344	42	591,760	56,448	-	56,448	56,448	-	56,448	19,800
Unimproved valuations										
Vacant Residential	1,302	144	1,181,455	187,488	-	187,488	187,488	-	187,488	202,082
Vacant Commercial and Industrial General	1,344	9	49,830	12,096	-	12,096	12,096	-	12,096	11,880
Sub-Total		4,748	72,785,299	6,375,264	-	6,375,264	6,375,264	-	6,375,264	6,072,122
		16,330	585,013,041	46,844,475	190,426	47,034,901	46,844,475	200,000	47,044,475	45,888,505
Discounts/concessions (refer Note 27 (d))						(233,722)			(233,162)	(238,514)
Total amount raised from general rate						46,801,179			46,811,313	45,649,991
Specified Area Rate (Note 27(b))						162,157			161,975	159,116
Totals						46,963,336			46,973,288	45,809,107

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of

Rates (Continued)

the next financial year), refundable at the request of the ratepayer.

Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

27. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2019/20 Rateable Value	2019/20 Rate Revenue	2019/20 Interim Rate Revenue	2019/20 Back Rate Revenue	2019/20 Total Specified Area Rate Revenue	2019/20 Budget Rate Revenue	2019/20 Budget Back Rate Revenue	2019/20 Budget Interim Rate Revenue	2019/20 Total Budget Revenue	2018/19 Total Actual Revenue
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CBD Security Levy	GRV	0.001070	99,400,593	106,354	180	0	106,534	106,352	0	0	106,352	104,479
Leighton Maintenance	GRV	0.005022	11,076,015	55,623	0	0	55,623	55,623	0	0	55,623	54,637
			110,476,608	161,977	180	0	162,157	161,975	0	0	161,975	159,116

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2019/20 Actual Rate Applied to Costs	2019/20 Actual Rate Set Aside to Reserve	2019/20 Actual Reserve Applied to Costs	2019/20 Budget Rate Applied to Costs	2019/20 Budget Rate Set Aside to Reserve	2019/20 Budget Reserve Applied to Costs
			\$	\$	\$	\$	\$	\$
CBD Security Levy	A safety and security strategy for a specified area of the Fremantle CBD.	Bounded by Parry Street, South Terrace, Suffolk Street, Fishing Boat Harbour (West of Mews Road) and along the coast to Bathers Beach, Fleet Street, Phillimore Street and Elder Place	106,534	106,534	106,534	106,352	0	0
Leighton Maintenance	To fund the above normal costs associated with maintaining the higher standard of landscaping of the Leighton Residential Area	All properties within the Leighton Beach area and that as this time are located on Port Beach Road, Leighton Beach Boulevard and Freeman Loop.	42,698	55,623	42,698	55,623	55,623	55,623
			149,232	162,157	149,232	161,975	55,623	55,623

(c) Service Charges

Service Charges	Amount of Charge	2019/20 Actual Revenue Raised	2019/20 Actual Charges Applied to Costs	2019/20 Actual Charges Set Aside to Reserve	2019/20 Actual Reserve Applied to Costs	2019/20 Budget Revenue	2019/20 Budget Charges Applied to Costs	2019/20 Budget Charges Set Aside to Reserve	2019/20 Budget Reserve Applied to Costs	2018/19 Total Actual Revenue
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community Bore	124	8,596	8,596	0	0	11,919	0	11,919	11,919	7,576
		8,596	8,596	0	0	11,919	0	11,919	11,919	7,576

Nature of the Service Charge	Objects of the Charge	Reasons for the Charge	Area/Properties Charge Imposed
Community Bore	To apply a service charge on those dwellings making use of the bore within the WGV development.	To fund the associated costs required to maintain the community bore within the WGV development.	All dwellings within Landcorp's WGV development (former Kim Beazley School site) between Hope Street, Wongan Avenue, Watkins Street and Yalgoo Avenue in White Gum Valley.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

27. RATING INFORMATION (Continued)

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

Waivers or Concessions

Rate or Fee and
Charge to which
the Waiver or
Concession is Granted

Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Nightclubs	Concession		(63,726)	(63,727)	(62,600)
Sporting Clubs	Waiver		(155,347)	(154,426)	(163,105)
Pensioners - 253 High Street, Fremantle	Concession		(1,172)	(1,173)	-
Gross Lease	Concession		(7,025)	(7,024)	(6,893)
Various Short Term Accommodation	Concession		-	(2,860)	(5,916)
Crown Land Lease	Concession		(2,342)	(2,342)	-
Planning Restricted Land	Concession		(1,610)	(1,610)	-
Pensioner - 7A Watkins Street	Concession		(2,500)	-	-
			(233,722)	(233,162)	(238,514)
Total discounts/concessions (Note 27(a))			(233,722)	(233,162)	(238,514)

Rate or Fee and
Charge to which
the Waiver or
Concession is Granted

Circumstances in which
the Waiver or Concession is
Granted and to whom it was
available

Objects of the Waiver
or Concession

Reasons for the Waiver
or Concession

Nightclubs	GRV - Nightclubs	Annual rates are adjusted to provide a concession for areas of the property which are not used as a night club.	Due to higher rate in the dollar for Night Club GRV differential which only occupies a portion of the property.
Sporting Clubs	Sporting Clubs - Rates	Assisting sporting clubs due to the community benefits provided by the clubs.	Due to sporting clubs being rateable under the Local Government Act 1995. Rating of the sporting clubs commenced in May 2006.
Pensioners - 253 High Street, Fremantle	Eligible pensioners at 253 High Street, Fremantle	Assist occupants with eligible pension concession cards to receive calculated concession.	Annual rates effective 01/07/2001 have been recalculated and a concession applied. The concession is the net difference between the amount of the minimum payment less the amount of rates that would apply if they were calculated using the units gross rental value.
Gross Lease	Gross Up Leases	Annual rates and levies are included within the grossed up lease agreement.	Due to annual rates and levies are included within the grossed up lease agreement.
Various Short Term Accommodation	Ceased to operate for short term accommodation and notified prior to required date	Annual rates are adjusted to provide a concession for properties which are no longer used for short term accommodation.	Due to higher rate in the dollar for Short Term Accommodation GRV differential.
Crown Land Lease	Leasee prohibited development	Annual rates adjusted to provide a concession for the portion of the property that cannot be developed	Main Roads WA ownership of property prohibits its development
Planning Restricted Land	Owner of re-zoned land	Development of the property is limited by the current zoning status	Any proposed development must be approved by WAPC who have indicated that approval would not be forthcoming
Pensioner - 7A Watkins Street	Inter Vivos Tenant	Assistance provided to pensioner upon multiple prior year annual rates recalculation and deferred amounts transferred to current.	An historic administrative interpretation of Inter Vivos agreement resulted in the allowance of a state government rebate and deferral of rates in error.

27. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	30 th August 2019	0.00	0.00%	11.00%
Option Two				
First instalment	30 th August 2019	0.00	5.50%	11.00%
Second instalment	8 th November 2019	13.40	5.50%	11.00%
Option Three				
First instalment	30 th August 2019	0.00	5.50%	11.00%
Second instalment	8 th November 2019	13.40	5.50%	11.00%
Third instalment	10 th January 2020	13.40	5.50%	11.00%
Fourth instalment	13 th March 2020	13.40	5.50%	11.00%
Option Four				
Weekly by direct debit of 40 payments **		30.00	5.50%	11.00%
**Weekly payments on Friday commencing 30 th August 2019 with final payment on 29 th May 2020 - 40 repayments				
Option Five				
Fortnight by direct debit of 20 payments ***		30.00	5.50%	11.00%
*** Fortnightly payments on Friday commencing 30 th August 2019 with final payment on 22 nd May 2020 - 20 repayments				

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	145,610	144,000	138,236
Interest on instalment plan	254,323	250,000	250,373
Charges on instalment plan	175,996	202,000	197,417
	575,929	596,000	586,026

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

28. RATE SETTING STATEMENT INFORMATION

(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

		2019/20 (30 June 2020) Carried Forward) \$	2019/20 Budget (30 June 2020) Carried Forward) \$	2019/20 (1 July 2019) Brought Forward) \$	2018/19 (30 June 2019) Carried Forward) \$
Less: Profit on asset disposals	11(a)	(43,901)	(86,076)	(62,630)	(62,630)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(2,882)	-	(175,171)	(175,171)
Less: Value adjustments to vested land through profit and loss		122			
Less: Share of net profit of associates and joint ventures accounted for using the equity method		(1,154,491)	-	306,893	306,892
Movement in investment property (non-current)	14	6,391,253	-	717,332	717,332
Movement in pensioner deferred rates (non-current)		(29,005)	-	(25,633)	(25,633)
Movement in employee benefit provisions (non-current)		(15,355)	-	(3,253)	(3,253)
Add: Loss on disposal of assets	11(a)	6,843,638	7,155,296	2,439,905	2,439,905
Add: Amortisation		(12,964)	-	(12,964)	(12,964)
Add: Depreciation on non-current assets	11(d)	6,895,565	7,044,027	7,154,608	7,154,608
Non cash amounts excluded from operating activities		18,871,980	14,113,247	10,339,087	10,339,086

(b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - cash/financial asset backed	4	(29,221,018)	(8,373,096)	(29,334,823)	(29,334,823)
Less: Current assets not expected to be received at end of year					
- Land held for resale	8	(4,243,000)	-	(2,386,725)	(2,386,725)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	18(a)	3,033,905	2,200,374	2,079,262	2,079,262
- Current portion of lease liabilities		396,717	-	-	-
Total adjustments to net current assets		(30,033,396)	(6,172,722)	(29,642,286)	(29,642,286)

Net current assets used in the Rate Setting Statement

Total current assets		56,882,542	19,597,636	48,759,311	48,759,311
Less: Total current liabilities		(23,286,469)	(13,394,914)	(15,360,529)	(14,118,275)
Less: Total adjustments to net current assets		(30,033,396)	(6,172,722)	(29,642,286)	(29,642,286)
Net current assets used in the Rate Setting Statement		3,562,677	30,000	3,756,496	4,998,750

(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards

Total current assets at 30 June 2019					48,759,311
- Contract assets	31(a)				-
Total current assets at 1 July 2019					48,759,311
Total current liabilities at 30 June 2019					(14,118,275)
- Contract liabilities from contracts with customers	31(a)				(413,732)
- Contract liabilities from transfers for recognisable non financial assets	31(a)				(828,522)
Total current liabilities at 1 July 2019					(15,360,529)

29. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.75%	18,651,646	5,000,000	13,171,455	480,191
Financial assets at amortised cost - term deposits	1.20%	31,482,521	31,482,521	-	-
2019					
Cash and cash equivalents	1.31%	16,146,977	3,000,000	13,137,347	9,630
Financial assets at amortised cost	2.74%	28,300,032	28,300,032	-	-

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	186,516	161,470

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 18(b).

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The City's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City 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 City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The City 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 City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 was determined as follows for rates receivable. No expected credit loss was forecast on 30 June 2020 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	814,196	109,453	20,978	27,525	972,152
Loss allowance	0	0	0	0	0
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	363,003	69,707	33,382	44,645	510,737
Loss allowance	-	-	-	-	-

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.0534%	0.0544%	0.2617%	0.3888%	
Gross carrying amount	314,423	202,330	131,585	550,918	1,199,256
Loss allowance	16,790	11,004	34,442	214,181	276,417
30 June 2019					
Trade and other receivables					
Expected credit loss	1.21%	1.38%	13.02%	27.91%	
Gross carrying amount	442,372	72,866	23,701	174,888	713,827
Loss allowance	5,353	1,006	3,086	48,811	58,256
Impairment	-	-	-	86,651	86,651

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15(e).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	7,335,054	68,386	-	7,403,440	7,403,440
Borrowings	3,070,471	9,523,711	19,636,694	32,230,876	27,369,649
Contract liabilities	6,495,967	-	-	6,495,967	6,495,967
Lease liabilities	436,947	130,004	-	566,951	1,544,005
	17,338,439	9,722,101	19,636,694	46,697,234	42,813,061
2019					
Payables	6,244,049	81,350	-	6,325,399	6,325,399
Borrowings	2,377,818	5,188,855	2,653,692	10,220,365	9,343,530
	8,621,867	5,270,205	2,653,692	16,545,764	15,668,929

30. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There is no significant events after 30 June 2020.

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31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The City adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the City adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract assets	2(a)	-	-	-
Contract liabilities - current				
Contract liabilities from contracts with customers	16	-	(413,732)	(413,732)
Contract liabilities from transfers for recognisable non financial assets	16	-	(828,522)	(828,522)
Adjustment to retained surplus from adoption of AASB 15	31(d)		(1,242,254)	

(b) AASB 1058: Income For Not-For-Profit Entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

	Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
Trade and other payables				
Rates paid in advance	15	375,926	-	375,926
Contract liabilities - current				
Contract liabilities from transfers for recognisable non financial assets			-	
Adjustment to retained surplus from adoption of AASB 1058	31(d)		-	

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

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

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31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	27(a)	46,963,336	-	46,963,336
Operating grants, subsidies and contributions	2(a)	3,538,758	430,049	3,968,807
Fees and charges	2(a)	18,479,788	212,733	18,692,521
Non-operating grants, subsidies and contributions	2(a)	4,389,469	5,839,398	10,228,867
Net result		(8,483,120)	6,482,180	(2,000,940)
Statement of Financial Position				
Contract assets	2(a)	13,787	(13,787)	-
Trade and other payables	15	7,335,056	-	7,335,056
Contract liabilities	16	6,495,967	(6,495,967)	-
Net assets		434,569,328	6,482,180	441,051,508
Statement of Changes in Equity				
Net result		(8,483,120)	6,482,180	(2,000,940)
Retained surplus		138,875,536	6,482,180	145,357,716

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(c) AASB 16: Leases

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the City will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the City recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3%.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		1,340,072
Discount applied using incremental borrowing rate		(52,154)
Lease liability recognised as 1 July 2019 discounted using the City's incremental borrowing rate of 3%	17(b)	1,287,918
Lease liability - current		692,991
Lease liability - non-current		594,927
Right-of-use assets recognised at 1 July 2019		1,287,918

On adoption of AASB 16, the City recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments

Property, plant and equipment and lease liabilities increased by \$1,287,918 on 1 July 2019 resulting in no impact on retained surplus.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the City is not required to make any adjustments on transition for leases for which the underlying asset is of low value assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the City will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(d) Impact of New Accounting Standards on Retained Surplus

The impact on the City's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			146,675,307
Adjustment to retained surplus from adoption of AASB 15	31(a)	(1,242,254)	
Adjustment to retained surplus from adoption of AASB 1058	31(b)	-	(1,242,254)
Retained surplus - 1 July 2019			145,433,053

32. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the City was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	252,785,164	(5,285,899)	247,499,265
Revaluation surplus	13	297,973,513	(7,097,573)	290,875,940
Loss on value adjustment to vested land		-	(122)	(122)

Also, following changes to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

(b) Changes in equity due to change in accounting policies

The impact on the City's opening retained surplus due to the adoption of AASB 15 and AASB 1058 and the change of *Local Government (Financial Management) Regulation 16* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			146,675,307
Adjustment to revaluation surplus from deletion of FM Reg 16	13	1,811,674	
Adjustment to retained surplus from adoption of AASB 15	31(a)	(1,242,254)	
Retained surplus - 1 July 2019			147,244,727

The impact on the City's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			297,973,513
Adjustment to revaluation surplus from deletion of FM Reg 16	13	(5,285,777)	
Adjustment to revaluation surplus from amendment of FM Reg 17	13	(1,811,796)	
Revaluation surplus - 1 July 2019			290,875,940

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33. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Cash In Lieu of Public Open Space				
37 Strang Street subdivision	85,673	-	-	85,673
10 Jean Street subdivision	43,318	-	(43,318)	-
29 Annie Street	55,900	-	(55,900)	-
Christian Brothers Site	131,830	-	-	131,830
Lot 502 Lefroy Road	61,600	-	-	61,600
Starline Gardens	2,940	-	(2,940)	-
Swan Hardware	26,899	-	-	26,899
Knutsford/Blinco subdivision	404,075	-	-	404,075
Cash In Lieu of Parking	469,360	-	-	469,360
Bequests				
Gwenth Ewens	24,545	3,289	(743)	27,091
John Francis Boyd	2,700	-	-	2,700
Victor Felstead	8,030	3,275	-	11,305
Unclaimed Funds - Debtors	-	3,741	-	3,741
Unclaimed Funds - Stale Cheques	38,737	1,615	-	40,352
Miscellaneous	7,310	-	-	7,310
Trust Interest	55,390	755	-	56,145
	1,418,307	12,675	(102,901)	1,328,081

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34. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City'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 City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

Fair value is the price that the City 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 City 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 City are consistent with one or more of the following valuation approaches:

Market approach

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City 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 City's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

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35. ACTIVITIES/PROGRAMS

City 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 resources.	Includes the activities of members of the council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	To collect revenue to allow the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws 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, provision of noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Elderly person's activities and support, community services planning, disabled persons services, youth services, indigenous issues, meals on wheels centre, pre-schools and other welfare and voluntary persons.
HOUSING	To provide and maintain elderly residence housing.	Provision and maintenance of elderly residence housing
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban stormwater drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which will help the social well-being of the	Maintenance of halls, recreation and cultural facilities, including sportsgrounds, parks, gardens, reserves, playgrounds and foreshore amenities. Maintenance of townscapes, Operation of libraries, leisure centres and art galleries.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads drainage single and dual use paths, bridges and traffic signs. Maintenance of road verges, strategic planning for transport and traffic flows, street lighting and street cleaning, parking control and parking operations.
ECONOMIC SERVICES	To help promote the city and its economic well-being.	Tourism and area promotion, operation of the visitor centre, sister cities expenses, City marketing and economic development, implementation of building control.
OTHER PROPERTY AND SERVICES	To monitor and control council's overhead operating accounts.	Private works operation, plant repair, public works overheads, land acquisition and disposal.

36. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.29	1.34	0.99
Asset consumption ratio	0.60	0.69	0.70
Asset renewal funding ratio	0.96	1.82	0.77
Asset sustainability ratio	3.66	1.06	0.82
Debt service cover ratio	(2.46)	0.99	0.57
Operating surplus ratio	(0.19)	(0.08)	(0.02)
Own source revenue coverage ratio	0.85	0.90	0.93

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Fremantle

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Fremantle which comprises the Statement of Financial Position as at 30 June 2020, and 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, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the City of Fremantle:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

Attention is drawn to Notes 1 and 11 to the annual financial report, which describe the basis for accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). The opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as

applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the City:
 - a. The Debt Service Cover Ratio and the Operating Surplus Ratio as reported in Note 36 of the annual financial report have been below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. Accounting journal entries were prepared and posted by one employee, without review by a senior staff member independent of preparation. In addition, we also noted non-finance staff have access to approve manual journals. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved.
 - b. Supplier master file controls require enhancement. We noted numerous instances where there was no review and authorisation of changes made to supplier master files, more employees than necessary had the ability to change supplier master file details, and a large number of active suppliers had duplicate records.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 36 of the annual financial report were audited by another auditor when performing their audit of the City for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Fremantle for the year ended 30 June 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
1 April 2021

ARMC2104-2 ADOPTION OF THE DEBTOR MANAGEMENT POLICY

ATTACHMENT 1 – Debtor Management Policy

Council Policy



Debtor Management Policy

Policy scope

The purpose of this policy and any associated guidelines is to establish a framework for efficient and effective management and collection of outstanding debtor amounts owed to the City of Fremantle that will:

1. Ensure a fair, consistent and accountable approach to Council's debtor management and collection decisions and practices.
2. Provide guiding principles for the management of credit control, debtor collection and bad debt write offs.
3. Support timely collection of all monies owing to the City for the purpose of optimising cash flow and reducing bad debt write offs.

This policy applies to those circumstances where the City provides goods, services or statutory approvals on credit and for the collection of outstanding rates, charges and infringements.

Policy statement

Debtor management is an essential element of the City's overall budget monitoring and control strategy. Rates and charges account for a considerable percentage of the total operating income of the Council. Ineffective collection of this revenue has the potential to negatively impact on the Council's cash flow. The Debtor Management Policy is designed to ensure that an appropriate collection procedure is in place so that debtor management is undertaken in an efficient and community conscious manner.

General Principles

The following principles provide high level Council direction for the ethical and effective management of the City's wide range of debtors:

1. Management is to establish and maintain appropriate credit limits and controls in order to ensure the risk of financial loss is properly managed.
2. Access to credit should be limited to those circumstances where it is deemed an efficient method for collecting revenue or is legally required to be given (e.g. rates).
3. This Policy is to be supported by properly documented Debtor Management Guidelines and Procedures.

4. Debt collection processes established by the City need to be fair, flexible and realistic, taking into account the different types of debtors (i.e. ratepayers, commercial, community groups, individuals, offenders).
5. Debt collection activities against individual debtors should be in accord with the ACCC-ASIC Debt Collection Guideline for Collectors and Creditors.
<https://www.accc.gov.au/publications/debt-collection-guideline-for-collectors-creditors>
6. Debts are to be pursued within the various relevant statutory limitation periods to maximise recoverability.
7. Action for the writing off bad debts (other than rates and services charges) should only take place where all avenues for recovery have been exhausted or it becomes unviable to keep pursuing the debt. All records of the use of this delegated authority, to waive or write off debts, and the relevant reporting to Council must be in accordance with the Delegated Authority Register.
8. The City is to annually review the need for booking a provision for Expected Credit Loss (bad debts) and adjust the financials accordingly.
9. The City may register as an unsecured creditor for bankrupt debtors where there is some likelihood of a settlement (excluding rate debtors whose debt is secured against the property).

Officer Responsibilities

This policy seeks to maintain and enhance the City's integrity and standing in its dealings with its debtors. Thus, in all dealings that officers have with the City's debtors it is expected that:

1. Debtors should be shown utmost respect, courtesy, and diligence in all dealings.
2. High levels of ethics are to be adhered to, particularly when dealing with those clients regarded as in necessitous or disadvantaged circumstances.
3. All information pertaining to individual debts and repayment arrangements are to be treated in strict confidence as governed by privacy laws.
4. Negotiated payment arrangements for outstanding debts are to be properly documented and approved in accordance with established debtor management procedures and delegation limits.
5. Ensure that the City offers fair, equitable, consistent and dignified support to ratepayers suffering financial hardship.

Legal Remedies

1. Rates Debt Recovery - Except where a ratepayer is entitled to defer the payment of their rates, Council will actively pursue the recovery of rates arrears as specified in the Local Government Act 1995, including the power to sell the land. The sale of property to recover debt is done as a last resort, when all other options have been reasonably exhausted. A resolution of council is required prior to proceeding with the sale of a property.
2. Sundry Debtors - If a sundry debtor does not respond to the in-house debt recovery process as stipulated within debtor management procedures, then legal action may be commenced through the City's debt collection agency. Due regard will need to be given to the type of debtor before commencing any legal action (e.g. Local community group). Management discretion will be used in assessing whether to deny a delinquent debtor access to Council's services and facilities.
3. Commercial Tenancies - Council will actively pursue the recovery of debt from defaults by commercial tenants in line with the relevant lease terms and conditions. Where efforts are unsuccessful, legal action may be commenced through the City's debt collection agency.
4. Infringement Debt Recovery - Any infringement that remains unpaid following the exhaustion of the in-house debt recovery process may be referred to the Fines Enforcement Registry where considered appropriate.
5. Recovery of Legal and Other Costs Incurred - Debt recovery actions are to include recovery of legal costs and any other reasonable costs incurred in pursuing the outstanding debt to the extent that they are allowed by law.

Definitions and abbreviations

"ACCC" - Australian Competition and Consumer Commission

"ACT" - The Local Government Act 1995

"ASIC" - Australian Securities and Investments Commission

"Debtor" - an individual, organisation or other party that transacts with the City where goods or services are provided, use of facilities are made available, fines and license fees are levied and any other transaction that results in an expected future payment to the City.

"Sundry Debtor, Debtor and Debt" - all refer to an amount owed to Council.

"Service" - includes goods supplied or delivered, admission, sale of items, hire of facilities or items - supply of information and any other matter giving rise to a fee or charge being made by Council.

Responsibility and review information	
Responsible officer:	Manager Finance
Document adoption/approval details	Approval/adoption date Proof of adoption/approval - meeting name or document no#
Document amendment details	Amendment approval/adoption date Proof of adoption/approval - meeting name or document no#

ARMC2104-6 INFORMATION REPORT – APRIL 2021

STATUS REPORT OF COUNCIL MOTIONS – 1 JANUARY 2021 TO 28 FEBRUARY 2021

ATTACHMENT 1 – Status Report of Council motions – 1 January 2021 to 28 February 2021

Status report of council motions - 1 January 2021 to 28 February 2021



Motions incomplete and ongoing in the reporting period

1 January 2021 to 28 February 2021

The motions included in this section are those decisions that have not yet been fully actioned. Progress comments or explanations provided.

Responsible Officer	Final decision maker	Item No	Title of Item	Officer update <i>Provide a brief update on the actions that are to be taken/or actions that have been undertaken.</i>	Status	Estimated completion date
Manager Infrastructure Engineering	OCM	Petition	Submitted 13 November 2019 (FPOL) The Acting Chief Executive Officer, Paul Garbett presented a petition that was submitted to Administration from Doug Fishwick of Tuart Place. The petition is signed by ** requesting the following: "For Fremantle Council to create designated disable parking spaces for paraplegics and anyone else who may need them outside 24 High Street Tuart Place."	Awaiting findings from Strategic Parking Plan and Access & Inclusion Plan prior to formally responding to petition.	Ongoing	TBC
Manager Economic Development and Marketing	OCM	FPOL1911-5	NEW LEASE AND SUB LEASE AT 123 BEACH STREET, FREMANTLE	Head Lease and Sub lease will commence 1 May 2021. Waiting on Lessee to gain updated development application approval. The Lease documents can then be signed.	Ongoing	1/05/2021
Manager Facilities and Environmental Management	OCM	C1912-4	GREEN WASTE AND BULK WASTE VERGE COLLECTION TENDER REPORT	Variation to the contract to remove the spring green verge collection implemented. The first 12 months of FOGO ended late November 20, to undertake the review we need to establish options, where possible liaise with other LG's already operating these services and undertake public consultation. The first stage of public consultation closes on 16/4 and the final stage will be a workshop held in early May with a presentation to an Informal Elected Members Meeting later in May with the conclusions of the process.	Ongoing	30/05/2021
Manager City Design and Projects	OCM	FPOL2002-4	KINGS SQUARE – WHADJUK NOONGAR NAMING	Project underway. Stage 1 "Ideation" ends early November, then we go back out to the community with a list of potential names for feedback. A Key Stakeholder group has been established to help guide the process. Currently scheduled for the final decision to go before Council in April 2021.	Ongoing	1/05/2021
Manager Field Services	OCM	C2005 - 4	ADOPTION OF CITY OF FREMANTLE CAT MANAGEMENT LOCAL LAW 2020 Additional Action: Request a report, considering relevant compliance matters and outlining any recommended policy provisions, be brought back to council after six months of the Cat Management Local Law 2020's commencement.	Due to COVID-19 there has been no budget provision for the enforcement of the Cat Local Law. The budget for the programmed natural areas trapping for foxes, rabbits and cats has also been reduced. The first programmed trapping is scheduled for April 2021, from here the City will gain a basic understanding of the cat issues within the 12 protected reserves and be in a position to request a suitable budget for the enforcement of the Cat Local Law. To date the community safety team has received one request for cat trapping at Cantonment Hill, this was carried out by the team on the 11 February 2021 with no cats captured. A report will be brought to Council after the initial cat trapping in April 2021 when the results of the trapping are known.	Ongoing	28/04/2021
Director City Business	OCM	C2006-9	FREMANTLE MARKETS ESSENTIAL WORKS AND LEASE EXTENSION PROPOSAL	Architects have been appointed for the scope and design of the works, and the works are expected to be completed by March, 2021. The City is in the process of finalising lease negotiations with Fremantle Markets Pty Ltd (FMPL) and is expected to conclude following the completion of the scope and design.	Ongoing	30/06/2021
Manager Customer Service and Visitor Information	OCM	C2006-10	FREMANTLE VISITOR CENTRE OPERATING MODEL 2020	Service standards have been amended and approved by Council. They will now form a part of the Service Agreement for the funding arrangements for the development and delivery of a Visitor Centre and associated visitor information services. Sirona Capital are reviewing the Service Agreement	Ongoing	12/05/2021
Manager City Design and Projects	OCM	SPT2008-3	FREMANTLE OVAL UPDATE REPORT	Key Principles Diagram adopted by Council. Letters sent to WAPOL 28/08/20 and letter to Lands 2/10/20. A Draft Oval Masterplan is currently being prepared in collaboration with South Fremantle Football Club, WA Football Club, and Department of Sport and Recreation. Anticipated this will be presented to Council in Feb/March 2021.	Ongoing	30/06/2021
Manager Strategic Planning	SPT	SPT2009-2	SCHEME REVIEW: REVIEW OF LAND USE DEFINITIONS: PROPOSED SCHEME AMENDMENT	Documents processed and referred to Environmental Protection Authority (EPA) & Western Australian Planning Commission for approval to advertise 2/10/2020. Advertising occurred 11/12/20 - 9/2/21. Report to Council on outcomes of advertising submitted to Strategic Planning & Transport Committee 17/03/21	Ongoing	30/06/2021
Manager Strategic Planning	OCM	Petition	Submitted 23 September 2020 (OCM) Cr Doug Thompson presented a petition with 157 signatures requesting that the whole of the Rule Street Park be designated as a "dog off lead" area, in addition to the pathway along the top of the cliff that is already designated as a "dog off lead" area	Department of Planning, Lands and Heritage contacted and advised they can transfer the land to the City to then make it a designated dog off lead area. Strategic Planning to submit a report to Council regarding the transfer of the parcel of land, if approved consultation with the community will take place prior to a report being submitted to Council to either amend the Dog Policy or keep the parcel of land as is.	Ongoing	30/05/2021

Responsible Officer	Final decision maker	Item No	Title of Item	Officer update <i>Provide a brief update on the actions that are to be taken/or actions that have been undertaken.</i>	Status	Estimated completion date
Manager Strategic Planning	OCM	SPT2009-4	CENTRAL AREA TRANSIT (CAT) REVIEW – APPROACH & OBJECTIVES	Engagement with potential funding partners commenced 29/9/2020. Report to Council submitted to Strategic Planning & Transport Committee 17/03/21	Ongoing	30/06/2021
Manager Economic Development and Marketing	OCM	FPOL2010-10	TENDER – WALYALUP CIVIC CENTRE HOSPITALITY SPACE	Advertising of the space continues. Seeking new potential tenants.	Ongoing	31/12/2021
Manager Infrastructure Engineering	FPOL	FPOL2011-1	FREMANTLE AND SOUTH FREMANTLE SPEED ZONE PROPOSAL	Speed zone signage drawings completed by City and currently being reviewed by MRWA for approval prior to implementation. City officers currently working on comms plan for project. See: https://www.fremantle.wa.gov.au/fremantle-and-south-fremantle-40kmh-precinct	Ongoing	TBC, but approx. May -June 2021.
Manager City Design and Projects	SPT	SPT2011-1	KINGS SQUARE INTERPRETATIVE ARTWORK	Letter sent to the South West Aboriginal Land and Sea Council (SWALSC) seeking guidance on how to progress with consultations. Promo video being developed to assist with explaining the artwork concept to the community.	Ongoing	1/01/2022
Manager Strategic Planning	SPT	SPT2011-2	HEART OF BEACONSFIELD MASTERPLAN – REVISED DRAFT FOR APPROVAL TO ADVERTISE	Website updated. Engagement occurred 19/1/21 -21/2/21. Report to Council on outcomes of advertising being prepared – estimate Strategic Planning & Transport Committee 19/05/2021	Ongoing	30/04/2021
Manager Strategic Planning	OCM	FPOL2011-9	STRATEGIC DOCUMENTS AUDIT AND STRATEGIC COMMUNITY PLAN REVIEW	Strategic Community Plan Review brief definition commenced. Requests for Proposals sought to 8/2/21. Report to Council on proposed engagement methodology and budget requirements submitted to Finance, Policy, Operations & Legislation Committee 10/03/2021	Ongoing	30/03/2021
Manager Communications and Events	OCM	FPOL2011-11	ADOPTION OF COMMUNITY STREET ACTIVATION POLICY	Policy published on the City's website as adopted. Trial period has commenced and development of promotional and support materials in progress.	Ongoing	25/11/2021
Manager Strategic Planning	OCM	SPT2011-3	WEST END HERITAGE AREA – DRAFT LOCAL PLANNING POLICY 3.21 & POTENTIAL PLANNING SCHEME AMENDMENT – OUTCOMES OF PUBLIC CONSULTATION	Submitters notified, final policy published (11/12/20). Scheme Amendment document processed and referred to Environmental Protection Authority. Consultation being programmed.	Ongoing	30/06/2021
Manager Asset Management	OCM	C2012-1	FREMANTLE GOLF COURSE CLUBHOUSE AND COMMUNITY CENTRE	Officers are progressing through the detailed design process.	Ongoing	30/06/2021
Director Infrastructure	OCM	C2012-6	WASTE TO ENERGY (RESIDUAL WASTE)	An amended supply agreement has been provided to Kwinana Waste To Energy (WTE) Project Co PTY LTD.	Ongoing	30/04/2021
Manager Economic Development and Marketing	OCM	C2012-13	SALE OF 7-15 QUARRY STREET, FREMANTLE	Expression of Interest applications considered by FPOL 10/02/2021. Officers will now negotiate with highest bidder.	Ongoing	31/03/2021
Manager Infrastructure Engineering	FPOL	Petition	Submitted 20 January 2021 (FPOL) Cr Andrew Sullivan presented a petition containing 244 signatures, requesting the following: <i>The South Fremantle community calls on the City of Fremantle, Main Roads WA, and WA State Government to install safer pedestrian crossing signals at the intersection of Scott Street and Marine Terrace. This intersection is the only formal crossing into South Beach, with vehicle traffic turning in and out of the public car park, as well as the Fremantle Sailing Club. We propose that the traffic lights incorporate a clearly designated walking phase, and subsequent right turn for exiting vehicle traffic.</i>	Mid-Year Budget request for Consultancy money to progress with modelling of pedestrian phase to MRWA signals. Following the modelling exercise, a formal application to MRWA will be required. Target response to the community via FPOL (following modelling) in April/May 2021.	Ongoing	31/05/2021
Manager Parks and Landscapes	FPOL	Petition	Submitted 20 January 2021 (FPOL) Cr Adin Lang presented a petition containing approximately 1300 signatures, requesting the following: <i>Increase funding for more trees, shade and wildlife in Fremantle by turning our city into an Urban Forest!</i>	Officers are progressing with preparing a response to FPOL2101-14 Elected Member Motion – Increasing Canopy Cover and Biodiversity in The City of Fremantle – Councillor Adin Lang for submission to Council in April which will provide a response to the petition.	Ongoing	28/04/2021
Manager Economic Development and Marketing	FPOL	FPOL2101-4	PROPOSED LEASE FOR WALYALUP CIVIC CENTRE – RETAIL SPACE	Draft lease has been completed and is now being reviewed by the proposed lessee. Lessee is developing their fit out design for detailed costing. These details need to be applied to the lease.	Ongoing	31/03/2021
Manager Economic Development and Marketing	FPOL	FPOL2101-1	70 PARRY STREET – EXPRESSION OF INTEREST PROCESS	Expression of Interest released, awaiting submissions.	Ongoing	30/06/2021
Manager Infrastructure Engineering	OCM	FPOL2101-8	FREMANTLE PARK CARPARK	Been deferred twice by Council. Requires further direction from Council before progressing.	Ongoing	Unknown
Manager Governance	OCM	FPOL2101-13	SUBMISSION TO THE SALARIES AND ALLOWANCES TRIBUNAL – DEPUTY MAYORAL ALLOWANCE INCREASE	Submission is dependent on future factors as outlined in the report.	Ongoing	31/03/2021
Manager Parks and Landscapes	OCM	FPOL2101-14	ELECTED MEMBER MOTION – INCREASING CANOPY COVER AND BIODIVERSITY IN THE CITY OF FREMANTLE – COUNCILLOR ADIN LANG	Officers are progressing with preparing a response to the motion for submission to Council in April.	Ongoing	28/04/2021
Director City Business	OCM	FPOL2101-3	PROPOSED CITY OF FREMANTLE PARKING LOCAL LAW 2021	Local public notice published in the Fremantle Herald on Saturday, 20 February 2021. Public submission period closes 18 April 2021. Notification to Minister Templeman 22 February 2021.	Ongoing	30/06/2021
Manager City Design and Projects	OCM	C2101-1	STAN REILLY SITE – WAPOL REDEVELOPMENT	Letter sent to Minister for Lands 2/2/21. Discussions have commenced with Department of Planning Lands and Heritage regarding details / conditions of relinquishment.	Ongoing	30/06/2021
Manager Economic Development and Marketing	FPOL	FPOL2102-5	CONFIDENTIAL REPORT – REVIEW OF TENDERS RECEIVED FOR THE PROPOSED SALE OF 7-15 QUARRY STREET, FREMANTLE	Officers continuing to negotiate with highest bidder received as part of the Expression of Interest process.	Ongoing	30/06/2021
Manager Economic Development and Marketing	OCM	FPOL2102-2	NEW LEASE – BAKPAK FREQ PTY LTD – 18 PHILLIMORE STREET, FREMANTLE	Deferred to March Ordinary Meeting of Council for decision.	Ongoing	30/06/2021
Director City Business	OCM	C2102-5	NOTICE OF MOTION – ENCROACHMENT AT MCCABE PARK, NORTH FREMANTLE – CR DOUG THOMPSON	This item was referred to the next FPOL and Council meeting for consideration in accordance with the Meeting Procedures Policy. This item will be determined at the Council meeting on 24 March.	Ongoing	24/03/2021



Development application motions completed in the reporting period

1 January 2021 to 28 February 2021

The motions included in this section are those decisions about Development Applications (DA's) that have been completed. They have been grouped for ease of reference only.

Responsible Officer	Final decision maker	Item No	Title of Item	Officer update <i>Provide a brief update on the actions that are to be taken/or actions that have been undertaken.</i>	Status	Completion date
Manager Development Approvals	PC	PC2101-1	KNUTSFORD STREET, NO. 6 (STRATA LOT 2) FREMANTLE - TWO STOREY SINGLE HOUSE (TG DA0180/20)	Determination Letter Issued	Complete	20/01/2021
Manager Development Approvals	PC	PC2101-4	ADELAIDE STREET, NO.28 (LOT 3), FREMANTLE – PROPOSED ALTERATIONS AND ADDITIONS TO EXISTING BUILDING (CS)	Determination Letter Issued	Complete	20/01/2021
Manager Development Approvals	PC	PC2101-6	FULLSTON WAY, NO.8 (LOT 85), BEACONSFIELD - TWO STOREY SINGLE HOUSE (JL DA0477/20)	Determination Letter Issued	Complete	20/01/2021
Manager Development Approvals	PC	PC2101-2	SOUTH STREET, NO. 285 AND 297 (LOTS 500, 501 AND 80), HILTON – SINGLE STOREY SHOP, RESTAURANT AND LIQUOR STORE WITH BASEMENT (TG DAP007/20)	Responsible Authority Report submitted to the Joint Development Assessment Panel.	Complete	15/01/2021
Manager Development Approvals	PC	PC2101-3	HIGH STREET, NO.39 (LOT 62), FREMANTLE – PARTIAL CHANGE OF USE TO TAVERN AND ALTERATIONS TO EXISTING BUILDING - (JL DA0314/20)	Determination Letter Issued	Complete	20/01/2021
Manager Development Approvals	PC	PC2101-7	CANTONMENT STREET NO. 28 (LOT 1), FREMANTLE AND ELDER PLACE NO. 20 (LOT 800), FREMANTLE – PROPOSED AMENDMENT TO 6 STOREY MIXED USE DEVELOPMENT (JK)	Responsible Authority Report submitted to the Joint Development Assessment Panel.	Complete	15/01/2021
Manager Development Approvals	PC	PC2101-5	ELLEN STREET, NO. 59 (LOT 6) FREMANTLE, GROUPED DWELLING ADDITION TO EXISTING VETERINARY HOSPITAL (JCL DA0473/20)	Determination Letter Issued	Complete	20/01/2021
Manager Development Approvals	PC	PC2101-8	HAMPTON ROAD, NO.229B (LOT 100), SOUTH FREMANTLE – VARIATION TO PREVIOUS PLANNING APPROVAL FOR DAP002/20 (MIXED USE COMMERCIAL DEVELOPMENT (PETROL FILLING STATION, OFFICE AND WAREHOUSE) (JL DAPV003/20)	Responsible Authority Report submitted to the Joint Development Assessment Panel.	Complete	4/01/2021
Manager Development Approvals	PC	PC2102-3	STACK STREET, NO. 20 (LOT 17), FREMANTLE - CHANGE OF USE TO RESTAURANT (CAFE) AND SHOP AND ALTERATIONS TO EXISTING BUILDING – (NB DA0494/20)	Determination Letter Issued	Complete	23/02/2021
Manager Development Approvals	PC	PC2102-5	VICTORIA QUAY ROAD, A SHED (LOT 51) FREMANTLE – ADDITIONS AND ALTERATIONS TO EXISTING BUILDING AND PARTIAL CHANGE OF USE TO TAVERN (TG DA0496/20)	Western Australian Planning Commission advised of resolution.	Complete	18/02/2021
Manager Development Approvals	PC	PC2102-2	SOUTH TERRACE, NO.312 (LOT 344), SOUTH FREMANTLE – ALTERATIONS TO AN EXISTING RESTAURANT AND INCIDENTAL INDUSTRY LIGHT (COFFEE ROASTERS) - (JL DA0513/20)	Applicant advised of deferral.	Complete	24/02/2021
Manager Development Approvals	OCM	PC2102-1	SOUTH STREET, NO. 2/398 (LOT 152) O'CONNOR - ADDITIONS (AQUAPONICS NURSERY) TO EXISTING RESTAURANT/TAVERN (TG DA0409/20)	Applicant advised of deferral.	Complete	26/02/2021
Manager Development Approvals	OCM	PC2102-4	CHADWICK STREET, NO.60 (LOT 1), HILTON – DEMOLITION OF GROUPED DWELLING (CS DA0489/20)	Determination Letter Issued	Complete	9/03/2021



Motions other than Development Applications (DA's) completed in the reporting period

1 January 2021 to 28 February 2021

The motions included in this section are all other decisions made by Council except DA's that have been completed.

Responsible Officer	Final decision maker	Item No	Title of Item	Officer update <i>Provide a brief update on the actions that are to be taken/or actions that have been undertaken.</i>	Status	Completion date
Manager Field Services	OCM	FPOL1906-9	ENCROACHMENT OF A FRONT BOUNDARY WALL PIER AT 65 WRAY AVENUE, FREMANTLE	Mediator engaged: Allering and Associates. Mediator arranged meetings. All parties agreed and mediation commenced	Complete	21/01/2020
Manager Strategic Planning	OCM	SPT1909-6	FISHING BOAT HARBOUR - POSITION STATEMENT	Position statement adopted by Council, communicated to Department of Transport, and used to inform ongoing input in Fishing Boat Harbour review.	Complete	26/09/2019
Manager Infrastructure Engineering	OCM	FPOL1910-6	FREMANTLE PARK UPDATE	Officers reported back to Finance, Policy, Operations and Legislation (FPOL) Committee with further options for increased parking capacity of the proposed car park on Parry St and presents a business case including options for multistorey in November 2020. The item was deferred to the next appropriate FPOL by the Committee to allow additional time for consultation. Following further consultation with the Clubs, item returned to January 2021 FPOL with new recommendation. Item was deferred again. Please refer to notes in FPOL2101-8.	Complete	21/02/2021
Manager City Design and Projects	OCM	SPT2003-3	KNUTSFORD STREET PUBLIC REALM:AN URBAN DESIGN PLAN TO SUPPORT THE EVOLUTION OF A PRECINCT	Kuntsford Street Public Realm plan approved by Council.	Complete	26/03/2020
Manager Information Technology	OCM	FPOL2008-11	ELECTED MEMBER MOTION - NAMING OF THE LANEWAY THOROUGHFARE ADJOINING THE FREQ SOCIAL CLUB 'RICHARD LANE' – MAYOR BRAD PETTITT	The City has received the Owners permission to name the private laneway including the Ministers approval from Landgate to name the laneway "Richard Lane". Private signage installed March 2021.	Complete	30/03/2021
Manager Strategic Planning	SPT	SPT2009-1	LOCAL HERITAGE SURVEY AND HERITAGE LIST - ANNUAL UPDATE 2020 – OUTCOMES OF CONSULTATION	Submitters notified of decision 30/9/20. Updates to databases x 3 in train. Delays due to heavy assessment workload	Complete	1/03/2021
Manager Community Development	FPOL	FPOL2010-6	COMMON GROUND HOUSING FIRST MODEL	The City was notified on 15 January 2021 that Mandurah was selected as the preferred site for the second Common Ground Model.	Complete	15/01/2021
Manager Governance	FPOL	FPOL2010-7	PROPOSED PROPERTY LOCAL LAW AMENDMENT 2020	The proposed Property Local Law Amendment 2021 was formally adopted at 27/01/21 and will appear in the Government Gazette on 12/02/21. Local law was gazetted, advertised and forwarded to the Joint standing committee on delegated legislation for consideration.	Complete	22/02/2021
Manager Governance	FPOL	FPOL2010-8	INTENTION TO MAKE A DETERMINATION – PERMIT REQUIRED TO USE MOTORISED MODEL AIRPLANES, HELICOPTERS, DRONES OR OTHER SIMILAR REMOTELY PILOTED DEVICES ON MONUMENT HILL RESERVE – LOCAL GOVERNMENT PROPERTY LOCAL LAW	Determination was formally adopted at OCM on 27/01/21 and was advertised in the Herald and became effective on 06/02/2021. Has been added to the City's register of determinations.	Complete	6/02/2021
People and Culture Director	OCM	C2010-5	CEO PERFORMANCE REVIEW COMMITTEE REPORT	KPIs 20/21 approved. RFQ for consultant to assist the Committee is underway. Consultant interviewed and appointed 12/01/21.	Complete	31/01/2021
Manager Community Development	OCM	C2012-2	COMMUNITY AND ECONOMIC SUPPORT FINANCIAL ASSISTANCE POLICY – ADOPTION OF GUIDING PRINCIPLES	Council endorsed the guiding principles at the December 2020 OCM.	Complete	31/12/2020
Manager Development Approvals	PC	Petition	Submitted 13 January 2021 (PC) A copy of a Petition including 2038 Signatures addressed to the Carcione Group from Hilton community members in regard to PC2101-2 was presented to the Planning Committee by Cr Frank Mofflin. The Petition makes a request to the Carcione Group to meet and consult with the Hilton community before moving forward with their proposed Supermarket Development at 285 and 297 South Street, Hilton. The Petition is noted by the Planning Committee.	Petition noted in Planning Committee Minutes of 13 January 2021.	Complete	15/01/2021
Manager Economic Development and Marketing	FPOL	FPOL2101-2	FREMANTLE BOAT SHOW AND SEAFOOD FESTIVAL	Item withdrawn - no further action required.	Complete	20/01/2021
Chief Executive Officer	OCM	FPOL2101-16	PIONEER PARK FREMANTLE CAMP OUT	Notice of motion was deferred back to Committee for consideration as per the Meeting procedures policy. Final consideration at 24/02/21 council meeting	Complete	24/02/2021
Manager Governance	OCM	FPOL2101-7	ADOPTION OF THE CITY OF FREMANTLE LOCAL GOVERNMENT PROPERTY AMENDMENT LOCAL LAW 2021	The proposed Property Local Law Amendment 2021 was formally adopted at 27/01/21 and will appear in the Government Gazette on 12/02/21. Local law was gazetted, advertised and forwarded to the Joint standing committee on delegated legislation for consideration.	Complete	22/02/2021
Manager Governance	OCM	FPOL2101-11	APPOINTING THE WESTERN AUSTRALIAN ELECTORAL COMMISSION / METHOD OF CONDUCTING ELECTIONS 2021 - 2023	Letter sent to Electoral Commissioner and commissioner has accepted request to conduct CoF elections	Complete	5/02/2021
Manager Governance	OCM	FPOL2101-12	APPOINT A COUNCILLOR TO ACT AS REPRESENTATIVE FOR MAYORS FOR PEACE	Cr Jenny Archibald was appointed and has been undertaking the functions associated with being representative.	Complete	28/01/2021

Responsible Officer	Final decision maker	Item No	Title of Item	Officer update <i>Provide a brief update on the actions that are to be taken/or actions that have been undertaken.</i>	Status	Completion date
Director City Business	OCM	FPOL2101-15	CONSIDERATION OF REQUEST TO EXTEND THE SPICER SITE SUBSTANTIAL COMMENT DATE (8-10 HENDERSON STREET, FREMANTLE)	Amended development deed and title caveat drafted and forwarded to Spicer Street Pty Ltd. Extension letter and amended Spicer Development Deed executed by the Acting CEO and Deputy Mayor on 15 March 2021	Complete	15/03/2021
Manager Governance	OCM	C2101-2	APPOINTING A COUNCILLOR TO PERFORM THE FUNCTIONS OF THE MAYOR	Cr Frank Mofflin appointed and available to undertake functions if the Deputy Mayor is unavailable.	Complete	28/01/2021
Manager Governance	OCM	FPOL2102-1	ADOPTION OF THE CIVIC COLLECTIONS POLICY	Adopted policy published on the City's website.	Complete	10/03/2021
Manager Facilities and Environmental Management	OCM	FPOL2102-3	CITY OF FREMANTLE WASTE PLAN	The Waste Plan has been amended as required by the council decision and submitted to Department of Water and Environmental Regulation with. Revoked policy removed from the website and recorded in the City's record keeping system, in accordance with legislative requirements.	Complete	12/03/2021
Manager Governance	OCM	FPOL2102-4	DELEGATION TO APPOINT A COMPLAINTS OFFICER AND ADOPTION OF A COMPLAINTS FORM	Delegation has been included into the Register of Delegated Authority and CEO (and Acting CEO) have been formally advised of new delegation	Complete	10/03/2021
Chief Executive Officer	OCM	C2102-5	ELECTED MEMBER MOTION – ISSUES RELATING TO PIONEER PARK – COUNCILLOR MARIJA VUJCIC	Original motion was lost - Amended version requesting a report be prepared by the CEO and presented to Council was moved – report was presented.	Complete	24/02/2021
Manager Governance	OCM	ARMC2102-1	ADOPTION OF THE 2020 COMPLIANCE AUDIT RETURN	Compliance Audit Return was adopted and submitted to Department of Local Government, Sports and Cultural Industries	Complete	20/03/2021
Manager Finance	OCM	FPOL2101-6	BUDGET AMENDMENTS - DECEMBER 2020	Budget amendments updated in the City's accounting system (Technology One).	Complete	28/01/2021
Manager Finance	OCM	FPOL2101-9	SOLE SOURCE OF SUPPLY – AUSTRALIAN PARKING AND REVENUE CONTROL	Two (2) year contract awarded and signed.	Complete	12/02/2021
Manager Governance	OCM	FPOL2101-10	PROPOSED DETERMINATION - INTENTION TO MAKE A DETERMINATION – PERMIT REQUIRED TO USE MOTORISED MODEL AIRPLANES, HELICOPTERS, DRONES OR OTHER SIMILAR REMOTELY PILOTED DEVICES ON MONUMENT HILL RESERVE – LOCAL GOVERNMENT PROPERTY LOCAL LAW	Determination was formally adopted at OCM on 27/01/21 and was advertised in the Herald and became effective on 06/02/2021. Has been added to the City's register of determinations.	Complete	6/02/2021



Motions where no action was required in the reporting period

1 January 2021 to 28 February 2021

The motions included in this section are from those reports that were provided to Council for information only.

Responsible Officer	Final decision maker	Item No	Title of Item	Officer update <i>Provide a brief update on the actions that are to be taken/or actions that have been undertaken.</i>	Status	Completion date
Manager Development Approvals	PC	PC2101-9	INFORMATION REPORT – JANUARY 2021 1. SCHEDULE OF APPLICATIONS DETERMINED UNDER DELEGATED AUTHORITY 2. UPDATE ON METRO INNER-SOUTH JDAP DETERMINATIONS AND RELEVANT STATE ADMINISTRATIVE TRIBUNAL APPLICATIONS FOR REVIEW	For information only – no action required	Complete	13/01/2021
Manager Strategic Planning	FPOL	FPOL2101-5	COVID 19 COMMUNITY RECOVERY PLAN UPDATE	For information only – no action required	Complete	21/01/2021
Manager Finance	OCM	C2101-3	MONTHLY FINANCIAL REPORT - DECEMBER 2020	For information only – no action required	Complete	28/01/2021
Manager Finance	OCM	C2101-4	STATEMENT OF INVESTMENTS – DECEMBER 2020	For information only – no action required	Complete	28/01/2021
Manager Finance	OCM	C2101-5	SCHEDULE OF PAYMENTS DECEMBER 2020	For information only – no action required	Complete	28/01/2021
Manager Development Approvals	PC	PC2102-6	INFORMATION REPORT – FEBRUARY 2021 1. SCHEDULE OF APPLICATIONS DETERMINED UNDER DELEGATED AUTHORITY 2. UPDATE ON METRO INNER-SOUTH JDAP DETERMINATIONS AND RELEVANT STATE ADMINISTRATIVE TRIBUNAL APPLICATIONS FOR REVIEW	For information only – no action required	Complete	18/02/2021
Manager Finance	OCM	ARMC2102-2	PURCHASING POLICY EXEMPTIONS NOVEMBER 2020 TO JANUARY 2021	For information only – no action required	Complete	25/02/2021
Manager Finance	OCM	ARMC2102-3	OVERDUE DEBTORS REPORT AS AT 31 DECEMBER 2020	For information only – no action required	Complete	25/02/2021
Manager Finance	OCM	ARMC2102-4	TENDERS AWARDED UNDER DELEGATION SEPTEMBER 2020 TO JANUARY 2021	For information only – no action required	Complete	25/02/2021
Manager Governance	OCM	ARMC2102-5	INFORMATION REPORT – FEBRUARY 2021 STATUS REPORT OF COUNCIL MOTIONS – 1 OCTOBER 2020 TO 31 DECEMBER 2020 STATUS REPORT OF AUDIT ACTIONS TO 31 DECEMBER 2020	For information only – no action required	Complete	25/02/2021
Manager Finance	OCM	C2102-1	MONTHLY FINANCIAL REPORT – JANUARY 2021	For information only – no action required	Complete	25/02/2021
Manager Finance	OCM	C2102-2	STATEMENT OF INVESTMENTS – JANUARY 2021	For information only – no action required	Complete	25/02/2021
Manager Finance	OCM	C2102-3	SCHEDULE OF PAYMENTS JANUARY 2021	For information only – no action required	Complete	25/02/2021
Chief Executive Officer	OCM	C2102-4	INFORMATION REPORT – FEBRUARY 2021 CHIEF EXECUTIVE OFFICER REPORT ON TENT CITY	For information only – no action required	Complete	25/02/2021
Director City Business	OCM	ARMC2102-6	RISK REPORT – FEBRUARY 2021	For information only – no action required	Complete	25/02/2021

STATUS REPORT OF AUDIT ACTIONS TO 31 MARCH 2021

ATTACHMENT 1 – Audit actions progress report to 31 March 2021

Audit actions progress report to 31 March 2021

Systems and Procedures Review - Internal Control (Commenced December 2019)

Actions that are ongoing:

Audit area	Responsible Officer	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated Completion Date	Amended Estimated Completion Dates	Status	Actual Completion Date
Liaising with legal advisers	Manager Governance	Introduce a policy or procedure providing guidance to employees in regard to when to contact legal advisers and which legal service provider to contact, according to the type of matter.	Agreed, the Governance Team are considering the development of a procedure in regard to when to contact legal advisers and which legal service provider to contact, according to the type of matter. The City currently has a register that captures legal advice received to avoid duplication and extra costs.	The development of a procedure on seeking legal advice has commenced An administration Policy ("CEO Procedure") has been developed and will be presented to ELT for final consideration/adoption.	An administration Policy ("CEO Procedure") has been developed and will be presented to ELT for final consideration/adoption.	31/1/2021	31/3/2021	Ongoing	
Checking employee qualifications	Director People and Culture	Monitor the new system, once in place, to ensure that electronic reminders for licence expiry dates are properly implemented.	This is a feature of the new HRIS system. This will be monitored once in place.	The new HRIS is in testing phase and is yet to be finalised – expecting this to be early in 2021. There has been delays in the HRIS implementation due to contractor issues so more likely to be later in 2021.	There has been delays in the HRIS implementation due to contractor issues so more likely to be later in 2021.	31/3/2021	30/6/2021	Ongoing	
Inductions and On-Boarding	Director People and Culture	Review the new online induction programme annually to ensure it remains contemporary and effective. Introduce a requirement for forms to be signed following site specific inductions acknowledging that the employee has received and understood the information provided.	Accepted	The new HRIS is in testing phase and is yet to be finalised – expecting this to be early in 2021. These functions are all part of that system. The online induction parts of the process are signed off when completed via an e form saved in the employee e file. There has been delays in the HRIS implementation due to contractor issues so more likely to be later in 2021.	There has been delays in the HRIS implementation due to contractor issues so more likely to be later in 2021.	31/3/2021	30/6/2021	Ongoing	
Recording the use of delegations	Manager Governance	Conduct an internal review to ensure the use of delegations is being correctly recorded. Include the following in all delegations: - instructions of the required recording process (as per the Act and associated regulations); - the location for recording the use of the delegation.	Agreed, training for delegated officers is being considered for development and following its implementation, an internal review on how different areas are capturing the use of delegation will be undertaken.	A training package for delegated officers is currently being developed. On hold due to staffing availability issues.	No further update.	31/1/2021	01/11/2021	Ongoing	
Review of council and administration Policies	Manager Governance	Introduce a periodic City-wide policy review to: - minimise the risk of policies becoming outdated; - ensure consistency of formatting between policies; and - promote culture where employees bring all proposed policy amendments to the attention of council.	The Governance Team, are planning a city-wide review of policy to be undertaken within the next 12 – 18 months.	The policy review has commenced, and is currently in the first stage. Initial meetings with managers have been completed and the manager responsibility for each of the policies has been re-allocated where required. The governance team have grouped the policies into business unit, and the next stage is to review each group of policies, one business unit at a time. On hold due to staffing availability issues.	No further update.	1/10/2021		Ongoing	
Records management training	Manager Information Technology	Conduct internal records management audits to monitor the effectiveness of record management training.	Audits for internal records management will be put in place once the new system has gone live, results will be published to managers for analysis and improvement developments. Records will be kept	Training is agile and ongoing. Compulsory training is provided to new staff, refresher courses provided to existing staff with training materials being targeted to the role being performed. M-Files training is being added to the City's Learning Management System so that this can be better tracked and reported on.	No further update.	30/6/2021		Ongoing	
Risk assessments	Procurement Team Leader	Implement processes to reinforce awareness of risk management procedures with relevant employees. Ensure all teams are managing risk in a manner which is consistent with the risk management policy and risk management framework.	We will work with Management Team to identify employees who require knowledge of Risk Policy and Procedure. We will implement workshops to improve awareness and understanding of the Framework and Policy	A risk management group has commenced meeting to determine the best way of implementing the risk assessment process in the City. Remains ongoing No further update at 30 March 21	No further update at 30 March 21	30/6/2021		Ongoing	
Risk management training	Procurement Team Leader	Review the risk assessment training programme to ensure all employees are aware of risk management processes. Include risk management training as part of the induction process where appropriate.	Will review and advise Management Team on best way to implement this.	Remains ongoing. This item is still being considered by the Risk Management Group No further update at 30 March 2021	No further update at 30 March 2021	30/6/2021		Ongoing	

Actions completed in the reporting period:

Audit area	Responsible Officer	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated Completion Date	Amended Estimated Completion Dates	Status	Actual Completion Date
Acquisition and disposal of assets	Procurement Team Leader	Develop a written procedure for acquisition and disposal of assets.	This is underway and is anticipated to be complete by the end of quarter 1, 2020. Manager Finance: Finance will prepare written procedures on the financial process for acquisition (capitalisation) and disposal of assets. An e-form will be developed to simplify the request and authorisation of asset disposal. The new procedure will be included in the team's knowledge base.	The COVID-19 impact and the audits by the Office of Auditor General and Regulation 17 review have delayed this implementation. This should be complete by end Q4, 2020. Requires input from Manager Finance - revised completion date 31/03/2021 due to current absence Completed March 21 – eform in place and process in place	Completed March 21 – eform in place and process in place	31/12/2020	31/3/2021	Complete	31/3/2021
Separating roles and functions in relation to monetary transactions	Manager Finance	Develop written procedures for financial functions including requirements for two or more employees to check off on final documents and outcomes.	Finance will prepare written procedures on the process, checks and authorisation requirements for payments made. The new procedure will be included in the team's knowledge base.	The written payroll processing checklist documents the check reports to be run for each payment run. These reports are sent to 2 authorising officers for review. Once approved the 2 authorising officers approve the EFT file at the bank account. The completed checklist and approvals are saved in the City's document management system for each pay. Written cheque and EFT payment run processes have been completed. These include reports to be prepared for checking before authorisation of the EFT file for loading into the bank account and the process requirement for 2 authorised approvers. The implementation of a knowledge base will be progressed next financial year. Written procedures have been developed and approved for the process, checks and authorisation requirements for payments. Procedures are saved in a common drive for ease of reference to all applicable finance officers.	Written procedures have been developed and approved for the process, checks and authorisation requirements for payments. Procedures are saved in a common drive for ease of reference to all applicable finance officers.	Commencing knowledgebase in 20/21 FY		Complete	30/3/2021
Reviewing financial control accounts and trial balances	Manager Finance	Capture procedures relating to financial control accounts and trial balances in a formal document. This may be included in the 'knowledge base' that the finance team intends to develop.	Finance will prepare written procedures on all end of month processes, control and balance sheet accounts reconciliations and trial balance reconciliation. The new procedures will be included in the team's knowledge base.	Written procedures are in place for end of month financial reporting. Included in this procedure are the following tasks to be completed each month: • reconciliation of balance sheet accounts – procedure includes a full list of each account with the responsible officer and approver • reconciliation of the trial balance • accrual journals to be prepared at end of month • monthly financial reports check list • variance analysis requirements for reporting The implementation of a knowledge base will be progressed next financial year. Written procedures have been developed and approved for end of month processes, control and balance sheet account reconciliations. Procedures are saved in a common drive for ease of reference to all applicable finance officers.	Written procedures have been developed and approved for end of month processes, control and balance sheet account reconciliations. Procedures are saved in a common drive for ease of reference to all applicable finance officers.	Commencing knowledgebase in 20/21 FY		Complete	30/3/2021
Maintaining risk registers	Procurement Team Leader	Develop a framework which enables cross referencing between risk registers to ensure all risks are adequately recorded, e.g. a list of all registers.	Will work with Management Team to identify all Risk registers across the City and put together a list of all Registers (Consider storing them all in the same location in the DMS). Risks identified across a number of Registers will be brought to ELT attention for action.	Risks are regularly discussed at ELT. Emerging risks are reported to Audit and Risk Committee on a quarterly basis. Risk Registers are being brought together in the Corporate Risk register and discussed by the Risk Management Group. Risk register reviewed and updated monthly. Issue closed.	Risk register reviewed and updated monthly. Issue closed.	31/3/2021		Complete	28/2/2021

Systems and Procedures Review - Risk Management
(Commenced September 2020)

Actions that are ongoing:

Audit area	Responsible Officer	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated Completion Date	Amended Estimated Completion Dates	Status	Actual Completion Date
Inductions and on-boarding	Manager People and Culture	Ensure managers sign off on tailor made inductions for their team members.	P&C to develop an eForm checklist. Estimated completion – 31/12/2020	This action has been delayed. New Recruitment Officer commenced 6 Jan 2021. Estimated completion - March 2021	No further update.	31/12/2020	31/3/2021	Ongoing	
Role descriptions	Manager People and Culture	Specify risk management requirements in manager/ supervisor role descriptions, and others where warranted.	Agreed where applicable. Estimated completion – 31/12/2020	This action has been delayed. All position descriptions being reviewed as vacancies arise. Standard wording for manager/supervisor role descriptions has been agreed. Estimated completion - March 2021. Recent turnover of P&C admin staff expected to delay completion to April 2021	Recent turnover of P&C admin staff expected to delay completion to April 2021	31/12/2020	30/4/2021	Ongoing	
Identifying and minimising misconduct, fraud and theft	Procurement Team Leader	Civic Legal understands the City intends to introduce 'mini audits' to address specific or localised topics. Ensure misconduct, fraud and theft are addressed in these 'mini audits'. Provide training sessions on misconduct, fraud and theft to relevant employees on an annual basis. These sessions could include the relevant sections of the Code of Conduct, the Grievance Policy and making a report to the CCC or Public Information Commissioner. Review the Use of Corporate and Purchasing Cards Procedure. If not done already, finalise and adopt the Transaction Card Policy and Procedure. Ensure the adoption date (and review dates) is recorded on the document.	Transaction Card Policy and Procedure with ELT for adoption / discussion. Fraud and misconduct is covered in a number of policies and procedures organisation wide. Further reminders and training is required in this area. Estimated completion – 31/12/2020	Transaction Card Procedure and Policy adopted by ELT in November 20. Fraud and Misconduct Training under review – estimated completion 30 June 2021 Training slides issued to Director City Business and Manager Finance for review and comment early March 2021. No feedback or guidance received despite multiple requests. Remains ongoing at 30 March 2021	Remains ongoing at 30 March 2021	31/12/2020	30/6/2021	Ongoing	
Contract management	Procurement Team Leader	Consider adopting a Contract Management Plan template document to assist employees who are managing contracts. This should include formalising the contract inspection process to ensure contractual terms are being performed, and KPI review meetings. Consider offering specific training to relevant employees undertaking contract performance/assessment reviews.	A Contract Management Plan template is under development to be available alongside the recently adopted Contract Procedures. Estimated completion - 31/12/2020	Contract Management Plan under review – draft issued in November 20 with review taking place early Jan 21. Contract Procedures adopted August 20 and available on CoFi. Training with relevant users under way since mid-December 20. Estimated completion June 21 No further update at 30 March 2021	No further update at 30 March 2021	31/12/2020	30/6/2021	Ongoing	
Occupational safety and health framework	Manager People and Culture	Review the Occupational Health and Safety Management Direction. (We understand from the City's employees that the City intends to replace the Management Direction with a new policy once the Work Health and Safety Act 2020 (WA) comes into effect)	Agreed. Estimated completion – 31/12/2020	The new Act has not been formally proclaimed as yet. As a consequence The City cannot update its OHS policy until that takes place. Formal proclamation date unknown but not expected before June 2021. Estimated completion - July 2021	No further update.	31/12/2020	31/7/2021	Ongoing	
Information technology (IT) security protocols	Manager Information Technology	Introduce a checklist or compliance calendar to assist the IT Team (and future team members) in ensuring all IT security protocols are undertaken at the correct times. Ensure the Information Security Risk Management Plan is reviewed annually.	The City's IT team will review the introduction of a compliance calendar. The Information Security Risk Management Plan is currently being reviewed and updated. Completion scheduled for November 2020. Estimated completion – 30/11/2020	The City's IT Team are currently scheduling the various reviews as a result of this audit. The information security risk management plan has an updated estimated completion date of May 2021.	The information security risk management plan has an updated estimated completion date of May 2021.	30/11/2020	31/03/2021 31/05/2021	Ongoing	

Audit area	Responsible Officer	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated Completion Date	Amended Estimated Completion Dates	Status	Actual Completion Date
Risk reporting	Procurement Team Leader	Ensure managers receive risk management training (including risk reporting) as a part of their regular training regime. Conduct basic risk reporting training for relevant officers. Maintain employee awareness of the risk reporting process through regular reminders at team meetings.	Training with Managers and ELT took place in August 2020 to further clarify and understand the risk process and responsibilities. City aims to roll out basic training across all levels in early 2021.	Training for remaining employees under review by Risk Management Group Remains ongoing No further update at 30 March 2021	No further update at 30 March 2021	30/6/2021		Ongoing	
Project reviews and physical inspections	Manager Asset Management	Consider formalising the inspection process to ensure all projects are regularly visited. This could mean defining the frequency of inspections in the Project Management Plan at the commencement of each project.	The City will review the Project Management Framework and include guidance on project inspection frequency. Estimated completion - 30/6/2021	No progress, still scheduled for later this year.	No further update.	30/6/2021		Ongoing	
Councillor risk management training	Procurement Team Leader	Include training for 'understanding risk' in a Councillor Training Policy.	Risk management is being assessed in a broader context for the City and councillor training will be implemented as part of that process	A Risk Management workshop is scheduled for Elected Members to attend in February/March 2021, where ongoing consideration of training will also be reviewed. Raised at ARMC in February 2021 but no further update available at 30 March 2021	Raised at ARMC in February 2021 but no further update available at 30 March 2021	31/3/2021		Ongoing	
Communicating risk to stakeholders	Procurement Team Leader	Complete and implement a Risk Management Policy that encompasses communicating risk to stakeholders for all events and functions.	Events Teams working on this.	Remains ongoing No further update at 30 March 2021	No further update at 30 March 2021	30/6/2021		Ongoing	
COVID-19 management	Manager Strategic Planning	Continue regular monitoring of introduced COVID-19 protocols until community safety can be confirmed (e.g. global inoculation of vaccine).	City requirements for City-organised meetings communicated by responsible officer. Public Health Emergency Operation Centre (PHEOC) Bulletins monitored & circulated to: •all Health Officers, •Executive Leadership, •Management Team •Events Coordinator, •Leisure Centre Manager, •Facilities Manager, •Senior People & Culture Project Officer (Workforce Services)	Safe WA registration protocol and infrastructure rolled out 2/12/20. Venue restrictions & management maintained as per Guidelines. Covid Event Plans requested where required. Internal etiquette reminders periodically circulated. Vaccination program commenced in Australian February 2021 (stage 1 of 3).	Vaccination program commenced in Australian February 2021 (stage 1 of 3).	Unknown		Ongoing	
IT security policy and standards	Manager Information Technology	Develop an IT Security Policy (and accompanying procedural documents) to capture relevant IT security practices.	The City's IT team are currently working to develop an IT Security policy as part of a project to review all Cybersecurity and Disaster Recovery documentation. To be completed within the 20/21 FY. Estimated completion – 30/6/2021		No update provided.	30/6/2021		Ongoing	
IT Disaster Recovery Plan	Manager Information Technology	Ensure the IT Disaster Recovery Plan is reviewed annually. Consider cross referencing the IT Disaster Recovery Plan and the Business Continuity Plan.	The City's IT team are currently reviewing the IT DRP as part of a project to review all Cybersecurity and Disaster Recovery documentation. To be completed within the 20/21 FY. Estimated completion – 30/6/2021		No update provided.	30/6/2021		Ongoing	
Communicating IT changes to employees	Manager Information Technology	Ensure there is a formal procedure in place to guide employees on the method of considering and safely introducing new software.	The City's IT Team will review its existing change procedure for selecting and implementing new software.		No update provided.			Ongoing	
Business Continuity Plan	Director City Business	Set a calendar reminder to trigger an annual review of the Business Continuity Plan, the Business Incident Management Plan and the Business Impact Analysis. Ensure all personnel mentioned in the documents are up to date during the annual review. Identify in the Business Continuity Plan who is responsible for the document. Ensure the City completes formal handovers of key documents during team restructures. Include the adoption/approval and review dates in the Disaster Recovery Plan (Appendix to the Record Keeping Plan).	The BCP will be included in the Risk function of the organisation. The City is currently reviewing how risk will be managed and structured in the organisation. The current plan is to implement a new Risk approach within the organisation structure in January 2021. Estimated completion – 31/1/2021		No update provided.	31/1/2021		Ongoing	

Actions completed in the reporting period:

Audit area	Responsible Officer	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated Completion Date	Amended Estimated Completion Dates	Status	Actual Completion Date
Incident Reports	Procurement Team Leader	Create a form for the Insurance Team to complete when gathering information for a potential claim or insurance matter. This will assist employees in ensuring all necessary information is collected. Formalise the procedure of discussing incidents within relevant teams in order to establish learnings. For instance, this may be included as a heading/topic in team meeting agenda templates. Include adoption and review dates in the Insurance Handling Process document. Ensure regular reviews are conducted, include relevant contact details.	E-form for registering possible insurance incidents being developed. This will then be raised with ELT and Managers and then raised at team meetings. Process to be undertaken in Q1, 2021. Estimated completion – 30/3/2021	Remains ongoing .Eform currently being developed Decided against eform as all information required for insurance claims is contained in the LGIS incident report document available from the Procurement Officer – Assets and Insurance or LGIS Website.	Decided against eform as all information required for insurance claims is contained in the LGIS incident report document available from the Procurement Officer – Assets and Insurance or LGIS Website.	30/3/2021		Complete	28/2/2021
Insurance coverage	Procurement Team Leader	Conduct an internal meeting prior to meeting with LGIS to identify questions or concerns to discuss at the meeting with LGIS. Prepare a simple agenda or list of questions/concerns to discuss for the meeting with LGIS. Develop an insurance management policy or procedure to guide employees when conducting the annual insurance meeting and deciding on an appropriate insurance cover. This policy would also be beneficial for ensuring all departments are aware of the formal process and act accordingly.	This remains a work in progress. Aiming for completion Q2, 2021 Estimated completion – 30/6/2021	Remains ongoing Complete March 21	Complete March 21	30/6/2021		Complete	1/3/2021
Communicating risk to employees	Procurement Team Leader	Ensure 'risk management' is included as a heading in the new internal meeting agenda template.	The City considered developing an internal template for meetings, however this is no longer a consideration as teams may manage their own meetings. Should this position be reconsidered, the proposal to include 'risk management' will also be considered.	Closed – no appetite or value seen in introducing this by Management Team	Closed – no appetite or value seen in introducing this by Management Team	30/6/2021		Complete	30/3/2021
Building access and security	Manager Facilities and Environmental Management	Introduce a written procedure for requesting and accepting changes to security access cards.	An e-form is currently being prepared to control changes to security access cards. Changes will only be undertaken when the relevant manager has given approval on the form.	The eform is completed and hosted on the City's intranet.	The eform is completed and hosted on the City's intranet.	1/3/2021		Complete	25/3/2021
Emergency Evacuation procedures	Manager Facilities and Environmental Management	Develop a procedure to ensure emergency evacuation exercises are regularly conducted at occupied City buildings. Formalise the procedure for working with tenants to ensure leased buildings meet relevant standards for evacuation protocols.	Emergency evacuation plans will be put in place to all buildings occupied by council staff. The Asset and Property officer will check tenants are undertaking their own procedures in leased buildings.	One remaining evacuation plan to complete for the Meeting Place and then all occupied buildings will have an evacuation plan. This is now completed. The Asset Property Officer visits leased annually to undertake checks which includes evacuation procedures. (the 2 higher risk buildings – Fremantle Markets and the Backpackers are visited 6 monthly)	This is now completed.	1/3/2021		Complete	25/3/2021

Regulation of Consumer Food Safety by Local Government Entities
(Commenced June 2020)

Actions that are ongoing:

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Consumer Food Safety	Manager Field Services	NA	Local government entities should: - work with the Department of Health in the development and implementation of new electronic food safety inspection and recordkeeping systems.	Local government entities in our sample generally accepted the recommendations and confirmed that, where relevant, they will improve inspection and enforcement practices, recordkeeping and compliance reporting for regulating food businesses.	This will be completed by the end of 2021 based on budgetary co	This will be completed by the end of 2021 based on budgetary considerations.	31/12/2021		Ongoing	

Actions completed in the reporting period:

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Consumer Food Safety	Manager Field Services	NA	Local government entities should: - ensure food business inspections are prioritised and carried out according to their risk classification - ensure changes to inspection frequencies are only made based on a documented assessment of compliance history or other urgent requirement Under section 7.12A of the Local Government Act 1995, all audited entities are required to prepare an action plan addressing significant matters relevant to their entity for submission to the Minister for Local Government within 3 months of this report being tabled in Parliament and for publication on the entity's website. This action plan should address the points above, to the extent that they are relevant to their entity, as indicated in this report.	Local government entities in our sample generally accepted the recommendations and confirmed that, where relevant, they will improve inspection and enforcement practices, recordkeeping and compliance reporting for regulating food businesses.	Plan to address the Audit recommendations provided to the Minister for Local Government on time. Procedure drafted to: - ensure food business inspections are prioritised and carried out according to their risk classification - ensure changes to inspection frequencies are only made based on a documented assessment of compliance history or other urgent requirement. Food business inspections are on target to be carried out in the current financial year but half of the high risk businesses are minimally overdue as they have not been inspected in six months. They need to be inspected this half of the financial year. A few medium risk businesses are also minimally overdue for inspection as the vast majority of businesses were last inspected by contractors in the winter of 2019 and have all fallen due over winter. 3/02/21 – The majority of inspections due have been completed however inspectors are still working through the list to complete the remaining inspection due. All inspections due at the time of audit have been completed barring those businesses that have closed or are not presently operating. Inspections will continue as an ongoing action as food business inspection become due over time.	Complete	2020-2021 FY		Complete	3/02/2021
Consumer Food Safety	Manager Field Services	NA	Local government entities should: - improve recordkeeping for food business inspections and compliance reporting to: a. better understand inspection and compliance history b. identify compliance issues and follow-up activities c. respond to emerging food safety issues	Local government entities in our sample generally accepted the recommendations and confirmed that, where relevant, they will improve inspection and enforcement practices, recordkeeping and compliance reporting for regulating food businesses.	Record keeping is being improved by: - New procedures setting out standard practice for record keeping; *All reinspections completed on new form; *Spreadsheets created to track outstanding non-compliances (Improvement Notice Spreadsheet) - Development of new electronic inspections module	Complete	2020-2021 FY		Complete	3/02/2021
Consumer Food Safety	Manager Field Services	NA	Local government entities should: - develop procedures and staff guidance to ensure non-compliant food businesses are followed up and Standards enforced in a consistent and timely manner	Local government entities in our sample generally accepted the recommendations and confirmed that, where relevant, they will improve inspection and enforcement practices, recordkeeping and compliance reporting for regulating food businesses.	Compliance and recording procedures have been drafted and spreadsheets provided, as stated above, to track outstanding compliance issues and ensure rectification. Follow-ups of non-compliant inspections are occurring and necessary compliance actions taken in accordance with the draft policies and procedures.	Complete	2020-2021 FY		Complete	3/02/2021

Interim Audit - Finance
(Year ending 30 June 2020)

Actions that are ongoing:

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Fixed asset reconciliation	Manager Finance	Moderate	Management should perform a monthly reconciliation between the fixed assets register and the general ledger and ensure it is prepared and independently reviewed in a timely manner.	Currently a formal monthly reconciliation between the fixed asset register and the general ledger is in existence at the City. Processing of monthly capitalisation of assets for the new financial year hadn't commenced at the time of the interim audit therefore no reconciliations were required. The processing for the new year was held off until finalisation of year ending 30 June 2019 to ensure the transactions posted in the new year are based on the final audited asset register balances. This practice will be reviewed to determine possible end of year and start of new year improvements.	Ongoing Complete - Monthly reconciliations between asset register and the general ledger are performed. Ongoing – Process for audit trail as evidence of independent review.	Ongoing Complete - Monthly reconciliations between asset register and the general ledger are performed. Ongoing – Process for audit trail as evidence of independent review.	30/09/2020	30/06/2021	Ongoing	
Discounts raised without approval	Revenue Team Leader	Minor	Management should implement a process and control to monitor the application of discounts applied to fees and charges.	In response to these findings, an internal E-Form will be created to capture the request and approval (subject to relevant criteria) of discounts and subsequent recording of delegation exercised. Criteria and limits to be determined and approved by the relevant business unit Manager through the review process for the annual fees and charges prior to adoption by Council. Approved criteria to be recorded in the City's record management system and where possible, included in Technology One at the point of calculation or alternatively through a fees calculator template.	eForm drafted and in testing phase. Fees and Charges currently under review in preparation for Budget 2021-22 and matrices being developed by responsible team for inclusion in work procedures. To be adopted with annual budget in June 2021. Updated estimated completion - 30/06/2021	eForm drafted and in testing phase. Fees and Charges currently under review in preparation for Budget 2021-22 and matrices being developed by responsible team for inclusion in work procedures. To be adopted with annual budget in June 2021. Updated estimated completion - 30/06/2021	31/12/2020	30/06/2021	Ongoing	
Daily banking summary	Revenue Team Leader	Minor	The City should ensure that the daily banking summary sheets are reviewed and evidence of this should be retained.	Management have taken steps to implement a standard cash handling process across all business units. This would be an improvement to current practice and would ensure consistency across the organisation. Once endorsed by Executive training of the revised process will be conducted with relevant officers.	Cash handling procedures in draft format. Initial meetings have occurred to recognise resourcing requirements necessary in order to meet recommended standard of practice. Workshops scheduled to occur in April 2021 and be fully operational in July 2021 Updated estimated completion - 30/06/2021	Cash handling procedures in draft format. Initial meetings have occurred to recognise resourcing requirements necessary in order to meet recommended standard of practice. Workshops scheduled to occur in April 2021 and be fully operational in July 2021 Updated estimated completion - 30/06/2021	31/12/2020	30/06/2021	Ongoing	
Supplier master files	Procurement Team Leader	Significant	Management should ensure changes made to the vendor Masterfile are appropriately reviewed and approved by an independent officer, including retaining evidence of this process. System access privileges to the master file should be reviewed to ensure that only appropriate, approved staff have access. The City should also perform periodical reviews to remove/deactivate duplicated supplier records.	The City has a procedure in place since November 2017 in relation to changing supplier bank account details to ensure proper controls and segregation of duties. In addition, the Procurement Team Leader runs and checks a report of all supplier bank account changes that have been made in the system before approving each payment run. Based on these audit findings a refresher of the procedure will be undertaken with the Procurement Officers. The refresher will include revisiting the documentation required and completing checks section of the form for audit trail purposes. A further action will be added to this procedure to undertake an internal audit function. This will be a random check of supplier change of bank account forms and documentation to ensure compliance with the procedure. The City will undertake a review of officers having access to change supplier master files details and update security settings as required. A review of duplicate supplier records was undertaken in July 2019 where it was noted that some suppliers have more than one record due to different address or payment methods. To ensure this remains current this task will be added to the end of financial year procedure and checklist to be completed on an annual basis.	Audit of change of bank accounts in place. Procurement Team Leader reviews changes made before releasing payment run. Procedure updated. Review of Officers having ability to amend Supplier Master File, completed. With regard some suppliers having more than one record due to different address or payment methods. This task has been added to the end of financial year procedure and checklist to be reviewed and completed on an annual basis. No further update at 30 March 2021	No further update at 30 March 2021	31/3/2021	Ongoing		
Asset stocktake procedures	Manager Finance	Moderate	Management should ensure that periodic stocktakes are carried out to confirm the existence of assets and adequate policies and procedures are in place.	A complete physical stocktake of all furniture, art, plant and equipment assets across the organisation (both financial assets and minor assets) is planned to be undertaken in conjunction with the asset revaluation in the 2020-21 financial year. Currently there are some asset physical checks undertaken within business units such as at the Arts Centre on the City's Art Collection and at the Works Depot for various items of plant and equipment. It is acknowledged these are sporadic and that an organisational documented procedure does not exist. The City will develop new process and procedure to put more rigour and consistency across organisation on the control of financial assets and minor assets.	Ongoing Asset audit for Art Collection, Plant and Equipment and Furniture and Equipment is currently in progress.	Ongoing Asset audit for Art Collection, Plant and Equipment and Furniture and Equipment is currently in progress.	30/06/2021		Ongoing	
Purchase card aquittals	Procurement Team Leader	Moderate	Management should review their purchasing card policy to ensure that it reflects the current processes.	The purchasing card policy has been reviewed and a supporting procedure has been developed to reflect the current processes. These are awaiting Executive approval. Once adopted a session will be held with all users to inform them of their obligations and reporting requirements.	Transaction Card Procedure and Policy adopted by ELT in November 20. Training with users of cards pencilled in for February 21 Training changed to May 21	Training changed to May 21	31/03/2021		Ongoing	

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Cancellation of purchase cards	Procurement Team Leader	Moderate	Management should review their policy regarding the cancellation of cards due to lost cards and terminated employees. There should be regular communication between payroll and finance to ensure purchases cards are retrieved and cancelled on or before termination.	The current purchase card policy requires the cancellation of cards in a timely manner when an employee terminates employment with the City. The purchasing card policy has been reviewed and a supporting procedure has been developed to strengthen the process of card cancellation due to lost cards and terminated employees. These are awaiting Executive approval. Once adopted a session will be held with all users to inform them of their obligations and reporting requirements.	Transaction Card Procedure and Policy adopted by ELT in November 20. Training with users of cards pencilled in for February 21 Training changed to May 21	Training changed to May 21	31/03/2021		Ongoing	

Actions completed in the reporting period:

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Assessment of new Accounting Standard AASB16	Manager Finance	Moderate	The City should measure the impact of the application of AASB 16 as at 1 July 2019 and process appropriate adjustments in the accounts, as well as considering the required disclosures and amended accounting policies that will need to be disclosed in the 30 June 2020 financial report in advance of year-end.	Since the interim audit the City has measured the impact of the application of AASB 16. All existing leases have been assessed and the appropriate adjustments for budget 20-21 were processed in the accounts. The adjustments were adopted by Council with the Annual Budget for 2020-21 and were reflected in the Rate Setting Statements, Note 2(a) Net Current Assets and Note 7 Leases Liabilities. The City has amended its accounting policy to reflect the application of the new accounting standard AASB 16 Leases in preparation for year ending 30 June 2020. The appropriate adjustments as at 1 July 2019 will be processed in the accounts with necessary disclosures reported in the financial report to ensure compliance with AASB 16.	The appropriate transactions and adjustments were processed as at 1 July 2019. The Annual Financial Statements and associated disclosures were reported in accordance with AASB 16 Leases as at 30 June 2020	The appropriate transactions and adjustments were processed as at 1 July 2019. The Annual Financial Statements and associated disclosures were reported in accordance with AASB 16 Leases as at 30 June 2020	30/09/2020		Complete	31/12/2020
Manual journals	Manager Finance	Significant	We recommend the city implements appropriate levels of user access within TechOne and review segregation of duties so that manual journals are approved by authorised independent officers.	The City acknowledges there were a few instances where journal entries were prepared and posted by the same officer. Some of these were posted on verbal approval. From March 2020 the TechOne system has been re-configured to prohibit journals being prepared and approved by the same officer. This was demonstrated to the auditors at the time of the interim audit. The one exception is a system created journal to upload daily purchase card transactions from the City's banking software into the TechOne system were one officer is the preparer and approver. However, in this case the file is locked as "accepted" and the officer doesn't have permission to edit the file therefore the City does not consider this as a risk. With regards to the access to approve manual journals the City agrees this should be limited to finance officers only. Even though divisions outside of finance have access to approve journals, it has been determined no journals have been posted by staff outside of the Finance team. The City accepts the current TechOne system access is a potential risk and will conduct a review of the current access and limit to appropriate finance officers.	NA	NA	30/09/2020		Complete	31/12/2020

Interim Audit - Information Systems
(Year ending 30 June 2020)

Actions that are ongoing:

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Information security policies	Manager Information Technology	Moderate	The City should: • review and update its existing policies or develop new ones to ensure all relevant areas of information security are appropriately addressed. Policies should be communicated to all employees and any other relevant stakeholders once they have been formally approved by management • establish an effective policy review process. As part of this process all policies must be reviewed regularly or following any significant changes. This will help ensure their continuing suitability, adequacy and effectiveness. • review and endorse its Cyber Security Incident Response Plan and Information Security Risk Management Plan. These plans should include relevant procedures to ensure the effective response and management of all information security related incidents • ensure that all information security related incidents are appropriately categorised and recorded.	The City acknowledges that the Cyber Security Incident Response Plan in conjunction with the Information Security Risk Management Plan are currently in draft. The City will plan to have these plans updated, endorsed and adopted in conjunction with the City's audit and risk	A request has been made in the Mid-Year Budget Review to procure professional services for assistance in the ratification of these policies.	A request has been made in the Mid-Year Budget Review to procure professional services for assistance in the ratification of these policies.	2020-2021 FY		Ongoing	
Human resources - Staff lifecycle management	Director People and Culture	Moderate	The City should: • review and enhance its integrity checking guidelines. The integrity baseline for all high risk positions should be documented • comply with its HR on-boarding processes and make sure that all new employees: - complete mandatory induction training - sign-off the acknowledgement to the Code of Conduct - sign-off the acknowledgement to the City's computer, portable device and internet usage policy - under go pre-employment screening as per position specific integrity checklist.	The City is currently in the process of deploying a new Human Resources system which includes onboarding, Learning Management and Performance Management. The recommendations provided will be delivered as part of the deployment of this system.	All HR processes are checked however this is manual currently. The HRIS implementation is in testing phase however there are hold ups due to the provider – expecting a late 2021 roll out date.	All HR processes are checked however this is manual currently. The HRIS implementation is in testing phase however there are hold ups due to the provider – expecting a late 2021 roll out date.	2021-2022 FY		Ongoing	
Backup testing	Manager Information Technology	Moderate	The City should: • review and enhance its Information Security Risk Management Plan and develop detailed and suitable supporting guidelines for the testing of backups (i.e. scope of backup testing, backup testing plans, successful/failed assessmentcriteria) • test backups in-line with its updated practice and maintain suitable records of the testing results • plan the recovery testing for critical IT systems, databases, configurations of core network devices, and file servers, based on an assessment of risk.	The City will review and enhance its backup testing processes.	Backup and failover automation software is currently being procured, implementation to begin in May 2021	Backup and failover automation software is currently being procured, implementation to begin in May 2021	2021-2022 FY		Ongoing	
ICT disaster recovery planning	Manager Information Technology	Moderate	The City should review and endorse its ICT DRP, and regularly test it to confirm that systems can be recovered in accordance with business expectations, and that key staff are familiar with the plan and their specific roles and responsibilities. The results of testing should be recorded and any relevant actions taken to improve the plan	The City will review and endorse its ICT DRP as recommended	Backup and failover automation software is currently being procured, implementation to begin in May 2021. This software will allow the City to build and action Disaster Recovery test plans.	Backup and failover automation software is currently being procured, implementation to begin in May 2021. This software will allow the City to build and action Disaster Recovery test plans.	2021-2022 FY		Ongoing	
Management of the HR payroll system	Manager Information Technology	Moderate	The City should review and enhance its current process to manage HR payroll user accounts. The process should make sure that: • user access privileges are reviewed on a regular basis. Accounts that are no longer required must be disabled in all systems in a timely manner • profile's configuration is regularly reviewed, including roles and functions to enforce appropriate segregation of duties.	The HR Payroll system is a part of the Finance system. Those who have access within this system have the same access as they complete the same functions. A limitation within the HR Payroll module is that it is not very granular with system access. The City will review its current processes around management of the HR System.	Implementation of a new HR System is underway, once complete, the City will review user access controls within this system.	Implementation of a new HR System is underway, once complete, the City will review user access controls within this system.	2020-2021 FY		Ongoing	
Server room management	Manager Information Technology	Minor	The City should: • review and enhance its mitigation controls to address the risks due to the lack of a power generator and a fire suppression system within its temporary DC • regularly maintain fire extinguishers, including the ones located at datacentres.	The City's accepts that there is no fire suppression or generator backup in its temporary data centre, this will be reviewed with the build of the new data centre in Q3 2020. The physical IT systems are well protected from unauthorised access, accidental or deliberate damage with the use of multiple levels of security including CCTV, multiple doors requiring logged user access swipe cards, monitored alarm system, data centre management system and physical infrastructure rack locks.	The completion of a new data centre within the City's new administration building is expected in June 2020. This new data centre will provide a larger UPS, fire suppression system and fire extinguishers with frequent services.	The completion of a new data centre within the City's new administration building is expected in June 2020. This new data centre will provide a larger UPS, fire suppression system and fire extinguishers with frequent services.	30/06/2021		Ongoing	
Information security awareness program	Manager Information Technology	Minor	The City should implement an ongoing information security awareness program, and it should be part of the corporate induction program. The City should also implement procedures to ensure that staff and relevant individuals successfully complete the training. The information security awareness program should be regularly updated to consider changes in policies and any emerging threats. It should also incorporate any lessons learned from information security incidents along with relevant details from information security standards and good practices.	The City is confident that the staff awareness measures in place for malicious links/websites, phishing attempts and impersonation attempts are adequate. The new Learning Management System will provide structured cyber security training to staff when it is implemented in Q3 2020.	The completion of the implementation of the learning management system is scheduled for May 2021, once implemented, Cyber Security training will be added and assigned to staff.	The completion of the implementation of the learning management system is scheduled for May 2021, once implemented, Cyber Security training will be added and assigned to staff.	2021-2022 FY		Ongoing	
Network segregation and unauthorised network device	Manager Information Technology	Moderate	The City should: • review the risks to its network and implement appropriate controls to prevent and/or detect the use of any unauthorised IT devices • appropriately segregate internal network traffic between critical systems and different end user groups based on a risk assessment.	The City is currently configuring software to prevent unauthorised network devices from being able to connect to the City's physical network. This is already in place for the City's wireless network.	The implementation of new network security software is currently	The implementation of new network security software is currently underway.	2021-2022 FY		Ongoing	

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Network access management	Manager Information Technology	Moderate	The City should review and enhance its current process to manage access to its network. The process should make sure that: <ul style="list-style-type: none"> • individuals are assigned the privileges they require to perform their roles based on the principle of 'least privilege' • all network accounts, including generic accounts, are formally requested, authorised and configured. The use description of generic accounts should be appropriately recorded • user access is regularly reviewed including accounts that have not accessed the network for an extended period. Accounts that are no longer required should be disabled in a timely manner • password requirements include the implementation of: <ul style="list-style-type: none"> - an account lockout policy - passwords should not be stored using reversible encryption • all user accounts comply with the City's password policy • user identity is verified before a password reset. 	The City will review its existing network management procedures and assess the recommendations provided.	The implementation of new network security software is currently underway.	The implementation of new network security software is currently underway.	30/06/2021		Ongoing	
Management of the Finance system	Manager Information Technology	Moderate	The City should review and enhance its current process to manage finance user accounts. The process should make sure that: <ul style="list-style-type: none"> • specific access privileges are requested and recorded based on an up-to-date system profile matrix • system owner approval is sought before granting access to the finance system • user access privileges are reviewed on a regular basis, including the review of accounts that have not used the system for an extended period. The review should include highly privileged accounts, generic/service accounts and changes to system configuration • user accounts are configured correctly (e.g. set up expiry date) and disabled within the finance system in a timely manner • profiles' configuration is regularly reviewed, including roles and functions to enforce appropriate segregation of duties • based on an assessment of risk, delegation authority is individually approved • proactively monitor user activity in the system. 	The City will review its current processes around management of the finance system focussing around user accounts and privileges. This will also rely on the software provider (Technology One) to assist with the security access and providing a way to report and audit on this.	The user onboarding and offboarding procedure has been reviewed and the implementation of a new HR System to better manage onboarding is underway.	The user onboarding and offboarding procedure has been reviewed and the implementation of a new HR System to better manage onboarding is underway.	2020-2021 FY		Ongoing	
Database security	Manager Information Technology	Moderate	The City should: <ul style="list-style-type: none"> • encrypt sensitive information at rest, based on an assessment of risk • improve database hardening and implement audit trails. 	The City will review its database security and recognises that the security hardening of the Finance/HR payroll system database is governed by the provider of this system. The City will contact the system provider for assistance in this matter.	Work scheduled to commence 2021-2022 FY.	Work scheduled to commence 2021-2022 FY.	2021-2022 FY		Ongoing	
Management of removable media	Manager Information Technology	Moderate	The City should assess the risks associated with the use of removable media devices. Where appropriate, the City should: <ul style="list-style-type: none"> • prevent the use of any unauthorised removable media devices • use only USB devices that incorporate encryption to help protect the information • log and monitor information copied to or from removable media devices • maintain a register of all authorised and in use removable media devices. 	The City will take this recommendation under advisement and assess the risks where appropriate. All removable media devices are scanned by the City's antivirus/anti-malware software.	Work scheduled to commence 2021-2022 FY.	Work scheduled to commence 2021-2022 FY.	2021-2022 FY		Ongoing	
Remote access management	Manager Information Technology	Moderate	The City should: <ul style="list-style-type: none"> • document and implement an appropriate remote access management process and clearly communicate the process to relevant stakeholders • based on an assessment of risk, restrict remote access. Subsequently, the City should <ul style="list-style-type: none"> - enforce and retain records of remote access requests and approvals - perform regular reviews of remote user accounts to verify that access and privileges are appropriate. Accounts that are no longer required should be removed in a timely manner • implement multifactor authentication for remote access • develop and implement an appropriate security baseline for personal devices that remotely access the City's IT systems and information • based on an assessment of risk, develop and implement a security event logging and monitoring framework. The framework should include regular review or remote access logs. 	The City takes this recommendation under advisement and will review the existing remote access management procedures. The City also acknowledges that this audit was conducted during the COVID-19 pandemic while the majority of the City's workforce were working, very successfully, remotely due to the restrictions put in place by the state government. All remote connections were, and continue to be, logged and reported on. The City will investigate the impact of MFA to its staff and assess this requirement.	Work scheduled to commence 2021-2022 FY.	Work scheduled to commence 2021-2022 FY.	2021-2022 FY		Ongoing	
Management of network privileged access	Manager Information Technology	Moderate	The City should: <ul style="list-style-type: none"> • manage the default administrator account in line with good practise • regularly review highly privileged network accounts and timely disable those no longer required • ensure that individual highly privileged accounts are used to manage network devices, and non-privileged accounts are used to perform day-to-day activities. 	The City is currently modifying the way it manages the default administrator account and will be implementing a more secure procedure around this. The City will determine who requires highly privileged accounts based on their job role and review how privileged and non-privileged accounts are managed.	Work scheduled to commence 2021-2022 FY.	Work scheduled to commence 2021-2022 FY.	2021-2022 FY		Ongoing	
Network logging and monitoring	Manager Information Technology	Moderate	Based on an assessment of risk, the City should establish an effective logging and monitoring process. This process should incorporate the following: <ul style="list-style-type: none"> • logging all high-risk activities within the system • maintaining sufficient auditing event history • reviewing log file information on a regular basis • appropriately securing log file information. The City may wish to implement a security information and event management tool (SIEM). Further guidance on appropriate levels of logging and monitoring may be sought from the Australian Standard AS/ANZ 27002:2015.	The City will review its current network logging and monitoring measures.	Work scheduled to commence 2021-2022 FY.	Work scheduled to commence 2021-2022 FY.	NA		Ongoing	

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Management of IT assets	Manager Information Technology	Moderate	The City should: <ul style="list-style-type: none"> • develop and implement appropriate guidelines for the management of IT assets, including their re-use and disposal • maintain records of in-house data sanitisation or independent certificates of sanitization, before asset disposals • review and migrate printer inventory into its asset management system • review and enhance the details of its IT asset inventory, including asset owner. 	The City acknowledges that a review is required for the guidelines in place for the re-use or disposal of assets. The City also acknowledges that most IT assets are leased and returned to the lessor at the end of the lease period. Printers are leased and not identified as City assets, they do have the providers asset stickers affixed.	Work scheduled to commence 2021-2022 FY.	Work scheduled to commence 2021-2022 FY.	2021-2022 FY		Ongoing	
Management of users with local administration priveleges	Manager Information Technology	Moderate	The City should establish an effective process to manage the allocation of local administrator privileges to individuals. This process should make sure that: <ul style="list-style-type: none"> • these privileges are formally requested and appropriately approved. Records of requests and approvals must be maintained • all users who have been assigned these privileges are regularly reviewed to verify this level of access is appropriate and still required. In addition, the software management system should be appropriately configured to enforce and monitor compliance with secure workstation configuration.	The City allows their valued staff to use their City provided device for personal use. As such, a business decision was made, after considering the risks, to provide local administration accounts to users so they could install software. The City's next generation firewalls will greatly assist the detection of foreign software if it tries to connect to the internet, the City's asset management software will also report on all software installed on any device which can be audited as required. The City will investigate scheduled reporting on software outside of the Standard Operating Environment (SOE), along with updating the corporate risk register with any identified risks, for review by the City's audit and risk committee.	Work scheduled to commence 2021-2022 FY.	Work scheduled to commence 2021-2022 FY.	2021-2022 FY		Ongoing	
Information and communications technology (ICT) governance	Manager Information Technology	Minor	The City should establish and endorse an appropriate ICT governance committee or assign the responsibilities to another existing suitable group to oversee and direct ICT and security requirements. The committee should consist of senior business and ICT management and convene regularly. In addition, the City should establish an effective ICT governance framework which ensures: <ul style="list-style-type: none"> • evaluation of current and future use of ICT • preparation and implementation of plans and policies to meet business objectives • monitoring conformance to policies, and performance against the plans. 	The City will review the need for an ICT governance framework.	Work scheduled to commence 2021-2022 FY.	Work scheduled to commence 2021-2022 FY.	2021-2022 FY		Ongoing	
Risk management	Director City Business	Moderate	The City should continue to: <ul style="list-style-type: none"> • review and endorse its Risk Management Policy and Risk Management Guidelines • effectively communicate risk management policy/guidelines to relevant staff and monitor their implementation to make sure process are standardised across departments • review and enhance its risk management training, based on an assessment of risk. In addition, the City should develop and maintain an appropriate ICT risk register. Reporting of ICT risks should be aligned with the City's risk management policy/guidelines.	The City confirms that work is in progress to review risk management. Training to senior managers around risk management is currently being scheduled as a result of the review conducted by the City.		No update provided.	NA		Ongoing	

Actions completed in the reporting period:

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Management of the contract register	Manager Finance	Minor	The City should: <ul style="list-style-type: none"> • continue to review the use of excel spreadsheet to manage its contract register and implement appropriate controls to protect it • complete regular user access reviews for validation • based on an assessment of risk, log and monitor critical chances to the contract register • review and enhance the structure of its contract register (e.g. record final contract dollar value and contract variations). 	The City will review the management of the contract register.	Reviewed and updated contract register. Process in place to update register on a fortnightly basis.	Reviewed and updated contract register. Process in place to update register on a fortnightly basis.	31/12/2020		Complete	28/02/2021
Service desk management	Manager Information Technology	Minor	The City should develop an appropriate service desk management process. This process should ensure: <ul style="list-style-type: none"> • ICT incidents/problems are appropriately and consistently assessed and documented • service level agreement(s) for the resolution of ICT incidents are agreed and monitored • ICT problems are appropriately identified and investigated. Once the root cause has been identified, appropriate action should be taken to address the problem and prevent the reoccurrence of incidents. 	The City will review the need to for an appropriate service desk management process. The City is currently implementing SLA's within its service desk system, Service DeskPlus.	Service Level Agreements have been implemented within the existing Service Desk software. No further action required.	Service Level Agreements have been implemented within the existing Service Desk software. No further action required.	Mar-21		Complete	11/03/2021
Management of technical vulnerabilities	Manager Information Technology	Significant	The City should: <ul style="list-style-type: none"> • develop and implement an effective vulnerability management process to make sure all relevant known security vulnerabilities are identified. Following successful testing, relevant updates should be applied in a timely manner • appropriately record decisions along with any mitigations, to not address any known vulnerabilities • configure the software management system to send out notifications to relevant staff, when security updates fail to deploy • migrate or upgrade any unsupported IT systems onto up-to-date platforms that are fully supported by the vendor • remove decommissioned devices from AD in a timely manner 	The Security Update Software (SCCM) is still being configured and optimised to meet requirements as it is a relatively new platform for the City. Alerts will be enabled as per the recommendation. During this audit, the City was migrating to a new Server Operating Environment (SOE) for our production environment which will allow the removal of all unsupported operating systems. Legacy environments that require the older operating systems to function will be powered down and accessed securely only when required.	The SCCM platform has been further developed to incorporate security vulnerability updates for the City's mobile device and server environment, along with alerts for devices/servers that have not been updated. All end of life operating systems have been removed from the City's production environment.	The SCCM platform has been further developed to incorporate security vulnerability updates for the City's mobile device and server environment, along with alerts for devices/servers that have not been updated. All end of life operating systems have been removed from the City's production environment.	2021-2022 FY		Complete	31/03/2021

Financial Management Review
(Commenced May 2020)

Actions that are ongoing:

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Asset management (Asset Capital Thresholds)	Manager Finance	Low	The asset capitalised threshold guidelines be updated to reflect new asset capitalisation threshold levels.	Since the change asset capitalisation has been in accordance with the revised Financial Management Regulations. The asset capitalised threshold guidelines will be updated to reflect this change in legislation and internal process.	On-going review Complete - Asset capitalisation threshold of greater than \$5,000 was undertaken in 2019-20 financial year in accordance with revised Financial Management Regulations. Ongoing – Asset capitalisation threshold guidelines to be updated to reflect this change in legislation and internal process.	Complete - Asset capitalisation threshold of greater than \$5,000 was undertaken in 2019-20 financial year in accordance with revised Financial Management Regulations. Ongoing – Asset capitalisation threshold guidelines to be updated to reflect this change in legislation and internal process.	31/03/2021	30/06/2021	Ongoing	
Procurement (contract management)	Procurement Team Leader	Medium	<ul style="list-style-type: none"> the City, as a matter of priority, endorse the draft contract management policies and ensure that all appointed contract managers fully understand their contract manager responsibly. to assist compliance that the City develop a formal quality assurance checklist which should be signed off by the contract manager's supervisor/Director as evidence that a contract prior to ending has been contract managed and post contract supplier performance evaluations have been conducted and recorded. 	Draft contract management policies, procedures, forms and checklists have been submitted to Management for approval before implementation. Once endorsed by the Director training will be conducted across the organisation for relevant officers. It is anticipated to be finalised by September 2020. Training will include supplier evaluation measured against the KPI's within contracts. All policies and procedures will be made available to the organisation through CoFI.	Procedures and Forms endorsed in August 2020 and distributed internally. Training to commence November 2020. Contract Procedures adopted August 20 and available on CoFI. Training with relevant users under way since mid-December 20. Estimated completion June 21 No further update at 30 March 2021	No further update at 30 March 2021	30/06/2021		Ongoing	
Accounts Payable/Procurement (Purchase Orders)	Procurement Team Leader	Medium	<ul style="list-style-type: none"> the City clarify its policy and guidelines in regards to the proper use and approval of purchase orders to ensure that all purchase orders are initiated and approved at the date a supplier quote is accepted and/or a supplier contract for the supply of goods and services is enacted. A copy of the approved purchase order should be issued to the supplier at the date of accepting their quote clearly stating that the supplier is required to state the purchase order number on their invoices. 	In an attempt to reduce the instances of purchase orders being raised after the receipt of invoices the following actions have been initiated over the last couple of years: <ul style="list-style-type: none"> Training across the organisation is conducted with purchasing officers to remind them of the need to ensure purchase orders are raised prior to the time of authorising works/services or ordering goods. All invoices received without quoting a valid purchase order are returned to the supplier unpaid. This requirement was advised to all suppliers in writing in November 2018. From this review one-on-one training will be conducted with officers who raised the 8 purchase orders identified. Refresher training and update on the policy and procedures for purchase orders will be distributed to the organisation.	A training programme has been discussed whilst further evidence of the number of transgressions and incidents has been acquired. A report has been submitted to ELT to inform them of the size of the issue. The 8 identified have been spoken to about the process.	No further update at 30 March 2021	31/12/2021		Ongoing	
Revenue (Cash Receipting and Handling)	Manager Finance	Low	<ul style="list-style-type: none"> the City review the existing procedure documents for the administration and each out centre and establish a more detailed and comprehensive cash receipting and handling processes incorporating: Supervisor sign off of the daily reconciliation; Investigation and approval of cash variances; Supervisor signoff and approval process for cash refunds and POS adjustments Threat of theft - staff safety instructions 	Management agree with the recommendation and have taken steps to implement a standard cash handling process across all business units. This would be an improvement to current practice and would ensure consistency across the organisation.	Actions are ongoing. Cash handling procedures in draft format. Initial meetings have occurred to recognise resourcing requirements necessary in order to meet recommended standard of practice. Workshops scheduled to occur in April 2021 and be fully operational in July 2021	Cash handling procedures in draft format. Initial meetings have occurred to recognise resourcing requirements necessary in order to meet recommended standard of practice. Workshops scheduled to occur in April 2021 and be fully operational in July 2021	30/06/2021		Ongoing	
Financial Systems and Procedures (Internal Audit Function)	Manager Governance	Medium	<ul style="list-style-type: none"> The City CEO, through the Governance unit and the Audit and Risk Management Committee give consideration to the establishment of an Internal Audit Activity for the City. Consideration be given to establishing a 3 year internal audit program, endorsed by the Audit and Risk Management Committee, made up of potential high risk area audits to be carried out based on the City's identified strategic and operational risks. 	The City's current audit program includes: <ul style="list-style-type: none"> Financial audit conducted by OAG for Interim and Final audit of annual financial statements. Audit Reg. 17 audits conducted on Legislative Compliance, Internal Control and Risk Management. Performance Audits conducted by OAG within Procurement and Environmental Health. Financial Management Review undertaken by CEO every 3 years. Additional audits through an internal audit function will be considered by the City with Audit and Risk Management Committee. 	On-going review	No update provided.	31/03/2021		Ongoing	
Bonds and Trusts Accounts (Bond Account Reconciliation)	Manager Finance	Low	The City ensure that bond account reconciliations are undertaken consistently on a monthly basis and that the City investigate why it has not yet transferred the additional \$35,824 of unrefunded bonds which have been outstanding for over 10 years to the Municipal account.	The City performs monthly reconciliations of all bond and trust fund accounts. During 2019-20 a considerable amount of bonds that were held for over 10 years were identified as eligible for transfer to the City's Municipal account. This was actioned on 3 March 2020 with all bonds up greater than 10 years as at 31 January 2020 being transferred to Municipal account. It is intended that all bonds from 1 February to 30 June 2020 will be actioned this financial year with a further transfer to be processed to the Municipal account in the amount of \$35,824. Further during next financial year finance will investigate and liaise with business units to work on a process to ensure bonds are returned in a timely manner and ensure that bonds held are current.	Actions are ongoing. Complete - Unrefunded bonds in the amount of \$35,824 which have been outstanding for over 10 years were transferred to the Municipal Fund as at 30 June 2020. Ongoing - Finance will investigate and liaise with business units to work on a process to ensure bonds are returned in a timely manner and ensure that bonds held are current.	Complete - Unrefunded bonds in the amount of \$35,824 which have been outstanding for over 10 years were transferred to the Municipal Fund as at 30 June 2020. Ongoing - Finance will investigate and liaise with business units to work on a process to ensure bonds are returned in a timely manner and ensure that bonds held are current.	30/06/2021		Ongoing	

Actions completed in the reporting period:

Audit area	Responsible Officer	Risk rating (if applicable)	Auditors recommended actions	Officer response to recommended action	Progress comments	April update	Original Estimated completion date	Amended Estimated Completion Date	Status	Actual completion date
Investments (Policies)	Manager Finance	Low	The City's investment policy be reviewed in line with current investment down turn and seek Council endorsement in regards to whether existing investment strategy, as outlined in SG41 Investment Policy is still appropriate and warranted in regards to levels of revenue and risk that that can be achieved under current environment.	A review of the current Investment Policy has recently been undertaken. The review has analysed the limits placed on financial institutions and overall credit ratings in consideration of the options for the City's investment in 'Green Investments', whilst taking into account risk. This review with outcomes and recommendations will be presented at an Elected Members workshop for their consideration and direction on the Council's risk appetite on investing funds. This will inform the final Investment Policy for adoption by Council.	On-going review Following the review an updated 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 to allow some greater flexibility.	Following the review an updated 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 to allow some greater flexibility.	31/03/2021		Complete	25/11/2020
Human Resources/Payroll (Policies)	Manager People and Culture	Low	the City review its Human Resources policies regularly every 2 years and give consideration to formulating a Whistle Blower policy.	People and Culture will: - Review all the policies that were adopted over 2 years ago and propose to have this completed by end July. - Prepare a Whistle Blower Policy for adoption.	This action has been delayed due to flow on impact of 8-10 week City "closure", high workloads and P&C staff shortages. The policy review and introduction of the new policy to now be completed by December 2020 All the HR policies have been reviewed and updated accordingly.	All the HR policies have been reviewed and updated accordingly.	31/12/2020		Completed	31/01/2021