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FINANCE, POLICY, OPERATIONS AND LEGISLATION COMMITTEE

Minutes of the Finance, Policy, Operations and Legislation Committee
held in the Council Chambers, Fremantle City Council
on 8 February 2017 at 6.00 pm.

DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Presiding Member declared the meeting open at 6.04 pm.

NYOONGAR ACKNOWLEDGEMENT STATEMENT

"We acknowledge this land that we meet on today is part of the traditional lands of the Nyoongar people and that we respect their spiritual relationship with their country. We also acknowledge the Nyoongar people as the custodians of the greater Fremantle/Walyalup area and that their cultural and heritage beliefs are still important to the living Nyoongar people today."

IN ATTENDANCE

Dr Brad Pettitt Mayor (arrived at 6.05 pm)
Cr Andrew Sullivan Presiding member / South Ward
Cr David Hume Deputy presiding member / Beaconsfield Ward
Cr Doug Thompson North Ward
Cr Rachel Pemberton City Ward
Cr Dave Coggin East Ward
Cr Sam Wainwright Hilton Ward

Mr Philip St John Chief Executive Officer
Mr Glen Dougall Director City Business
Ms Fiona Hodges Director Community Development
Mr Graham Tattersall Director Infrastructure and Project Delivery
Mr Paul Trotman Director Strategic Planning and Projects
Mr Tom Griffiths Manager Economic Development and Marketing
Mr Paul Garbett Manager Strategic Planning
Mr Ryan Abbott Manager Parks and Reserves
Mr Pete Stone Manager Arts and Culture
Ms Beverley Bone Manager Community Development
Mr Gavin Giles Senior Strategic Projects Officer
Mrs Alexandra Peach Minute Secretary

There were approximately 10 members of the public and 2 members of the press in attendance.

APOLOGIES

Nil
LEAVE OF ABSENCE
Nil

DISCLOSURES OF INTEREST BY MEMBERS
Nil

RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE
Nil

Mayor, Brad Pettitt arrived at 6.05 pm.

PUBLIC QUESTION TIME

The following members of the public spoke in relation to item FPOL1702-3.

Alison Davis
Trevor Paterson
Robert Fittock

The following members of the public spoke in relation to item FPOL1702-5.

Tim Milsom
Olwyn Williams

DEPUTATIONS / PRESENTATIONS
Nil

LATE ITEMS NOTED

FPOL1702-10 Climate Consensus Statement
FPOL1702-11 Exit Agreement - St Patrick's Community Housing

CONFIRMATION OF MINUTES

MOVED: Cr A Sullivan

That the minutes of the Finance, Policy, Operations and Legislation Committee dated 18 January 2017 as listed in the Council agenda dated 25 January 2017 be confirmed as a true and accurate record.
CARRIED: 7/0

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TABLED DOCUMENTS
Nil

REPORTS BY OFFICERS (COUNCIL DECISION)

FPOL1702-10 CLIMATE CONSENSUS STATEMENT

ECM Reference: 078/023 and 078/025
Disclosure of Interest: Nil
Meeting Date: 8 February 2017
Previous Item: Nil
Responsible Officer: Manager Strategic Planning
Actioning Officer: Senior Project Officer - Sustainability
Decision Making Authority: Council
Agenda Attachments: Climate Consensus Statement

EXECUTIVE SUMMARY

The purpose of this report is to enable Council to consider whether the City of Fremantle should become a signatory to the Climate Consensus Statement published on 31 January 2017. The Statement, currently signed by 40 signatories representing a range of environmental conservation, public health, religious and academic organisations, calls for further action against climate change, particularly by transitioning the Western Australian economy towards one which is based on energy from renewable sources.

BACKGROUND

On 31 January 2017 a Climate Consensus Statement was published under the auspices of Renew WA. Renew WA is a campaign to advocate for a clean energy future for Western Australia, supported by a range of environmental conservation, public health, religious and academic organisations. Current signatories include Professor Fiona Stanley AC, the Public Health Association Australia, the Conservation Council of WA,
In summary the Climate Consensus Statement (the Statement) confirms that signatories:

- Understand that climate change is happening now and is already affecting the health and well-being of WA communities through a range of climate-related effects and risks.
- Acknowledge that Western Australia is highly vulnerable to further climate change.
- Recognise that a global transition to renewable energy is underway.
- Recognise that in moving to a zero-carbon economy, we need a fair transition with government-led support for sectors of the community previously reliant on fossil fuel industries.

The Statement also calls on all candidates in the forthcoming State election and the next WA government to join broader international action on climate change expressed in the Paris Agreement by committing to a series of actions including:

- Support an accelerated transition to a renewable energy economy including energy targets that would see WA reach 100% renewable energy on the SWIS grid by 2030.
- Prepare and implement, in consultation with the Collie community and affected workers, a plan for a fair transition away from coal industries.
- Facilitate climate change adaptation planning.
- Announce policies and a timeline to achieve zero carbon emissions and a phase-out of state subsidies, incentives and investment in the fossil fuel industry.

A copy of the full Climate Consensus Statement and names of all current signatories is provided in Attachment 1 to this item.

**COMMENT**

Key aspects of the Climate Consensus Statement, particularly the focus on transitioning to an economy in WA based on renewable energy, align with strategic sustainability objectives already adopted by the Council in its One Planet Fremantle Strategy. For example, the One Planet Strategy includes corporate targets for the City of Fremantle as an organisation to have in place a plan to be 100% powered by renewable energy by the year 2025.

Consequently Council may consider it appropriate for the City of Fremantle to become a signatory to the Statement, to reflect its existing commitment to reducing energy consumption and greenhouse gas emissions and intention to move towards 100% use of power from renewable energy sources.

**RISK AND OTHER IMPLICATIONS**

**Financial**

Nil. Signing the Climate Consensus Statement would not incur any direct costs for the City.
Legal
Nil.

Operational
Nil.

Organisational
Nil.

STRATEGIC AND POLICY IMPLICATIONS

Signing the Climate Consensus Statement would be consistent with the following outcomes under the ‘Environmental responsibility’ strategic focus area of the Strategic Community Plan 2015-25:

- All City controlled buildings, activities and public places will be more energy efficient and energy will increasingly be delivered by renewable technology.
- The City will reduce waste, reusing where possible, and ultimately sending zero waste to landfill.

COMMUNITY ENGAGEMENT

Nil

CONCLUSION

Officers consider the focus of the Climate Consensus Statement in advocating for targeted action to mitigate the impacts of climate change within WA is broadly consistent with the City’s existing strategic position and objectives regarding sustainability. Therefore Council may consider it appropriate to support this advocacy campaign by making the City of Fremantle a signatory to the Statement.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple Majority Required
COMMITTEE AND OFFICER'S RECOMMENDATION

MOVED: Cr A Sullivan

That Council resolve to make the City of Fremantle a signatory to the Climate Consensus Statement provided as Attachment 1 to the item to the Finance, Policy, Operations and Legislation Committee meeting held on 8 February 2017.

CARRIED: 7/0

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<td>Cr Dave Coggin</td>
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<td>Cr Doug Thompson</td>
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</table>
EXECUTIVE SUMMARY

In April 2011, council adopted the Fremantle Economic Development Strategy 2011-15. A key task of the strategy was to “seek to establish a Business Improvement District (BID).”

On 23 May 2012 Council resolved:

1. That the proposed Fremantle Business Improvement District (BID) Company Limited Constitution be noted;
2. That the Business Plan be supported;
3. That the Funding and Performance Agreement between the City of Fremantle and the Fremantle Business Improvement District (BID) Company Limited be approved.

From the 2012/13 financial year onwards, the BID has been effectively funded through collection of the ‘differential rate’, paid by property owners in a defined area within the Fremantle CBD. Between 2012/13 and 2016/17 the City of Fremantle provided approximately $1.8 million of ‘differential rate’ funding to the Fremantle BID in order for it to deliver the five year Business Plan supported by Council.

On 27 October 2016 the BID Chairperson wrote to the CEO to request a five year extension to the BID agreement. The quantum of funding requested by the BID totals approximately $1.8 million over the proposed five year term (up to and including 2021/22) if the original funding agreement is extrapolated.

In response to this request, at its meeting on 23 November 2016 Council resolved to authorise officers to work with the BID and key business stakeholders to:

a) develop a more targeted business plan for delivery of the differential rate;
b) explore alternative governance models for the BID that will provide increased collaboration and engagement with Council and the Chamber of Commerce; and
c) present a proposal for Council approval by February 2017.
The Council resolution also confirmed its support for the principle of empowering the business community to determine, independent of Council, the best use of the differential rate funding in a democratic, transparent and effective way. It also provided in principle support for the BID continuing in a modified form beyond the end of the 2016/17 financial year.

The purpose of this item is to report back to Council and to recommend that Council commit to provide three years of funding to the BID based on the attached updated business plan and improved engagement with the Council and the Chamber of Commerce. It recommends that the BID submit annual plans for Council approval in order to receive funding in advance of each year of the agreement.

The recommendation in this report is consistent with the Council resolution of 23 November 2016.

BACKGROUND

At the beginning of the 2008/09 financial year, the City of Fremantle introduced a City Centre Commercial Rate to ‘fund the management, administration and delivery of activities aimed at enhancing economic and social viability, and general amenity, of the Fremantle Central Business District (CBD)’.

The funding for the BID is effectively raised through the City Centre Commercial Rate, which, in 2016/17, has a rate in the dollar of $0.079439, compared with the Commercial and industrial general rate in the dollar of $0.075223. The difference in the two is commonly called the ‘differential rate’.

The Fremantle BID was established in late 2012 on the basis of the BID Funding and Performance Agreement and the original BID Business Plan adopted by Council in May 2012. Since 2012/13, the City’s funding arrangement with the BID has been as follows:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Funding</th>
</tr>
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<tbody>
<tr>
<td>2012/13</td>
<td>$315,000 + $50,000</td>
</tr>
<tr>
<td>2013/14</td>
<td>$322,875 + $150,000</td>
</tr>
<tr>
<td>2014/15</td>
<td>$330,947</td>
</tr>
<tr>
<td>2015/16</td>
<td>$339,221</td>
</tr>
<tr>
<td>2016/17</td>
<td>$347,701</td>
</tr>
<tr>
<td>Total</td>
<td>$1,855,744</td>
</tr>
</tbody>
</table>

At its meeting on Wednesday 23 November 2016 Council considered the BID’s request for an extension to its funding agreement and resolved that Council:

1. Confirms its support for the principle of empowering the business community to determine, independent of Council, the best use of the differential rate funding in a democratic, transparent and effective way.

2. Does not support the BID’s current request for an additional five year funding agreement.
3. Offers in principle support for the BID continuing in a modified form beyond the end of the 2016/17 financial year.

4. Authorise officers to work with the BID and key business stakeholders to:
   a) develop a more targeted business plan for delivery of the differential rate;
   b) explore alternative governance models for the BID that will provide increased collaboration and engagement with Council and the Chamber of Commerce; and
   c) present a proposal for Council approval by February 2017.

5. That the models and business programs investigated at (4) above are based on the following set of principles:
   a) The scope of activities are clearly and narrowly defined and are based on strategies and priorities identified by the collective business community and Council.
   b) Proposed activities do not duplicate Council activities or activities of other organisations.
   c) Proposed activities have appropriate performance measures.
   d) The Fremantle business community is empowered to engage in decision-making.
   e) Proposed actions are clearly defined and agreed upon by the business community in advance of each financial year.
   f) Costs of overheads are minimised to enable greatest possible return on investment.
   g) A reasonable level of administrative support is provided by City of Fremantle staff (e.g. assistance with tender processes or awarding of contracts).

Data from surveys evaluating the BID was included in the item FPOL 1611-1. In summary, the portion of its members that are either ‘satisfied’ or ‘very satisfied’ with the BID’s performance versus ‘dissatisfied’ or ‘very dissatisfied’ has improved from 42% in 2014 to 57% in 2016, showing an upward trend in the ‘level of satisfaction of BID members’. Survey data and other sources of information (e.g. business workshops) show that the main activities that the BID members felt the BID money should be spent on were: marketing Fremantle (68%); events (51%); public infrastructure (48%); safety and security (48%); and place making activities (45%). Public infrastructure, and safety and security are a clear role of the City’s and are excluded from the updated BID business plan. The other activities are included in the new business plan.

COMMENT

Main consideration before Council
The topic of the differential rate has drawn out a range of opinions and suggestions from the Fremantle business community since its introduction. These have been presented in the two formal surveys conducted by City Officers as well as various business forums, general meetings and workshops since the BID’s creation (see FPOL 1611-1).

When the issue is distilled to its core elements, the main consideration before Council is if the differential rate is collected:
1. What kinds of services or activities should it be spent on?
2. Who should administer the funding and how?

In regards to the second part of the consideration above, the widely held view of the business community is that it should be empowered to determine, independently of Council, the best use of the differential rate funding. This is recognised by Council in the first part of the Council resolution of FPOL1611-1. Additionally, the existing BID agreement states that ‘the Company shall not be subject to any direction from the City in respect of the manner in which the Company delivers its programs and activities and may exercise its independent discretion as to the most appropriate and effective manner of doing so’.

**BID reporting on key achievements**
The BID has reported its key achievements in the attachment to the item FPOL1611-1.

**Lessons learned and updated comments**
FPOL1611-1 included a list of lessons learned from the BID’s operations to date. The table below includes some of those ongoing lessons as ‘live’ issues and statements on how the BID, in collaboration with City Officers, intends to address those issues.

<table>
<thead>
<tr>
<th>Lessons learned</th>
<th>Comment</th>
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<tbody>
<tr>
<td>The impost on the time of volunteer BID Directors remains a concern. The dedication and commitment of the BID board members should be recognised and applauded. However, it is questionable whether the current level of involvement is appropriate and sustainable.</td>
<td>The BID is planning on appointing a CEO or Executive Manager to lighten the board’s workload. That appointment is subject to an ongoing funding commitment from Council. It is likely to increase the portion of BID funding spent on overheads — the priority of the new CEO will be to seek external funding opportunities for the BID to reduce the portion of total funding spent on overheads in the long term.</td>
</tr>
<tr>
<td>Greater direction from Council is needed.</td>
<td>A nominated Councillor will attend BID board meetings on a quarterly basis to improve strategic alignment. The BID has requested that Cr Coggin be that representative.</td>
</tr>
<tr>
<td>The business community is not united in its opinion of the BID’s choice of activities and priorities. The creation of the BID has not succeeded in meeting one of its original intentions of being ‘a united business voice’ for Fremantle.</td>
<td>This may be attributed to some teething issues the BID experienced in early years. Survey results show that the sentiment towards the BID is improving. Unanimous support is probably unattainable, however a portion of BID members that are either ‘satisfied’ or ‘very satisfied’ with the BID’s performance in the future should be no less than its current level of 57%. A realistic target for June 2020 if the BID continues is 65% support or greater.</td>
</tr>
<tr>
<td>It is preferable that the money be used on fewer projects in a more impactful way.</td>
<td>The updated business plan aims to narrow the scope of BID activities and re-aligns them with Council and Chamber activities.</td>
</tr>
<tr>
<td>BIDs are most successful with a clearly defined purpose for being and a clear performance measures.</td>
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<tr>
<td>Use of differential rate funding on capital works projects is not desirable.</td>
<td>The updated business plan excludes public works. Instead, the BID will formally communicate to Council the identified opportunities and needs of the business community related to capital works in Fremantle as they arise.</td>
</tr>
<tr>
<td>The BID’s ASIC reporting requirements are onerous and costly. This means the BID has fewer resources to dedicate towards core business improvement activities.</td>
<td>For the time being the BID’s corporate structure remains the same. While ASIC reporting requirements are onerous, they do ensure a strong level of fiscal accountability and probity. On balance there is no urgent need to revise the corporate structure of the BID.</td>
</tr>
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**Updated business plan**

The BID’s mission is as follows:

“The Fremantle BID advocates for the Fremantle CBD businesses and property owners. The BID is an independent not-for-profit company that supports the Fremantle CBD businesses and improves the business environment through events, street activation, supporting street groups as well as delivering business training, resources and health checks so that businesses can understand their strengths and weaknesses.

The Fremantle BID has over 400 members within the CBD boundaries. BID aim to maximise the opportunity for local business to participate in events and increase visitation, creating an environment to encourage people to stay longer in Fremantle.”

“BID Products and Services:
- Street Activation
- Networking
- Events
- Festivals
- Business Health Check
- Advocacy
- Fast Track Business Assistance
- Conduit for information”

Strategic goals of the BID
- “Increase Membership of BID
- Increase influence of BID
- Leverage differential fund
- Create festivals & events that benefit members
- Obtain external funding
- Build the capacity of BID members and Fremantle CBD business community
- Coordinate collaborative efforts by the business community to improve the commercial environment of Fremantle
- Develop a range of strategies with the aim that retail trade is spread more evenly throughout the day, week and year
- Attract new events to Fremantle CBD, particularly in off-peak periods
- Regularly report back to the City on major issues for the CBD business community
- Work to increase the length of stay of visitors to Fremantle CBD
- Support the implementation of the collectively agreed Fremantle marketing strategy.

BID key performance indicators
- “Increase membership
- Increase members capacity building opportunities
- Increase business collaboration
- Increase grass roots facilitation
- Attract new events to Fremantle CBD
- Increase revenue streams
- Maintain budgets
- Raise profile of BID
- Improve member satisfaction rate of Street Activation
- Report back to City of Fremantle major CBD issues for Business Community”

Areas that the BID will not be involved in:
- Safety and security.
- Public work and infra-structure projects.

Key activities
- “Encourage businesses to work collaboratively and leverage from events & festivals, ensuring that local businesses have the opportunity to capitalise on these.
- Advocate for developers to use Fremantle businesses as the first choice for procurement. N
- Endeavour to bring in named Sponsorship for large events, such as Fremantle Winter Festival and 26 January Cracker Night.
- Encourage major retailers to trade from Fremantle’s new Civic Square. BID members to experiment with innovative practices at a faster pace than if they had to engage with the full mechanism of Local Government.
- Continue to collect and analyse economic and demographical data and share this with the City of Fremantle and our local CBD traders.
- Work with Property owners and leasing agents to improve vacancy rates and street aesthetics.”

A budget forecast for the next three years is included in the BID’s updated business plan.
Comments from the Fremantle Chamber of Commerce
The Fremantle Chamber of Commerce are active in the Fremantle community and have been an interested observer of the BID since its inception. The Chamber was asked to comment on the BID’s original plan and its response is included in FPOL1611-1.

Its response to the updated business plan is included as an attachment to this report.

Future of the Fremantle BID and alternative uses of the differential rate
The future of the Fremantle BID and the future use of the differential rate are fundamentally linked. It is highly doubtful that the Fremantle BID will continue to exist in its current form without funding from the City. To date the BID has succeeded in raising only nominal revenue from alternate sources. However, seeking alternate funding sources is a major priority for the BID and its new CEO.

Other options for Council
Consideration of the BID’s request requires evaluation of not only the BID’s performance against the 2012 BID agreement and aggregate funding, but exploration of other potential options for use of the differential rate funding. Other options for Council to consider as an alternative to the recommendations in this report are included below. These alternate options are not consistent with the Council resolution of FPOL1611-1.

<table>
<thead>
<tr>
<th>Options</th>
<th>Officer comment</th>
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<tbody>
<tr>
<td>That Council do not collect the differential rate from the 2017/18 FY onwards.</td>
<td>It is estimated that approximately 600 businesses pay (directly or indirectly) the differential rate. On average this equates to $600 per business per annum. While it is not expected that $600 would determine the success of a business, it may be a gesture that is appreciated by some businesses.</td>
</tr>
<tr>
<td>That Council administer the differential rate internally for the sole purpose of marketing Fremantle.</td>
<td>Indicative options for marketing spend to the value of $350,000 are included as an attachment.</td>
</tr>
<tr>
<td>That Council collect and retain the differential rate and provide an equivalent (or higher) amount of free parking at the times of low visitation to Fremantle.</td>
<td>To encourage greater visitation to Fremantle at off-peak periods, the funding be used to fund the provision of free parking for visitors. Councillors present at the informal Elected Member meeting of 30 January 2017 were provided with the costs of various free parking scenarios. It should be noted that customer survey data indicates that the perceived availability of parking is the greater deterrent to visitation than the price of it. Consideration of this option is not recommended as it is off-strategy and of questionable need.</td>
</tr>
</tbody>
</table>
RISK AND OTHER IMPLICATIONS

Financial
The funding for the BID is effectively raised through the City Centre Commercial Rate, which in 2016/17 has a rate in the dollar of $0.079439, compared with the Commercial and industrial general rate in the dollar of $0.075223. The difference in the two is commonly called the ‘differential rate’. The City has collected the differential rate from the 2008/09 financial year onwards and the BID is the latest model used to distribute that money.

The payment to the Fremantle BID for the 2016/17 financial year is $347,701 (exc. GST). The current five-year funding agreement includes a provision for a 2.5% annual increase on the BID funding. If that basis was continued for three years as recommended, it equates to the following: $356,394; $365,304; and $374,437. This totals $1,096,135. All figures are excluding GST.

Legal
Following Council’s resolution in May 2012, the City entered into a contractual relationship with the Fremantle BID Company Limited in accordance with a Funding and Performance Agreement and Service Level Agreement between the City and the Company. The responsible officer at the time obtained legal advice to draft all documentation and to ensure compliance with the Local Government Act.

That agreement is due to conclude on 30 June 2017. Should Council support the recommendations of this report, the BID agreement will be updated to reflect Council’s resolution.

Operational
Over the almost five years of its existence, approximately 0.5 – 1.0 FTE of Officer time is spent annually supporting or responding to the BID. This is expected to remain the same regardless of the governance model used to administer the differential rate in the future.

Organisational
N/A – the BID operates independently of Council.

STRATEGIC AND POLICY IMPLICATIONS

The current and future use of the differential rate is intended to support achievement of the outcomes articulated in the Fremantle Economic Development Strategy 2015-2020.

COMMUNITY ENGAGEMENT

- Extensive community engagement was undertaken prior to the establishment of the BID.
- In 2014, approximately half way through the BID’s five year funding agreement, Officers conducted a survey of the business community to gauge perceptions on the BID’s performance and value add.
In September 2016 Officers conducted a second survey (with some benchmarked questions) of the business community to gauge perceptions on the BID’s performance to date and opinions of the future use of the differential rate.

On 22 August 2016, a workshop between the BID, City and Chamber of Commerce was conducted at the Chamber to discuss the future of the BID.

On 7 October 2016, a workshop between City Officers and Elected Members and representatives from the business community was conducted to discuss interim actions (24-30 months) to support the economic development of Fremantle, as well as a short session on the future use of the differential rate.

The BID has provided the Fremantle Chamber of Commerce with copies of its annual reports and its extension request to Council. The Chamber’s comments are provided as an attachment to this report.

FPOL1611-1 includes details of the above engagement exercises.

CONCLUSION

Priority activities for the business community
The future use of the differential rate should be linked to the priority activities identified by the Fremantle business community. These priority activities were identified in the 2014 and 2016 surveys, as well as the two workshops (August and October 2016). Some of these actions are the responsibility of Council and are in progress, or within the powers of Council to deliver with a shift in internal resources and/or service delivery.

The remaining actions have been adequately addressed in the updated BID business plan.

The new BID business plan has greater alignment to the needs articulated by those businesses that pay the differential rate and for those activities or services that are possible and appropriate for the BID to manage.

Council resolution 23 November 2016
The table below addresses the Council resolution of 9 November 2016 and the moving Councillor’s reasons for change to committee’s recommendation “to consider a modified version of the BID beyond 2017”:

<table>
<thead>
<tr>
<th>OCM resolution 23 November 2016</th>
<th>Offer comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirms its support for the principle of empowering the business community to determine, independent of Council, the best use of the differential rate funding in a democratic, transparent and effective way.</td>
<td>The continuation of the BID agreement provides for this. The BID remains autonomous from Council and continues to led by a democratically elected board. The acceptance of a nominated Councillor attending BID board meetings on a quarterly basis should improve strategic alignment between Council and BID without compromising this principle.</td>
</tr>
<tr>
<td>Does not support the BID’s current request for an additional five year funding</td>
<td>The recommendation is in support of the updated BID business plan and for a term</td>
</tr>
</tbody>
</table>
**agreement.**

<table>
<thead>
<tr>
<th>Offers in principle support for the BID continuing in a modified form beyond the end of the 2016/17 financial year.</th>
<th>The Officer recommendation is consistent with this part of the Council resolution.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorise officers to work with the BID and key business stakeholders to&lt;br&gt;a. develop a more targeted business plan for delivery of the differential rate;&lt;br&gt;b. explore alternative governance models for the BID that will provide increased collaboration and engagement with Council and the Chamber of Commerce; and&lt;br&gt;c. present a proposal for Council approval by February 2017.</td>
<td>The updated business plan reflects some of the key issues identified by key representatives from the business community workshops held in late 2016. This has been achieved as the updated business plan has been refined and is more focused than earlier versions. An extension to the BID agreement would be on the condition that a nominated Councillor be invited to attend BID meeting on a quarterly basis to ensure greater strategic alignment. Additionally, the BID will negotiate with the Chamber to hold reciprocal board positions and to formally meet on a regular basis. Condition has been met by the responsible Officer.</td>
</tr>
<tr>
<td>That the models and business programs investigated at (4) above are based on the following set of principles&lt;br&gt;The scope of activities are clearly and narrowly defined and are based on strategies and priorities identified by the collective business community and Council.&lt;br&gt;Proposed activities do not duplicate Council activities or activities of other organisations.&lt;br&gt;Proposed activities have appropriate performance measures.&lt;br&gt;The Fremantle business community is empowered to engage in decision-making.&lt;br&gt;Proposed actions are clearly defined and agreed upon by the business community in advance of each financial year.&lt;br&gt;Costs of overheads are minimised to enable greatest possible return on investment.&lt;br&gt;A reasonable level of administrative support is provided by City of Fremantle staff (e.g. assistance with tender processes or awarding of contracts).</td>
<td>The updated business plan reflects the issues identified in the business workshops held in late 2016. Additionally, it more closely aligns with the needs and opportunities identified in surveys of the business community, albeit fairly cursorily. The updated plan supplements Council’s activities well and should not generate any duplication of core activities. The BID has included performance measures in its updated business plan. It is recommended that Council evaluate the BID on one major KPI – the level of satisfaction of BID members (currently 57%).&lt;br&gt;The BID plan to draft plans or a program of activities (based on the updated business plan) for circulation and feedback from its members on an annual basis. As above in d.&lt;br&gt;The appointment of additional staff does not reconcile with this condition in the short term, but may lead to an overall performance improvement and a higher level of satisfaction of BID members.</td>
</tr>
</tbody>
</table>
The City’s Economic Development Coordinator will be the main point of contact for the BID and will provide appropriate administrative support.

**Kings Square**

This report recommends Council commit to provide three years of funding to the Fremantle BID, which approximately aligns with the completion of the redevelopment of Kings Square. It is expected that Fremantle’s economic climate will be significantly different at that time and the needs and opportunities available to the business community will be different.

Approaching that time, Officers will prepare a Council report evaluating the BID and its role in that contemporary context as part of a comprehensive review of the economic development and marketing function beyond 2020.

**VOTING AND OTHER SPECIAL REQUIREMENTS**

Simple Majority Required

**OFFICER’S RECOMMENDATION**

MOVED: Cr A Sullivan

That Council:

1. Commit to provide three years of funding to the Fremantle BID based on the business plan on the following financial basis: $356,394 for 2017/18 FY; $365,304 for 2018/19 FY; and $374,437 for 2019/20 (exc. GST).

2. That BID funding be provided on the following conditions:

   a) The BID circulate annual plans to its members to allow genuine engagement and involvement in determining the future activities.
   b) The BID submit annual plans for Council approval before each financial year and a summary of how members have been engaged in developing it.
   c) A nominated Councillor is invited to attend BID board meetings on a quarterly basis to improve strategic alignment.
   d) The overarching key performance indicator for the BID be the level of satisfaction of BID members and that KPI continue to be measured every two years.

3. That Councillor ____________________ be nominated as the Council representative at BID board meetings.
COMMITTEE RECOMMENDATION

Cr D Hume MOVED that the item be referred to the February Ordinary Meeting of Council, to ensure a supplementary report can be submitted to consider the new information that has been provided by the BID at the Committee meeting.

CARRIED: 7/0

<table>
<thead>
<tr>
<th>For</th>
<th>Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor, Brad Pettitt</td>
<td></td>
</tr>
<tr>
<td>Cr Andrew Sullivan</td>
<td></td>
</tr>
<tr>
<td>Cr David Hume</td>
<td></td>
</tr>
<tr>
<td>Cr Rachel Pemberton</td>
<td></td>
</tr>
<tr>
<td>Cr Sam Wainwright</td>
<td></td>
</tr>
<tr>
<td>Cr Dave Coggin</td>
<td></td>
</tr>
<tr>
<td>Cr Doug Thompson</td>
<td></td>
</tr>
</tbody>
</table>
FPOL1702-6 PROPERTY MANAGEMENT POLICIES

ECM Reference: 3059129
Disclosure of Interest: None
Meeting Date: 22 February 2017
Previous Item: N/A
Responsible Officer: Manager Economic Development and Marketing
Actioning Officer: Manager Economic Development and Marketing
Decision Making Authority: Council
Agenda Attachments: 
Overarching administrative process for leasing all Council property or land Property Portfolio (as at February 2017) confidential under separate cover Subsidised rental of council owned properties that do not form part of the investment portfolio (to be rescinded) Sporting Group Leasing and Licensing Policy (to be rescinded)

EXECUTIVE SUMMARY

Like most Local Governments, the City of Fremantle holds and manages a portfolio of property in order to diversify its revenue base and to deliver good quality community outcomes. The City's property portfolio is divided into a community property portfolio and an investment property portfolio, and in the 2016/17 financial year is forecast to generate over $3 million in revenue for the City.

As part of an ongoing effort to optimise use of the City's property portfolio, Officers have reviewed the administrative policies and practices related to the portfolio and have identified some areas that could benefit from greater clarity and consistency in the future.

This report presents three policies for Council adoption that aim to bring greater clarity and consistency to the management of the City's property portfolio. Ultimately, these policies aim to optimise the financial returns and community outcomes generated by the City's property portfolio.

The three policies are:

1. Council policy: leasing of Council property in a competitive manner
   This policy enables interested parties to compete in an open and competitive manner for City land and properties when they become available for lease. There are some exceptions that are articulated within the policy. It aims to achieve a strong financial return on investment and strong community outcomes from the City's property portfolio.

2. Council policy: lease agreements for Council properties also requiring development applications and/or capital works
This policy aims to ensure that Council has full control over the use of its property and land, and are provided with an opportunity to withdraw from lease negotiations with prospective tenants at key decision points before the final lease is legally executed.

3. Council policy: acquisitions and disposal of property
This policy supports the City in maintaining an investment property portfolio that is resilient to changes in market conditions and generates income to diversify the City’s revenue base by ensuring that City properties are used in the best way possible based on their land title and/or management order.

The policies are intended to be the first step in a refined Council process that requires Council decisions at key decision points, ensuring greater consistency and greater control over the intended outcomes derived from the property portfolio.

This report also recommends that Council receive annual reports detailing the financial and community performance of its property portfolio, shortly after the conclusion of each financial year. That report will also identify leases due to expire in the near future.

BACKGROUND

Investment property is generally defined as City owned freehold property, excluding those used for City operations (e.g. works depot), or Crown land where the City holds a management order for the purpose of ‘commercial activity’ (e.g. Clancy’s pub on Princess May Park). Community property is generally defined as Crown land where the City holds a management order for the purpose of ‘community activity’ (e.g. North Fremantle Bowling Club), or freehold property purchased by the City for the specific purpose of community use (e.g. Frank Gibson Park).

Currently the City has 53 leases within the community property portfolio and 61 leases within the investment property portfolio, although 20 of these will be relinquished with the sale of the properties related to the Kings Square project.

The full portfolio and details of its financial performance are included as a confidential attachment to this report.

The City’s property management practices are generally sound. However, a recent review of previous practices has identified an opportunity for greater consistency and clarity in managing the portfolio. The three policies attached are generally a representation of usual City practice with improvements, and attempt to clearly articulate the criteria for future decision making. This report also identifies properties that are currently not used in the manner recommended by the new policies (i.e. current anomalies).

The policies are intended to be the first step in a refined Council process that requires Council decisions at key decision points, ensuring greater control of the intended outcomes.
COMMENT

These three policies relate to the management of all City property – these are categorised as either Investment Property or Community Property. The policies do not apply to City infrastructure/operations or public assets.

1. Council policy: leasing of Council property in a competitive manner

“This policy enables interested parties to compete in an open and competitive manner for City land and properties (with some exceptions) when they become available for lease. It aims to achieve a strong financial return on investment and strong community outcomes from the City’s property portfolio because:

1. Investment property is to be used for investment and economic development purposes only.
2. Community property is to be used for community purposes only.

The policy explains that approaching the conclusion of lease terms (between 6-12 months prior to expiry of lease), interested parties will be given an opportunity to compete in an open and competitive manner to lease investment properties, apart from some exceptional circumstances.

For investment properties, these exceptions are:

a. A property is leased to a tenant that:
   i. is paying full commercial market rate or above, and
   ii. adds significant value to Fremantle’s overall tenancy mix and appeal for visitors (e.g. Gino’s). Or
b. A property is to be leased for six months or less. Or
c. A property is not logistically accessible to any other party except for the current lease holder (e.g. Esplanade Hotel's use of Essex Street Laneway).

For community properties, these exceptions are:

a. A property is to be leased for six months or less. Or
b. A property is leased to a well operated sporting club and there is no known interest from another party. Or
c. A property is leased as a well operated community garden and there is no known interest from another party. Or
d. The City’s management order specifies a use that means there is only one realistic tenant (e.g. a primary school).”

Exception (b) for sporting clubs: in many cases sporting facilities are purpose built and suitable to one type of sport only (e.g. netball, lawn bowls). In most instances it would not be practical to cease a lease for a club involved in one sport in favour of a club involved in a different sport with completely different playing infrastructure needs.

Exception (c) for community gardens: community gardens are generally established by volunteers from the local community and take a period of years to become established. Under these agreements, the City leases the land (only) and the garden itself belongs to the lessee. It would not be practical or fair to allow a competing community garden to take over from another without good cause.
Other key points to note are:

“Investment properties: as part of the competitive process, there will be a presumption in favour of the applicant that offers the most favourable financial terms for the City, except where:

i. That applicant is assessed as being unfavourable for Fremantle’s overall tenancy mix and appeal for visitors, and

ii. A different applicant is assessed as offering close to full commercial market rate, and adds significant value to Fremantle’s overall tenancy mix and appeal for visitors.

Community properties:

- Agreements for tenants of community property should include a performance agreement (with the exception of sporting clubs) that is intended to deliver outcomes aligned to the City’s Strategic Community Plan.
- That agreement should include where possible, the City ensuring that community property is made available for hire by other Fremantle based community groups at an affordable rate.
- The aim should be that the community portfolio should operate as close as possible to an independent and financially self-sustaining portfolio and tenants of community property should not be reliant on capital or ongoing funding from the City in order to be financially sustainable.

Exceptions to all parts of the policy related to community properties are where:

- A partnership agreement exists between the City and the tenant to deliver community services (e.g. Men’s Shed, Arthur Head cottage for Round House guides).
- The community group offers a critical service to the Fremantle community (e.g. Bizlink employment service, Citizen’s advice bureau).
- Council has regular access to the building for core operational purposes (e.g. Hilton P.C.Y.C.)."

2. Council policy: lease agreements for Council properties also requiring development applications and/or capital works

“This policy aims to ensure that Council have full control over the use of its property and land, and are provided with an opportunity to withdraw from lease negotiations with prospective tenants at key decision points before the final lease is legally executed.

After Council has identified its preferred tenant and accepted the key lease terms, Officers will work with the preferred tenant to finalise a lease based on the key terms and performance criteria set by Council.

However, leases will not be legally executed until:

1. Council support the associated development application (DA). The DA should be submitted through the normal process that may include community engagement. If the DA is approved by Council, the project progresses and lease negotiations are
finalised based on the key terms and performance criteria set by Council. If the DA is not supported and Council are unwilling to consider a revised application, lease negotiations are terminated and Council re-starts the process to identify a preferred tenant. And:

2. Expenditure for capital works to be undertaken and funded by Council is approved. This may be through the annual budget process. If unforeseen costs for Council arise at a late stage in the project that are outside of the scope of the approved budget, a Council decision is required to approve additional expenditure and/or revised lease terms that will aim to reduce the up-front budget expense for Council. If Council do not support the necessary budget and/or revised lease terms, lease negotiations are terminated and Council re-starts the process to identify a preferred tenant.”

Generally, this is the current practice of the City. However, there are some examples where this has not been the practice in the past, which has led to some difficulties and unnecessary complications.

3. Council policy: acquisitions and disposal of property

“This policy supports the City in maintaining an investment property portfolio that is resilient to changes in market conditions and generates income to diversify the City’s revenue base by ensuring that City properties are used in the best way possible based on their land title and/or management order.

Investment property acquisitions: decisions to acquire investment property will be based on:

1. Financial reasons: the potential to generate a good return on the City’s investment based on a business case, or

2. Economic development reasons:
   a) Potential to consolidate disparate private ownership of land (e.g. various strata lots) in potential high development areas with a view to selling a consolidated land parcel on the open market, or
   b) To facilitate development of key industries identified in the City’s Economic Development Strategy.

Investment property disposals: decisions to dispose of investment property will be based on a business case that analyses the performance of the property over an extended timeframe (e.g. 5-10 years) taking into account: the net yields (including capital works expenses and annual maintenance costs) in comparison to the prevailing market conditions; or opportunities to facilitate a positive economic development outcome for the community (e.g. release of land to enable high quality private sector development that achieves Council’s strategic goals).

Community property acquisitions: decisions to acquire community property will be based on all of the following:

1. A land title or management order that identifies community use of the property as the optimal use (i.e. should not be freehold land), and

2. A property that has potential for use by a diverse range of community groups, and

3. The property being assessed as benefitting a large portion of the community if it were to be well utilised.
Community property disposals: decisions to dispose of community property will be based on:

1. An unsustainable financial burden to maintain the property in comparison to the outcomes its use delivers for the community, or

The property has been underutilised for a significant period of time and has the potential to be used for alternative means that generates different benefits to the community.”

Delegated authority

<table>
<thead>
<tr>
<th></th>
<th>Current delegated authority</th>
<th>Proposed delegated authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 9i</td>
<td>FPOL Approving leases of council property where; i. The term is a maximum of ten (10) years, ii. A Business Plan is NOT required under the Local Government Act 1995.</td>
<td>No change</td>
</tr>
<tr>
<td>3.23</td>
<td>CEO Delegated by the CEO to Director City Business (11601) Manager Economic Development and Marketing (11108) Property Services Coordinator (64302) Authority to approve the lease of a Council property where: 1. The lease is not for a period greater than 5 years (short term lease only), 2. The lease agreement does not require a business plan, 3. The disposal of property is in accordance with s.3.58 of the Local Government Act 1995. Conditions: i) Lease of Council’s properties, is to be guided by the following considerations, in addition to such other considerations as may be considered to be appropriate: 1. The creditworthiness and business reputations of potential Lessees.</td>
<td>CEO Delegated by the CEO to Director City Business (11601) Manager Economic Development and Marketing (11108) Property Services Coordinator (64302) Authority to approve the lease of a Council property where: 1. The lease is not for a period greater than six months (short term lease only), 2. The lease agreement does not require a business plan, 3. The disposal of property is in accordance with s.3.58 of the Local Government Act 1995. Conditions: i) Lease of Council’s property is in accordance with the following Council policies: leasing of Council property in a competitive manner lease agreements for Council properties also requiring development applications and/or</td>
</tr>
</tbody>
</table>
2. Obtaining an appropriate market rental.
3. Property market and economic conditions prevailing at the time.
5. In cases where a proposed use does not require a Development Application, the appropriateness of the proposed use of the premises.
6. Where it is renewal of a lease with an existing lessee, the previous performance of that lessee

   ii) Elected Members are to be informed of proposed for tenancy agreements at least 48 hours before the delegated power is exercised.

<table>
<thead>
<tr>
<th>(New delegation) Assignment of leases</th>
<th>N/A</th>
<th>capital works</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>N/A</td>
<td>Delegated by the CEO to: Director City Business (11601) Manager Economic Development and Marketing (11108)</td>
</tr>
<tr>
<td><strong>Note:</strong></td>
<td></td>
<td>If the tenant and prospective tenant meet the requirements of the Commercial Tenancy Act WA 1985, the Council cannot withhold assignment of the lease.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(New delegation) Approval of tenants right to exercise lease option</th>
<th>N/A</th>
<th>capital works</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>N/A</td>
<td>Delegated by the CEO to: Director City Business (11601) Manager Economic Development and Marketing (11108)</td>
</tr>
<tr>
<td><strong>Note:</strong></td>
<td></td>
<td>If the tenant meets the requirements of the Commercial Tenancy Act WA 1985, the Council cannot withhold tenant options to extend the term of the lease.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(New delegation)</th>
<th>N/A</th>
<th>capital works</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>N/A</td>
<td>Delegated by the CEO</td>
</tr>
</tbody>
</table>
Finalisation and execution of lease

<table>
<thead>
<tr>
<th>Conditions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Key lease terms and performance criteria (if applicable) have been agreed by Council</td>
</tr>
<tr>
<td>ii) Lease of Council’s property is in accordance with the following Council policies:</td>
</tr>
<tr>
<td>leasing of Council property in a competitive manner</td>
</tr>
<tr>
<td>lease agreements for Council properties also requiring development applications and/or capital works</td>
</tr>
</tbody>
</table>

RISK AND OTHER IMPLICATIONS

Financial

The 2016/17 financial year budget includes revenue from properties of over $3 million.

Legal

Lease agreements are drafted to comply with the requirements of the Local Government Act 1995 and Commercial Tenancy Act WA 1985. In some instances, the Minister for Lands approval is required before a lease can be executed.

Operational

Should the recommendations of this report be accepted, the following changes will occur:

1. Reports will be prepared for Council on an annual basis outlining the performance of its property portfolio.
2. Approaching the expiry of a lease, the decision to test the open market or whether the tenant qualifies as an exception to that rule will be a decision of Council before any administrative action is taken.
3. A Council decision will be required to accept the preferred tenant, key lease terms and performance criteria (if applicable) before the full lease agreement is finalised by the Chief Executive Officer.
4. The Chief Executive Officer will, under delegated authority, administer all leases for six months or less without an e-mail notification to Council or a competitive process. There are not expected to be many leases of this nature – the majority of these short term leases over recent times have related to the Queensgate centre and were a condition of contract of sale of that property.
The table below includes a list of all leases (investment and community) that are due to expire in the coming years. In every instance, a Council decision will be required to determine whether or not to advertise the property on the open market.

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Lessee</th>
<th>Address</th>
<th>Expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>DADAA (WA) Limited</td>
<td>21 Beach Street, Fremantle</td>
<td>Monthly holdover. Expected to vacate in Q1 2017/18FY</td>
</tr>
<tr>
<td>Community</td>
<td>Flutterby Productions</td>
<td>Unit 4, J Shed, Fleet Street, Fremantle</td>
<td>1/09/2018</td>
</tr>
<tr>
<td>Community</td>
<td>Greg James</td>
<td>Unit 2, J Shed, Fleet Street, Fremantle</td>
<td>7/03/2020</td>
</tr>
<tr>
<td>Community</td>
<td>Jennifer Dawson</td>
<td>Unit 3, J Shed, Fleet Street, Fremantle</td>
<td>7/03/2020</td>
</tr>
<tr>
<td>Investment</td>
<td>The Meatball Bar</td>
<td>7-9 South Tce, Fremantle</td>
<td>1/04/2020</td>
</tr>
<tr>
<td>Investment</td>
<td>Birdbooks</td>
<td>42 Henry Street, Fremantle</td>
<td>31/12/2020</td>
</tr>
<tr>
<td>Investment</td>
<td>Gino's Café</td>
<td>1-5 South Tce, Fremantle</td>
<td>1/08/2021</td>
</tr>
<tr>
<td>Investment</td>
<td>Leisure Centre Kiosk</td>
<td>10 Quarry Street, Fremantle</td>
<td>30/06/2021</td>
</tr>
<tr>
<td>Community</td>
<td>Work Shop Aus</td>
<td>15 Mrs Trivett Place, Fremantle</td>
<td>31/01/2022</td>
</tr>
<tr>
<td>Investment</td>
<td>Arts Centre Café</td>
<td>1 Finnerty Street, Fremantle</td>
<td>14/02/2022</td>
</tr>
<tr>
<td>Community</td>
<td>Glen Cowan</td>
<td>9 Captains Lane, Fremantle</td>
<td>30/06/2022</td>
</tr>
<tr>
<td>Investment</td>
<td>Fremantle Public Golf Course</td>
<td>20 Montreal Street, Fremantle</td>
<td>7/11/2022</td>
</tr>
<tr>
<td>Investment</td>
<td>Ben &amp; Jerry's</td>
<td>11 South Tce, Fremantle</td>
<td>1/12/2022</td>
</tr>
<tr>
<td>Investment</td>
<td>South Fremantle Kiosk</td>
<td>Ocean Road, South Fremantle</td>
<td>31/12/2022</td>
</tr>
<tr>
<td>Community</td>
<td>David Giles</td>
<td>11 Captains Lane, Fremantle</td>
<td>31/12/2022</td>
</tr>
</tbody>
</table>

Properties with uses that do not align with the proposed policies are listed below. All of these properties are classified as being in the investment portfolio but are used for community purposes.

<table>
<thead>
<tr>
<th>Address</th>
<th>Tenant</th>
<th>Annual rent</th>
<th>Proposed Officer action</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>100173 - Lease Quarry Street Child Care Centre 9-15 Quarry Street Fremantle</td>
<td>Wanslea Family Services</td>
<td>Nil</td>
<td>Report to March 2017 OCM recommending sale of property by tender.</td>
<td>Property is ideal for private development and could facilitate delivery of Council's strategic objectives.</td>
</tr>
<tr>
<td>Lease ID</td>
<td>Property Details</td>
<td>Leasing Authority</td>
<td>Financial Implications</td>
<td>Strategic and Policy Implications</td>
</tr>
<tr>
<td>----------</td>
<td>------------------</td>
<td>-------------------</td>
<td>------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>100137</td>
<td>Lease Dental Clinic 12 Holdsworth Street, Fremantle</td>
<td>Dental Clinic</td>
<td>Nil</td>
<td>Report to March 2017 OCM recommending sale of property by tender. Property is not a strategic site for Council and is ideal for private residential development.</td>
</tr>
<tr>
<td>100162</td>
<td>Lease Silverchain 12 Laidlaw Street, Hilton</td>
<td>Silver Chain Nursing Association</td>
<td>Nil</td>
<td>Report to March 2017 OCM recommending sale of property by tender. Property is not a strategic site for Council.</td>
</tr>
<tr>
<td>100145</td>
<td>Lease Hazel Orme Kindergarten 96 Samson Street, White Gum Valley</td>
<td>Hazel Orme Kindergarten</td>
<td>Nil</td>
<td>No action imminent. Land acquired through a land swap agreement with Hazel Orme that requires a lease back to Hazel Orme.</td>
</tr>
<tr>
<td>100156</td>
<td>Lease Victoria Hall High Street, Fremantle</td>
<td>Fly by Night Club Inc</td>
<td>$42,500</td>
<td>No action imminent. Currently used in a manner not consistent with proposed policies. However, impact on financial performance of portfolio is minimal (approx. $40,000 per annum in reduced revenue).</td>
</tr>
</tbody>
</table>

**Organisational**
Nil

**STRATEGIC AND POLICY IMPLICATIONS**

Acceptance of the three new policies will necessitate rescinding the following existing policies (which aim to achieve the same broad aims but are now obsolete as policies):

- *Subsidised rental of council owned properties that do not form part of the investment portfolio.*
- *Sporting Group Leasing and Licensing Policy.*

**COMMUNITY ENGAGEMENT**
Nil
CONCLUSION

As part of an ongoing effort to optimise use of the City’s property portfolio, Officers have reviewed the administrative policies and practices related to the portfolio and have identified some areas that could benefit from greater clarity and consistency.

This report presents three policies for Council adoption that aim to bring greater consistency and clarity to the management of the City’s property portfolio. In some instances they formalise past administrative practices into Council policy. Ultimately, these policies aim to optimise the financial returns and community outcomes generated by the City’s property portfolio.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple Majority Required

COMMITTEE AND OFFICER’S RECOMMENDATION

MOVED: Cr A Sullivan

That Council:

1. rescind the following Council policies:
   a) Subsidised rental of council owned properties that do not form part of the investment portfolio.
   b) Sporting Group Leasing and Licensing Policy.

2. adopt the following three Council policies as set out below:

   **1. Leasing of City Property in a competitive manner**

   Policy statement

   This policy enables interested parties to compete in an open and competitive manner for City land and properties (with some exceptions) when they become available for lease. It aims to achieve a strong financial return on investment and strong community outcomes from the City’s property portfolio because:

   1. Investment property is to be used for investment and economic development purposes only.
   2. Community property is to be used for community purposes only.

   Policy scope

   This policy relates to the leasing of all City property – these are categorised as either:

   1. Investment properties.
   2. Community properties.
This policy does not apply to City infrastructure or public assets, only land or property that is available for lease.

1. Investment property:
   1. Approaching the conclusion of lease terms (between 6-12 months prior to expiry of lease), interested parties will be given an opportunity to compete in an open and competitive manner to lease investment properties, except for the following circumstances:
      a. A property is leased to a tenant that:
         i. is paying full commercial market rate or above, and
         ii. adds significant value to Fremantle’s overall tenancy mix and appeal for visitors (e.g. Gino’s). Or
      b. A property is to be leased for six months or less. Or
      c. A property is not logistically accessible to any other party except for the current lease holder (e.g. Esplanade Hotel’s use of Essex Street Laneway).
   2. As part of the competitive process, there will be a presumption in favour of the applicant that offers the most favourable financial terms for the City, except where:
      i. That applicant is assessed as being unfavourable for Fremantle’s overall tenancy mix and appeal for visitors, and
      ii. A different applicant is assessed as offering close to full commercial market rate, and adds significant value to Fremantle’s overall tenancy mix and appeal for visitors.
   3. Commencement rent will be negotiated based on the prevailing market conditions at the time of the lease agreement, including an independent market valuation.

2. Community property
   1. Approaching the conclusion of lease terms (between 6-12 months prior to expiry of lease), then interested parties will be given an opportunity to compete in an open and competitive manner for community properties, except for the following circumstances:
      a. A property is to be leased for six months or less. Or
      b. A property is leased to a well operated sporting club and there is no known interest from another party. Or
      c. A property is leased as a well operated community garden and there is no known interest from another party. Or
      d. The City’s management order specifies a use that means there is only one realistic tenant (e.g. a primary school).
   2. Agreements for tenants of community property should include a performance agreement (with the exception of sporting clubs) that is intended to deliver outcomes aligned to the City’s Strategic Community Plan. That agreement should include where possible, the City ensuring that community property is made available for hire by other Fremantle based community groups at an affordable rate.
   3. The aim should be that the community portfolio should operate as close as possible to an independent and financially self-sustaining portfolio and tenants of community property should not be reliant on capital or ongoing funding from the City in order to be financially sustainable.
4. Exceptions to all the above points are where:
   - A partnership agreement exists between the City and the tenant to deliver community services (e.g. Men's Shed, Arthur Head cottage for Round House guides).
   - The community group offers a critical service to the Fremantle community (e.g. Bizlink employment service, Citizen's advice bureau).
   - Council has regular access to the building for core operational purposes (e.g. Hilton P.C.Y.C.).

Definitions and abbreviations

1. Investment property
   a) City owned freehold property, excluding those used for City operations.
   b) Crown land where the City holds a management order for the purpose of commercial activity.

2. Community property
   a) Crown land where the City holds a management order for the purpose of community activity.
   b) Freehold property purchased by the City for the specific purpose of community use.

3. Land Lease
   a) A situation where the City leases land only and the lessee constructs a building on that land (typically the building is paid for in entirety or predominately by the lessee).

4. Lease
   “Any agreement that provides for exclusive occupation of premises in Western Australia” (the Act).

5. License
   a) “A type of lease contract outlining the terms and conditions by which a lessor conveys land or property non-exclusively to a lessee for a specified period time. It does not convey any right of exclusive possession over the licensed area to the Licensee.”

6. Retail shop
   a) “Those situated in a retail shopping centre that are used wholly or predominantly for the carrying on of a business; or
   b) Those not situated in a retail shopping centre that are used wholly or predominantly for the carrying on of a retail business” (the Act).

2. Lease agreements for Council properties also requiring development applications and/or capital works

Policy statement

This policy aims to ensure that Council have full control over the use of its property and land, and are provided with an opportunity to withdraw from lease negotiations with prospective tenants at key decision points before the final lease is legally executed.

After Council has identified its preferred tenant and accepted the key lease terms, Officers will work with the preferred tenant to finalise a lease based on the key terms and performance criteria set by Council.
However, leases will not be legally executed until:

1. Council support the associated development application (DA). The DA should be submitted through the normal process that may include community engagement. If the DA is approved by Council, the project progresses and lease negotiations are finalised based on the key terms and performance criteria set by Council. If the DA is not supported and Council are unwilling to consider a revised application, lease negotiations are terminated and Council re-starts the process to identify a preferred tenant. 

And;

2. Expenditure for capital works to be undertaken and funded by Council is approved. This may be through the annual budget process. If unforeseen costs for Council arise at a late stage in the project that are outside of the scope of the approved budget, a Council decision is required to approve additional expenditure and/or revised lease terms that will aim to reduce the up-front budget expense for Council. If Council do not support the necessary budget and/or revised lease terms, lease negotiations are terminated and Council re-starts the process to identify a preferred tenant.

Policy scope

This policy applies to circumstances where both a lease and a development application (DA) are required for Council owned or managed property and/or where additional budget is required for City funded capital works. Such properties are categorised as either:

1. Investment properties.
2. Community properties.

This policy does not apply to City infrastructure or public assets.

3. Acquisition and disposal of property

Policy statement

This policy supports the City in maintaining an investment property portfolio that is resilient to changes in market conditions and generates income to diversify the City’s revenue base by ensuring that City properties are used in the best way possible based on their land title and/or management order.

Policy scope

This policy relates to the leasing of all City property – these are categorised as either:

1. Investment properties.
2. Community properties.

This policy does not apply to City infrastructure or public assets
Investment property acquisitions

Decisions to acquire investment property will be based on:

1. Financial reasons: the potential to generate a good return on the City’s investment based on a business case, or
2. Economic development reasons:
   a) Potential to consolidate disparate private ownership of land (e.g. various strata lots) in potential high development areas with a view to selling a consolidated land parcel on the open market, or
   b) To facilitate development of key industries identified in the City’s Economic Development Strategy.

Investment property disposals

Decisions to dispose of investment property will be based on the performance of the property over an extended timeframe (e.g. 5-10 years) taking into account:

   a) The net yields (including capital works expenses and annual maintenance costs) in comparison to the prevailing market conditions, or
   b) Opportunities to facilitate a positive economic development outcome for the community (e.g. release of land to enable high quality private sector development that achieves Council’s strategic goals).

Community property acquisitions

Decisions to acquire community property will be based on all of the following:

1. A land title or management order that identifies community use of the property as the optimal use (i.e. should not be freehold land), and
2. A property that has potential for use by a diverse range of community groups, and
3. The property being assessed as benefitting a large portion of the community if it were to be well utilised.

Community property disposals

Decisions to dispose of community property will be based on:

1. An unsustainable financial burden to maintain the property in comparison to the outcomes its use delivers for the community, or
2. The property has been underutilised for a significant period of time and has the potential to be used for alternative means that generates different benefits to the community.

3. approve the following changes to the delegated authority register:

<table>
<thead>
<tr>
<th>Current delegated authority</th>
<th>Proposed delegated authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 9i FPOL</td>
<td>No change</td>
</tr>
<tr>
<td>Approving leases of council property where:</td>
<td></td>
</tr>
<tr>
<td>i. The term is a maximum of ten (10) years,</td>
<td></td>
</tr>
<tr>
<td>3.23 CEO</td>
<td>CEO</td>
</tr>
</tbody>
</table>
Delegated by the CEO to
Director City Business (11601)
Manager Economic
Development and Marketing
(11108)
Property Services Coordinator
(64302)

Authority to approve the lease of a Council property where:
1. The lease is not for a period greater than 5 years (short term lease only),
2. The lease agreement does not require a business plan,
3. The disposal of property is in accordance with s.3.58 of the Local Government Act 1995.

Conditions:
1. The creditworthiness and business reputations of potential Lessees.
2. Obtaining an appropriate market rental.
3. Property market and economic conditions prevailing at the time.
5. In cases where a proposed use does not require a Development Application, the appropriateness of the proposed use of the premises.
6. Where it is renewal of a lease with an existing lessee, the previous performance of that lessee.

ii) Elected Members are to be informed of proposed for

Delegated by the CEO to
Director City Business (11601)
Manager Economic
Development and Marketing
(11108)
Property Services Coordinator
(64302)

Authority to approve the lease of a Council property where:
1. The lease is not for a period greater than six months (short term lease only),
2. The lease agreement does not require a business plan,
3. The disposal of property is in accordance with s.3.58 of the Local Government Act 1995.

Conditions:
1. Lease of Council’s property is in accordance with the following Council policies:
2. Leasing of Council property in a competitive manner
3. Lease agreements for Council properties also requiring development applications and/or capital works
| (New delegation) Assignment of leases | N/A | CEO Delegated by the CEO to: Director City Business (11601) Manager Economic Development and Marketing (11108)  
Note: If the tenant and prospective tenant meet the requirements of the Commercial Tenancy Act WA 1985, the Council cannot withhold assignment of the lease. |
| (New delegation) Approval of tenants right to exercise lease option | N/A | CEO Delegated by the CEO to Director City Business (11601) Manager Economic Development and Marketing (11108)  
Note: If the tenant meets the requirements of the Commercial Tenancy Act WA 1985, the Council cannot withhold tenant options to extend the term of the lease. |
| (New delegation) Finalisation and execution of lease | N/A | CEO Delegated by the CEO  
Conditions:  
i) Key lease terms and performance criteria (if applicable) have been agreed by Council  
ii) Lease of Council’s property is in accordance with the following Council policies:  
leasing of Council property in a competitive manner  
lease agreements for Council |
4. note the attached administrative process for leasing all Council property or land.

Advice Note
The section definitions and abbreviations in the Leasing of City Property in a competitive manner policy, are mostly legal definitions and can not be amended by the Council.

CARRIED: 7/0

<table>
<thead>
<tr>
<th>For</th>
<th>Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor, Brad Pettitt</td>
<td>cr andrew sullivan cr david hume cr rachel pemberton cr sam wainwright cr dave coggin cr doug thompson</td>
</tr>
</tbody>
</table>
REPORTS BY OFFICERS (COMMITTEE DELEGATION)

The following items are subject to clause 1.1 of the City of Fremantle Delegated Authority Register

FPOL1702-3  21 BEACH STREET, FREMANTLE - REQUEST FOR PROPOSALS

ECM Reference: 049/008
Disclosure of Interest: Nil
Meeting Date: 8 February 2017
Previous Item: Nil
Responsible Officer: Manager Economic Development and Marketing
Actioning Officer: Manager Economic Development and Marketing
Decision Making Authority: Committee
Agenda Attachments: Nil

EXECUTIVE SUMMARY

DADAA have finalised the lease for the Old Boys School, 92 Adelaide Street, Fremantle and their current premises at 21 Beach Street, Fremantle will become vacant in approximately July-August 2017.

This report recommends that the Finance, Policy, Operations, and Legislation Committee, acting under delegation 1.1 approve the selection criteria for an open and competitive request for proposals (RFP) process to lease the property.

BACKGROUND

DADAA entered into a lease with the City of Fremantle for 21 Beach Street, Fremantle for a term of five (5) years effective from 11 December 2001 expiring 11 December 2011.

The City extended this lease for two further terms of five (5) years from 11 December 2006 to 10 December 2011 and 11 December 2011 to 10 December 2016.

Last year DADAA secured the lease via a competitive RFP process for the Old Boys School, 92 Adelaide Street, Fremantle. The lease commenced 1 October 2016 with DADAA taking partial occupancy of the building while the remainder of the internal works are completed. It’s estimated that these works will be finalised around June 2017 which will allow DADAA to fully vacate the tenancy at 21 Beach Street, Fremantle.

In anticipation of 21 Beach Street becoming vacant it is recommend that, the City initiate an RFP process with a view to ensuring strong community outcomes and a smooth transition of tenants.
COMMENT

21 Beach Street, Fremantle is located on a Crown Land Reserve with a permitted use of “Park and Recreation”. The building is located directly across the road from East Street Jetty car park and next to the Kiosk (Beach Street café). It is also in close proximity to Cantonment Hill.

The City manages the Reserve under a Management Order issued by the Minister for Lands. Under the terms of this order the City can lease or licence any portion of the Reserve to a third party as long as the permitted use of that agreement is consistent with the permitted use of the Management Order.

The Department of Lands (DoL) on behalf of the Minister for Lands has advised that the lease of 21 Beach Street is acceptable if it is broadly viewed as a for “community purpose” lease, however DoL will not approve a lease with a commercial operator.

DADAA undertook redevelopment of the building when they commenced the lease in 2001 with no further upgrades to the building since. It is currently in a good state of repair and meets universal access requirements. The building will be offered for lease “as is”. Any additions or fit out requirements will need to be solely financed by the preferred applicant.

Planning approval will be required for any fit out or development of the building and this will be required prior to the lease being finalised to ensure Council are comfortable with what is being proposed. A time frame will be provided to the preferred candidate indicating how long they will have to submit their Development Application (DA) after Council approval of a lease and how long they will have to sign the lease once the DA is approved. This is to manage the time frame of this process and ensure the lease commences in a reasonable time frame.

Officers identified guiding principles that are used to develop the selection criteria. These guiding principles are:

- Alignment with City of Fremantle Strategic Community Plan
- Adherence to the vesting and management order.
- Strong integration with the greater community and proximate community organisations/venues
- Use by a variety of groups is highly preferable when compared to use by a single occupant.

Applicants may include groups, organisations or individuals in all aspects of community services, clubs or the arts.

Based on the above, Officers propose that the following criteria form the basis for the RFP documentation;

1. Strategic alignment (20%): The use of the building must assist in achieving some or all parts of the following Strategic Community imperatives:
a. People – Create places for people through innovative urban and suburban design
b. Green – Develop environmentally sustainable solutions for the benefit of current and future generations
c. Health and Happiness – creating an environment where it is easy for people to lead safe, happy and healthy lives
d. Create – A dynamic innovative city with a strong knowledge economy and arts sector.

2. Financial sustainability (15%): the building's use will be supported by a self-sustaining funding model and/or evidence of sufficient seed funding to enable a sustainable model to be developed – allowing it to operate successfully for the entirety of the agreed lease term.

3. Precinct integration (20%): The building's use will integrate and/or complement the surrounding community facilities and activation of the surrounding Reserve.

4. Community Development Outcomes (30%): to what extent the proposed use of building delivers community development outcomes.

5. Capacity (15%): Proposal promotes optimal use of the premises including land/building area utilisation and periods of use throughout the week.

The above selection criteria, as addressed in the preferred applicant's submission, will form the basis of performance criteria to be included in the lease. This is to ensure that the preferred applicant utilises the building in line with their submission throughout the duration of the lease.

The building is not laid out in a way which it allows portions of the building to be licensed to different parties by the City so will need to be leased as a whole to one head tenant. The preferred applicant however, may sublet portions of the building to other community/not for profit entities. Use by multiple parties will be looked upon favourably by the selection panel.

The lease term will be ten (10) years.

Rent for the premises has been based on community use determined by an independent market valuation. This has been determined as $16,000 per annum + GST.

Rent reviews for a lease will be based on Consumer Price Index (CPI) on the anniversary of the lease start date.

Outgoings for the property will also be payable by the selected applicant. These will include but not be limited to;

- Water rates and usage
- Electricity usage
- Building Insurance
- General Maintenance and servicing
- Pest control
• Common area cleaning
• Council rates

RISK AND OTHER IMPLICATIONS

Financial
DADAA currently pay a rent of $7,131 per annum + GST for the premises. This amount is the based on the commencement rent of $5,000 per annum + GST plus in 2001 annual increases by CPI over the last fifteen (15) years.

The independent market valuation provided to the City has advised, that based on the community use of the building the market rent is $16,000 per annum + GST.

Legal
The Lease agreement will be in line with the requirements of the Local Government Act 1995 and Commercial Tenancy Act WA 1985

The Minister for Lands will need to approve the final lease prior to it being executed.

Operational
The RFP will be advertised for a period of six weeks. Following that, an item to Council recommending acceptance of the preferred tenant and an outline of the key lease terms (Terms Sheet) is expected to be completed within 8-12 weeks.

The City will be under no obligations to offer a lease as a result of the RFP process. As usual, canvassing of Elected Members will result in disqualification of applicants.

Organisational
Nil

STRATEGIC AND POLICY IMPLICATIONS

• People – Create places for people through innovative urban and suburban design.
• Green – Develop environmentally sustainable solutions for the benefit of current and future generations.
• Health and Happiness – creating an environment where it is easy for people to lead safe, happy and healthy lives.
• Create – A dynamic innovative city with a strong knowledge economy and arts sector.

COMMUNITY ENGAGEMENT

Advertisement of the RFP will include the City’s website, West Australian newspaper, local newspapers, social media and City Officer liaising directly with the community.
CONCLUSION

A panel of Officers will access the submissions to determine a preferred applicant based on the selection criteria. Once key lease terms and performance criteria are agreed with the preferred applicant, an item will be presented to Council for approval.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple Majority Required

OFFICER'S RECOMMENDATION

MOVED: Cr A Sullivan

That the Finance, Policy, Operations and Legislation Committee, acting under delegation 1.1 approve the request for proposal (RFP) process for 21 Beach Street, Fremantle outlined in this report and based the following selection criteria:

1. Strategic alignment (20%): The use of the building must assist in achieving some or all parts of the following Strategic Community imperatives:
   a. People – Create places for people through innovative urban and suburban design
   b. Green – Develop environmentally sustainable solutions for the benefit of current and future generations.
   c. Health and Happiness – creating an environment where it is easy for people to lead safe, happy and healthy lives
   d. Create – A dynamic innovative city with a strong knowledge economy and arts sector.

2. Financial sustainability (15%): The building's use will be supported by a self-sustaining funding model and/or evidence of sufficient seed funding to enable a sustainable model to be developed – allowing it to operate successfully for the entirety of the agreed lease term.

3. Precinct integration (20%): The building's use will integrate and/or compliment the surrounding community facilities and activation of the surrounding Reserve.

4. Community Development Outcomes (30%): to what extent the proposed use of building delivers community development outcomes.

5. Capacity (15%): Proposal promotes optimal use of the premises including land/building area utilisation and time frames of use throughout the week.

COMMITTEE DECISION

Cr R Pemberton MOVED to defer the item to the next appropriate Finance, Policy, Operations and Legislation Committee meeting to allow some time (no later than the May Council meeting) to consider if Beach Street is a more suitable location for the Walylup Aboriginal Cultural Centre.
CARRIED: 5/2

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<td>Mayor, Brad Pettitt</td>
<td>Cr David Hume</td>
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<td>Cr Andrew Sullivan</td>
<td>Cr Doug Thompson</td>
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<td>Cr Rachel Pemberton</td>
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<td>Cr Sam Wainwright</td>
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<td>Cr Dave Coggin</td>
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REASON FOR CHANGE TO OFFICER’S RECOMMENDATION
The current WACC location was always thought to be less than ideal and temporary until a more suitable location became available.

Feedback on the current WACC site has included:
- Many elders and Aboriginal people have complained of difficulty accessing the Centre up the steep hill
- Cultural sensitivity of the site - possible mens site and also historical significance on the round house
- Inappropriate building, comprised of many small rooms and no large room suitable for events or large meetings, dance lessons, gallery etc
- Not close to public transport, limited parking
- Not much direct connection to nature

Opportunity presented by Beach Street:
- Large outdoor area surrounding the building
- Near Cantonment hill, which has cultural significance and bush tucker garden planned
- Lots of parking, on bus route, easy access from street could be included on CAT bus route with minor extension
- Flexible indoor spaces

There is an opportunity to transition the WACC to a community run facility in collaboration with local elders. This alternative management structure and operations could be implemented as part of the RAP rather than a competitive tender process. By putting Beach Street out to competitive EOI now may rule out this possibility in the very near future. As such, a delay of a few months will enable consultation and investigation into the best way forward.

Cr D Hume requested the item be referred to the Ordinary Meeting of Council, supported by Cr Doug Thompson.
Cr A Sullivan MOVED en bloc recommendations numbered FPOL1702-1, FPOL1702-4, and FPOL1702-8.

CARRIED: 7/0

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<td>Cr Dave Coggin</td>
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<tr>
<td>Cr Doug Thompson</td>
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The following item number FPOL1702-1 was moved and carried en bloc.

FPOL1702-1  ACCEPTANCE OF TENDER FCC486/16 CANTONMENT HILL STAGE 1 OVAL AND PLAYGROUND

Meeting Date: 8 February 2017
Responsible Officer: Manager Parks and Reserves
Decision Making Authority: Committee
Agenda Attachments: Tenderer Pricing and Evaluation Table

SUMMARY

The purpose of this report is to consider tender number FCC486/16 for:

- Project - 10328 Landscape Recreation Reserve (Soft) Cantonment Hill (Stage 1)
- Project - 10329 Install Structures Cantonment Hill (Stage 1)
- Project - 10330 Install Paths Cantonment Hill (Stage 1)
- Project - 10331 Install Irrigation Cantonment Hill (Stage 1),

at Tuckfield Oval Fremantle collectively known as Cantonment Hill Stage 1 Oval and Playground.

This report recommends that Council accepts the tender submitted by MG Group in accordance with the tender evaluation undertaken as per the selection criteria included in the tender document.

BACKGROUND

The City of Fremantle issued a request for tender for stage 1 of the Cantonment Hill Master Plan, for the oval and playground through the Tenderlink Tender Portal. The tender specifications and supporting documentation have been provided by Ecoscape Environmental Consultants and Landscape Architecture who were engaged under tender
FCC414/13 Cantonment Hill Landscape Architectural Services. Ecoscape will also be the City’s nominated superintendent in the execution of the works contract.

**FINANCIAL IMPLICATIONS**

The table below summarises the available budget, current expenditures, recommended tender price by MG Group for the construction of Cantonment Hill Stage 1 Oval and Playground, and associated expenses:

Table 1: Original project budget allocation and expenditure as of 1 July 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>Expenditure</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated works budget for 2016/17 Cantonment Hill Stage 1 Oval and Playground</td>
<td></td>
<td>$1,672,120</td>
</tr>
<tr>
<td>Allocated works budget for 2017/18 Cantonment Hill Stage 1 Oval and Playground</td>
<td></td>
<td>$1,112,660</td>
</tr>
</tbody>
</table>

**Expenditure**

| Construction activities (Tender number FCC486/16 Cantonment Hill Stage 1 Oval and Playground at Tuckfield Oval Fremantle) | $1,799,380   |
| Project Design, Documentation and Superintendence                                                                             | $103,949     |
| Contingency 10% of Tender Value                                                                                               | $179,938     |
| Fees                                                                                                                         | $120,530     |
| **Total Budget / Expenditure (estimated)**                                                                                   | $2,203,797   |
| **Balance**                                                                                                                  | $580,983     |

Table 2: Budget year allocation

<table>
<thead>
<tr>
<th>Budget year:</th>
<th>Current Year</th>
<th>Multi-year / forward years</th>
<th>Total project spend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16/17</td>
<td>17/18</td>
<td>18/19</td>
</tr>
<tr>
<td><strong>Budget allocation:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,672,120</td>
<td>$1,092,660</td>
<td>$20,000</td>
<td>$2,784,780</td>
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<tr>
<td><strong>Expenditure:</strong></td>
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<td>$644,415</td>
<td>$8,580</td>
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<td><strong>Commitment:</strong></td>
<td>$192,811</td>
<td>$8,138</td>
<td>$3,000</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$1,539,664</td>
<td>$652,553</td>
<td>$11,580</td>
</tr>
</tbody>
</table>

Budget provision has been forecast for the 2017/18 financial year to provide sufficient monies to complete the remainder of the project.

Budget provision has been forecast for the 2018/19 financial year to allow for the completion of the contract that includes the 12 month landscape maintenance period and final asset handover to the City.

**LEGAL IMPLICATIONS**

Tenders were invited in accordance with section 3.57 of the *Local Government Act 1995* and the tendering procedures and evaluation complied with part 4 of the Local Government (Functions and General) Regulations 1996.
COMMUNITY ENGAGEMENT

The scoping, planning and design of the Cantonment Hill stage 1 oval and playground project has encompassed and will continue to involve significant community consultation and engagement.

Prior to the commencement of the construction phase a detailed community engagement and communications plan will be developed to ensure both internal and external stakeholders as well as the greater community are kept informed of progress and any issues that may arise are dealt with in a prompt and proactive manner.

Before any works or construction commences, a sign will be erected at the site and information about the upcoming works will be posted on the City's website and social media channels.

Local owners / occupiers within the immediate catchment of the site will be informed of the construction works via written correspondence 14 days prior to commencement of works of site.

OFFICER COMMENT

Detail
Tender FCC486/16 for Cantonment Hill Stage 1 – Oval and Playground on Tuckfield Oval Fremantle was advertised on 16 November 2016 and closed on 16 December 2016.

Essential details of the contract are outlined below:

<table>
<thead>
<tr>
<th>Contract type</th>
<th>Lump Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract duration</td>
<td>19 months (7 months construction + 12 months maintenance)</td>
</tr>
<tr>
<td>Commencement date</td>
<td>March 2017</td>
</tr>
<tr>
<td>Completion date</td>
<td>September 2017</td>
</tr>
</tbody>
</table>

Tender evaluation
Tender submissions were received from the following contractors and evaluated by the tender evaluation panel:

- The Millennium Trust t/a Le Grove Landscaping and Total Project Support;
- Phase Three Landscape Construction;
- MG Group;
- Horizon West Landscape Construction;
- Ertech Pty Ltd;
- D.B. Cunningham Pty Ltd t/a Advanteering – Civil Engineers;
- BCL Group Pty Ltd; and
- Environmental Industries Pty Ltd.

The tender evaluation panel establishes whether the tender submissions conform to the conditions for tendering and selects a suitably qualified and experienced contractor.
The tender evaluation panel comprised of:

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katrina Sachse</td>
<td>City of Fremantle</td>
<td>A/ Parks Manager</td>
</tr>
<tr>
<td>Nicole Croudace</td>
<td>Ecoscape</td>
<td>Associate Director Landscape Architecture</td>
</tr>
<tr>
<td>Kevin Porter</td>
<td>City of Fremantle</td>
<td>Senior Contracts and Procurement Officer</td>
</tr>
</tbody>
</table>

To obtain the broadest possible comparison base, each of the tenders was evaluated against the following tender selection criteria and was in turn graded in the tender evaluation matrix. (see attachment 1)

<table>
<thead>
<tr>
<th>Item No</th>
<th>Description</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Price</td>
<td>30%</td>
</tr>
<tr>
<td>2</td>
<td>Relevant Experience</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>Skills and Key Personnel</td>
<td>20%</td>
</tr>
<tr>
<td>4</td>
<td>Demonstrated Understanding</td>
<td>20%</td>
</tr>
<tr>
<td>5</td>
<td>Sustainability</td>
<td>10%</td>
</tr>
</tbody>
</table>

Seven (7) tender submissions received were conforming, and one (1) tender submission received was non-conforming.

The tender submitted by MG Group scored the highest rating with 81.8 points, followed by BCL Group with 72.5 points. The remaining tender submissions received lower scores.

MG Group, the recommended tenderer, was assessed as having the capacity, resources, relevant experience and management systems to safely undertake the works and deliver the level of service described in the specification, in accordance with the terms of the tender document.

The evaluation process determined that the tender from MG Group is a conforming tender. Reference checks indicate that MG group have provided satisfactory service delivery to their customers on similar projects, and will be a suitable supplier to the City of Fremantle.

**Environmental considerations**

The Cantonment Hill Master Plan and including the detailed design of stage 1 - oval and playground was undertaken by Ecoscape and was the result of extensive community consultation and engagement.

This included local interest groups and the Whadjuk Nyoongar Working Group who were instrumental in the formulation and agreement of the Cultural Heritage Management Plan for the project.
This consultation has resulted in a culturally and environmentally sensitive design reflected not only in the materials and planting palette’s but also in the specification of construction approaches and considered environmental management planning during the construction phase.

The MG Group demonstrated a clear understanding of the environmental considerations and constraints of the site, provided additional information and content on sustainability options for the project and identified a Noongar Indigenous owned company as a subcontractor to complete a portion of the project works.

**Risk consideration**

An assessment undertaken by Dun and Bradstreet indicates that MG Group have the financial capacity to undertake the contract. There are no strategic or corporate risks within the City's existing risk registers which relate to the issues contained in this report.

Project specific risk assessments have been developed and will be used in the management of this project.

**Comment**

The qualitative scores received by each Tenderer are shown in the attached evaluation table.

The evaluation panel when considering the best value for money proposition reviewed the responses according to the requirements of the project.

The evaluation clearly showed MG Group as the preferred tenderer with an overall score of 81.8

The submission from MG Group demonstrated highly relevant previous experience, a sound understanding of the requirements of the project and offered a very experienced and qualified team to undertake the project. The offer from MG Group represents the best overall offer to the City.

**VOTING AND OTHER SPECIAL REQUIREMENTS**

Simple Majority Required
COMMITTEE DECISION

MOVED: Cr A Sullivan

That the Finance, Policy, Operations and Legislation Committee acting under delegation 1.1:

1. Accepts the tender submitted by MG Group at Unit 11 / 50 Howe Street, Osborne Park, WA 6017 for the fixed price of $1 799 380 (ex GST) in accordance with the terms and conditions specified in the tender document.

CARRIED: 7/0

<table>
<thead>
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<th>For</th>
<th>Against</th>
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<td>Mayor, Brad Pettitt</td>
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REPORTS BY OFFICERS (COUNCIL DECISION)

The following item number FPOL1702-4 was moved and carried en bloc.

FPOL1702-4  ONE PLANET ANNUAL REPORT 2016 FOR INFORMATION

ECM Reference: 030/007
Disclosure of Interest: Nil
Meeting Date: 8 February 2017
Previous Item: C1512-2
Responsible Officer: Manager Strategic Planning
Actioning Officer: Senior Project Officer - Sustainability
Decision Making Authority: Council
Agenda Attachments: One Planet Annual Report 2016

EXECUTIVE SUMMARY

The City was recognised by Bioregional as a One Planet Council in 2014. The City became the fourth council in the world, and the first in Western Australia to achieve international certification as a One Planet Council in October 2015.

A requirement of this endorsement is an annual review of the progress against the targets set by the strategy and action plan.

The national targets outlined in the One Planet Fremantle Strategy 2014/15 to 2019/20 have been updated including international corporate and community targets to reflect the vision for a One Planet City.

This annual report provides information on the progress against the City’s targets for 2016 and includes baseline data and target data developed over the year, as well as updates to terminology to remain current with the Bioregional One Planet framework.

BACKGROUND

The One Planet Council framework allows Australian councils to assess their sustainability programs against a simple yet holistic framework. The framework addresses all major aspects of environmental, social and economic sustainability and allows councils to set out a clear vision and shared goals for sustainability strategy, policy and operations.

An annual review of progress made against the targets set by the strategy and action plan is a requirement of Bioregional certification.
COMMENT

The 2016 annual report builds on the 2015 report, including highlights of One Planet projects/programs for both corporate activities by the City of Fremantle as a local government organisation and the for community.

It has also been updated to remain consistent with Bioregional’s current terminology for the One Planet principles. The terms that have changed are Zero Carbon, Sustainable Materials, Sustainable Transport, Sustainable Food and Land use and Wildlife. These principles are now respectively termed Zero Carbon Energy, Materials and Products, Travel and Transport, Local and Sustainable Food and Land and Nature. The principles, objectives and targets relating to these have not been changed.

Corporate and community baseline data has been obtained for most of the One Planet principles including Zero Carbon Energy, Zero Waste, Travel and Transport, Sustainable Water, Land and Nature, Equity and Local Economy and Health and Happiness.

Gaps in corporate and community baseline data are being addressed in 2017. Further baselines and monitoring methods will be developed over the year and communicated in the 2017 annual report (to be reported to Council in early 2018).

2016 One Planet highlights include:

**Corporate**

**Zero Waste**
City centre public recycling bins (50) permanently installed.
Roll out of the Waste Not organic waste recycling in city facilities

**Materials and Products**
Development and implementation of a sustainable (including ethical) procurement system, with an on-line tool and staff training.

**Sustainable Water**
Fremantle Leisure Centre achieving Water Corporation/Department of Water ‘Waterwise’ status.
Application for Waterwise Council lodged and being finalised in 2017.

**Land and Nature**
Urban Forest Plan under preparation and nearing completion.

**Equity and Local Economy**
High Street Mall upgrade.
Market Street Piazza development.

**Community**

**Zero Carbon Energy**
Five local schools sponsored to take part in the Low Carbon Schools program.

**Local and Sustainable Food**
Three healthy eating and healthy mind workshops held at the Meeting Place.

**Culture and Community**
Draft sustainable events guidelines completed.
The City was a finalist in the national Banksia Sustainable Cities Award for the One Planet program.

These are highlights of programs and projects listed in the 2016 One Planet Report. The City undertakes other activities across the 10 One Planet principles through the operations of the organisation’s business units, for example:

- Equity and Local Economy – through the work of Economic Development, Strategic & Statutory Planning and City Design & Projects.
- Health and Happiness - through the work of Community Development and People & Culture.

The annual report is by its nature a review of achievements over the past year. It does however also inform the content of the One Planet action plan for the coming year. This will be presented for Council’s consideration in the near future.

RISK AND OTHER IMPLICATIONS

Financial
One Planet projects and initiatives are included in the annual budget and are developed and managed across directorates.

Legal
Nil

Operational
Nil

Organisational
One Planet projects, programs and initiatives are carried out across all City directorates.

STRATEGIC AND POLICY IMPLICATIONS

The One Planet strategy is a key informing strategy for the Strategic Community Plan 2015-25 and several of the One Planet principles directly align with strategic focus areas in the Strategic Community Plan, for example environmental responsibility, transport and connectivity, and health and happiness.

COMMUNITY ENGAGEMENT

Nil
CONCLUSION

Progress has been made in implementing the One Planet actions and programs with highlights including the Leisure Centre achieving Waterwise status, a record number of community members participating in restoration tree planting and the successful $2.2 million Lotterywest grant for a new community playground at Cantonment Hill.

Baseline data collation and monitoring methods has progressed and is included in the 2016 annual report. Community baseline data availability for Zero Carbon Energy, Materials and Products, Local and Sustainable Food and Culture and Community is being investigated. Corporate baseline data for Culture and Community is also being investigated. City officers are continuing to work closely with Bioregional staff to develop this more comprehensive range of indicators to enable more quantifiable measurement of annual performance against targets in the One Planet strategy.

The graphics and layout of the One Planet Report 2016 (attached) will be refined prior to publication on the City’s website.

VOTING AND OTHER SPECIAL REQUIREMENTS

Nil

COMMITTEE AND OFFICER’S RECOMMENDATION

MOVED: Cr A Sullivan

Council receive the 2016 One Planet Annual Report.

CARRIED: 7/0

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The following item number FPOL1702-8 was moved and carried en bloc.

FPOL1702-8  YOUTH ADVISORY COUNCIL (YAC)

ECM Reference: 038/037
Disclosure of Interest: Nil
Meeting Date: 8 February 2017
Previous Item: Nil
Responsible Officer: Director Community Development
Actioning Officer: Manager Community Development
Decision Making Authority: Council
Agenda Attachments: Nil

EXECUTIVE SUMMARY

Information collected during the process of establishing the Fremantle YAC has resulted in a proposed model comprising of two entities; an overarching SWITCH and the YAC11 the latter acting as Elected Member representatives.

This report recommends the adoption of SWITCH as the Youth Advisory Council (YAC) youth engagement model for the City of Fremantle.

BACKGROUND

In 2011, the City began a community engagement process with young people, youth agencies and the community to gain a better understanding of the needs, aspirations and wants of young people who live, work or study in Fremantle. A Youth Plan was then developed around four key strategy areas:

1. To facilitate active youth citizenship.
2. To develop and maintain youth friendly spaces.
3. To provide youth friendly events and activities.
4. To support youth services.

The City’s Strategic Plan of 2010-2015 identified opportunities for greater engagement with young people and more youth activities and facilities as a key priority within the strategic imperative and character. Research indicated that the concept and process of Youth Advisory Councils still provided an effective youth engagement model for Local Governments.

Establishing a YAC is an effective way that local governments can engage with young people on local matters. A Youth Advisory Council initiative was endorsed by Council and set up in the City from 1999 to 2003.

The YAC was re-established in 2016, a call for expression of interest was advertised with 70 applications being received between the ages of 12-25 years. The data collected during the process has influenced the approach to establishing the Fremantle YAC named the SWITCH. The naming of the Fremantle YAC as the SWITCH describes the fluid and transparent process around the accountability within their membership group.
YAC’s have traditionally organised youth events, however the majority of young people who have responded to our call out for nominations are passionate about generating positive change in the community and making their mark on the future of Fremantle. They want to learn, connect, create and experience a sense of accomplishment through their involvement in the SWITCH.

COMMENT

The Fremantle YAC is the largest of its kind in Western Australia, with over 40 passionate members between the ages of 12 and 25 who are connected to Fremantle in some way. To enable such a large group to operate, the YAC is made up of two entities: the overarching SWITCH and the YAC11, the latter acting as the elected member representatives.

The diagram below outlines the model, whereby the eleven elected members are accountable to the remainder of the group, called the SWITCH.

The SWITCH draws on the diverse backgrounds of its members to foster change in Fremantle, through events as well as making sure that the youth voice is heard in the community, businesses and youth agencies, including Elected Members.
Central to the SWITCH model is the reference to values rather than terms of reference. The values were determined through a one day workshop, they include: inclusion, innovation, resilience and respect.

**RISK AND OTHER IMPLICATIONS**

**Financial**
The administration and support of the YAC is contained within the current staffing and budget allocation for Youth Services, Community Development.

**Legal**
Nil

**Operational**
The YAC is made up of the SWITCH (40 members), and includes the YAC11 (eight elected members for six months along with three project based members). The YAC11 is an elected executive team which works with all members to develop and implement ideas and projects. The YAC11 draws on the skills within the broader SWITCH. The YAC11’s role is to ensure activities run smoothly, while developing the skills of members.

The purpose of the **YAC** (overall group, including YAC11 + SWITCH) is:

- To drive forward the SWITCH mandate/requests.
- Achieve positive change for Fremantle youth.
- Validate SWITCH-driven projects.
- Action SWITCH-validated projects and initiatives.
- Report to the SWITCH on governance and operations.

The purpose of the **SWITCH** is:

- Sustain a healthy, enthusiastic level of energy and conversation.
- Support the YAC, including through our own networks.
- Promote the Fremantle YAC.
- Maintain a pool of skills and ideas.
- To ensure the YAC values are preserved.
- Validate the YAC elections.
- Accept YAC reports, governance and operations.

The SWITCH has determined roles and responsibilities for the YAC11:

- co-convenors (2 separate genders)
- secretary
- social media officer
- grants officer
- accounts officer
• membership officer
• community liaison officer
• rotating project managers (3 unelected)

Organisational

The SWITCH works closely with the Community Development Officer (CDO) – Youth, informing planned activities, discussing their ideas and how their projects could integrate with the City’s program. The SWITCH receives support from various CDO roles, fostering the development of a healthy relationship.

To date the SWITCH has been involved in the delivery of the following:

• Coordinating Mental Health Week event (Changing Your Tune at EYP).
• Attending Millennium Kids conference.
• Presenting ideas through Fremantle networking events.
• Representing youth within the Business Improvement District.
• Donating to #itsinthebag campaign for homeless women.
• Lobbying for local issues that affect youth such (road safety on Hampton Road).

The following are committed projects:

• One Day event, engaging with young people.
• National Youth Week 2017, including Forum (at EYP) in partnership with Propel and the Department of Local Government and Communities.

Other areas that the SWITCH has expressed their interest and skills is to be involved in other City project areas, such as planning (E.g. Kings Square, new library) or health (through the Sport and Recreation program).

It is proposed that the SWITCH would like to inform council through:

• Quarterly briefing sessions to Elected Members, the first being the introduction of new YAC11 members.
• Occasional informal council briefing as needed.

STRATEGIC AND POLICY IMPLICATIONS

Strategic Community Plan 2015 – 2025 Health and Happiness:
• A healthy and active environment for the community to enjoy.

COMMUNITY ENGAGEMENT

Using relevant communication channels and ways of conveying information through conversations, the SWITCH was able to mobilise disengaged youth for the Changing Your Tunes event, as well as agencies providing services in Fremantle.
It is proposed that the City’s relationship with the SWITCH allows for a healthy collaboration with young people, combining expertise and influence to drive projects such as the closing event of National Youth Week 2017 and the associated Forum, traditionally held in Northbridge.

The SWITCH is committed to reach out to all young people living or visiting Fremantle, and is developing strategies to optimise their impact through exciting events, inclusive forums and on-going connection with the community.

CONCLUSION

The establishment of a network of Youth Advisory Councils (YAC’s) throughout Western Australia was a State Government initiative launched in 1996, with the aim of providing young people an opportunity to have a greater role in making decisions about issues which affected their community. A YAC is a group of young people that actively advises on matters relating to young people. YACs can operate formally or informally and usually meet once a month.

Socially engaged young people have the knowledge that their actions can effect positive change, they possess an awareness and motivation about the need for positive change along with the skills and capacity to make a contribution.

It is intended that the YAC be referred to as the SWITCH, who serves as a method with which the YAC11 can be kept accountable, extends the YAC’s reach into the Fremantle community, and provides a pool of ideas from which the YAC11 can draw from.

While still in its infancy, the YAC has already made significant progress, including coordinating events connected to Mental Health Week, working with the Business Improvement District to ensure Fremantle’s youth are adequately represented, and lobbying State Government Departments to make decisions that better serve the youth of Fremantle.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple Majority Required
COMMITTEE AND OFFICER'S RECOMMENDATION

MOVED: Cr A Sullivan

Council endorses the formation of the SWITCH as the Youth Advisory Council engagement model for the City of Fremantle.

CARRIED: 7/0

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<td>Cr Doug Thompson</td>
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REPORTS BY OFFICERS (COMMITTEE DELEGATION)
The following items are subject to clause 1.1 of the City of Fremantle Delegated Authority Register

FPOL1702-2 ACCEPTANCE OF TENDER FCC483/16 LANDSCAPE MAINTENANCE

Meeting Date: 8 February 2017
Responsible Officer: Manager Parks and Reserves
Decision Making Authority: Committee
Agenda Attachments: Tender Evaluation Report
Tendered schedule of rates - Confidential under separate cover.

SUMMARY

The purpose of this report is to consider tender number FCC483/16 Landscape Maintenance at various parks, reserves and streetscapes within the City.

This report recommends that Council accepts the tender submitted by Environmental Industries Pty Ltd in accordance with the recommendation of the City’s Officers.

BACKGROUND

Currently the City has a number of service providers undertaking landscape maintenance works to various parks, reserves, street gardens and median strips. This tender is intended to consolidate the seventy-eight (78) externally maintained landscape sites and select a sole service provider to make the contract easier to manage. The consolidating of these sites to a sole provider will provide efficiencies for the City financially as well as deliver improvements in productivity and consistency of landscape maintenance of the included sites.

FINANCIAL IMPLICATIONS

The budget allocation for this services area in 2016/2017 is $1,054,628; after spend and commitment to date, the available budget ($240,467) is sufficient to deliver the contract services for the remainder of this financial year.

As the service contract spans multiple years Council will be required to make a commitment to provide suitable budget provision to maintain the contract for future years.

The anticipated contract period draw-down is as follows:

- 2016/17 - $121,787;
- 2017/18 - $365,366; and

The total contract value for the two (2) year contract is $735,602.

LEGAL IMPLICATIONS

Tenders were invited in accordance with section 3.57 of the Local Government Act 1995 and the tendering procedures and evaluation complied with part 4 of the Local Government (Functions and General) Regulations 1996.

COMMUNITY ENGAGEMENT

Nil

OFFICER COMMENT

Detail
Tender FCC483/16 for Landscape Maintenance services at various parks, reserves and streetscapes within the City was advertised on 26 October 2016 and closed on 18 November 2016.

Essential details of the contract are outlined below:

<table>
<thead>
<tr>
<th>Contract type</th>
<th>Fixed Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract duration</td>
<td>2 years</td>
</tr>
<tr>
<td>Commencement date</td>
<td>1 March 2017</td>
</tr>
<tr>
<td>Completion date</td>
<td>28 February 2019</td>
</tr>
</tbody>
</table>

Tender evaluation
Tender submissions were received from the following contractors and evaluated by the tender evaluation panel:

- South Property Maintenance;
- Skyline Landscape Services Group;
- Sheoaks Landscape;
- Phase Three Landscapes Construction;
- MCL Commercial Services;
- L D Total;
- Landscape and Maintenance Solutions;
- Horizon West Landscape Construction;
- GLG Greenlife Group Pty Ltd; and
- Environmental Industries Pty Ltd.

The tender evaluation panel establishes whether the tender submissions conform to the conditions for tendering and selects a suitably qualified and experienced contractor.

The tender evaluation panel comprised:

- Katrina Sachse, Acting Parks Manager;
- Lenny Covich, Purchasing Officer;
Tim Marks, Parks Coordinator; and
Sandra Gugliotta, Supervisor Parks, Reserves and Landscape Management.

To obtain the broadest possible comparison base, each of the tenders was evaluated against the following tender selection criteria and was in turn graded in the tender evaluation matrix.

<table>
<thead>
<tr>
<th>Item No</th>
<th>Description</th>
<th>Score</th>
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<tbody>
<tr>
<td>1</td>
<td>Tendered price for the services offered</td>
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<tr>
<td>2</td>
<td>Relevant Experience</td>
<td>20%</td>
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<tr>
<td>3</td>
<td>Skills and Key Personnel</td>
<td>20%</td>
</tr>
<tr>
<td>4</td>
<td>Demonstrated Understanding</td>
<td>20%</td>
</tr>
<tr>
<td>5</td>
<td>Sustainability</td>
<td>5%</td>
</tr>
</tbody>
</table>

10 tender submissions received were conforming, and 0 tender submissions received were non-conforming.

The tender submitted by Environmental Industries Pty Ltd scored the highest rating with 81.0 points, followed by GLG Greenlife Group Pty Ltd with 80.3 points. The remaining tender submissions received lower scores (See attachment 1).

Environmental Industries Pty Ltd, the recommended tenderer, was assessed as having the capacity, resources, experience and management systems to safely undertake the works and deliver the level of service described in the specification and in accordance with the terms of the tender documentation.

The evaluation process determined that the tender from Environmental Industries Pty Ltd is a conforming tender. Reference checks indicate that Environmental Industries Pty Ltd have provided satisfactory service delivery to their customers on similar projects, and will be a suitable supplier to the City of Fremantle.

**Environmental considerations**
The Specification of services includes a number of environmental requirements; this includes cuttings to be recycled at appropriate facilities. The specification also stipulated the use of responsibly sourced mulch and the use of recycled water where possible.

**Risk consideration**
An assessment undertaken by Dun and Bradstreet indicates that Environmental Industries Pty Ltd have the financial capacity to undertake the contract.

There are no strategic or corporate risks within the City's existing risk registers which relate to the issues contained in this report.

Project specific risk assessments have been developed and will be used in the management of this project.

**Comment**
Following the evaluation of the tenders by the evaluation panel, the submission from Environmental Industries Pty Ltd provided strong relevant experience, key personnel and
demonstrated a good understanding of the requirements of the scope of the contract. Environmental Industries Pty Ltd offers the best value for money solution.

The contract period is for two years. The first year pricing will be in accordance with the tender submission and the second year adjusted by CPI by agreement with the City.

VOTING AND OTHER SPECIAL REQUIREMENTS

Special Majority Required

COMMITTEE DECISION

MOVED: Cr A Sullivan

That the Finance, Policy, Operations and Legislation Committee acting under delegation 1.1:

1. Accepts the tender submitted by Environmental Industries Pty Ltd at Unit 2, 2-6 Mallaig Way, Canning Vale WA6155 for the Tendered schedule of rates as included under separate cover.

2. Accept there will be a necessary budget requirement of approximately $375,000 (ex GST) pa. to address the anticipated schedule of works in each of the two (2) years of contracted services.

CARRIED: 7/0

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REPORTS BY OFFICERS (COUNCIL DECISION)

FPOL1702-7 ALCOHOL MANAGEMENT POLICY REVIEW

ECM Reference: 143/007
Disclosure of Interest: Nil
Meeting Date: 8 February 2017
Previous Item: Nil
Responsible Officer: Manager Arts and Culture
Actioning Officer: Manager Arts and Culture
Decision Making Authority: Council
Agenda Attachments: Current alcohol management policy

EXECUTIVE SUMMARY

A working group has undertaken a review of alcohol sponsorship of City events and festivals.

This report recommends the adoption of a revised alcohol management policy to further clarify how the city engages with alcohol sponsors for events and festivals and manages alcohol in the community.

BACKGROUND

The current alcohol management policy was adopted by Council on the 27 November 2013.

Post the Corona Concert, held at South Beach in January 2016, ex Councillor Josh Wilson requested a working party be formed to review the role of alcohol sponsorship in city events and festivals. The working party consisted of the Mayor, Brad Pettitt, ex Cr Josh Wilson, Cr Andrew Sullivan, Cr Jon Strachan, Matthew Piggott, Manager Field Services, and Pete Stone, Manager Arts and Culture.

COMMENT

There was concern expressed over the use of a naming rights alcohol sponsor for the Corona concert, an event looking to attract a young audience (18 – 25 year olds). It was noted that alcohol sponsors contribute to a great number of events run in Fremantle, presented by both the city and private promoters. The working group sought to refine restrictions of alcohol sponsors on events and festivals and review how the city approaches alcohol management in general.
RISK AND OTHER IMPLICATIONS

Financial
There is potential loss of income through event hire fees but this risk is minimal.

Legal
Nil

Operational
Manager Arts and Culture to assess event applications and refer to Council if any doubt exists over interpretation of the policy.

Organisational
Nil

STRATEGIC AND POLICY IMPLICATIONS
Nil

COMMUNITY ENGAGEMENT
Nil

CONCLUSION
The adoption of the revised policy protects the younger demographic (18 – 25 year olds) from unnecessary exposure to alcohol advertising and further refines the city’s principles with regards to the management of alcohol in the community.

VOTING AND OTHER SPECIAL REQUIREMENTS
Simple Majority Required
COMMITTEE AND OFFICER'S RECOMMENDATION

MOVED: Cr A Sullivan

That Council:

1. Adopt the revised Alcohol Management Policy as set out below:

   SG50 Alcohol management

Policy statement

To foster a healthy and responsible drinking culture and minimise the incidence of alcohol related harm in the community, the City of Fremantle (the City) will –

1. Implement a firm, proactive, adaptable and well-targeted approach to anti-social behaviour, including behaviour influenced by excessive alcohol consumption, utilising CCTV infrastructure and community safety and ranger patrols.

2. Promote and support a variety of events and activities where alcohol consumption is not the primary focus of activity including art and cultural programs, retail trading and recreational infrastructure.

3. Promote an appropriate mix of land use consistent with the objectives of the City’s strategic plan and Local Planning Scheme No. 4 and to minimise the impacts of the operation of licensed venues on surrounding areas.

4. Ensure thorough and integrated determination of liquor licence applications through the application of appropriate criteria having regard to the objectives of the City’s Strategic Plan, Local Planning Scheme No. 4, other relevant City policies and applicable statutory requirements.

5. Provide appropriate comment to the Director of Liquor Licensing in regard to liquor licence applications as per the provisions of the Liquor Control Act 1988.

6. Develop a responsible approach to alcohol consumption, sponsorship and signage at all externally run events approved by the city exceeding Racing, Gaming and Liquor RSA guidelines.

7. Deliver the Fremantle Liquor Accord, establish and expand partnerships with the WA Police, Department of Racing, Gaming and Liquor, Department of Health and other stakeholders including community groups to improve attitudes toward alcohol consumption and reduce the prevalence of alcohol related harm within the community.

8. Consult and engage with the community regarding alcohol-related issues and investigate and respond to alcohol-related complaints.
9. Prevent alcohol naming rights sponsorship of music events or other cultural events that have a youth-audience focus.

Policy scope

The City of Fremantle considers that an integrated and population wide approach is necessary to improve attitudes toward alcohol consumption. The City also recognises its capacity as a local government to foster a healthy and responsible drinking culture and to implement a range of strategies to minimise the incidence of alcohol related harm in the community.

Definitions and abbreviations

Nil

CARRIED: 7/0

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FPOL1702-9 BUSTER THE FUN BUS UPDATE REPORT

EXECUTIVE SUMMARY

To provide Council an update on the contract for Parenting Services and how this will impact the future of Buster the Fun Bus service within Fremantle.

This report recommends continuing advocacy to the State Government and further negotiations with the new service provider.

BACKGROUND

The State Government announced late December 2016 the recipients of funding for the new contracts as part of the Early Parenting Program. In the South-West metropolitan area, which includes Fremantle, the contract was awarded to the South West Metro Parenting Services Consortium (SWMPSC) contract value $565 000 per annum.

The agencies that make up the SWMPSC consortium include Meerilinga, Kwinana Early Years (Keys) and the City of Cockburn. From April 2017, the SWMPSC will be contracted to provide direct service provision of parenting support services from birth to 18 years across six local government areas; Fremantle, East Fremantle, Melville, Cockburn, Kwinana and Rockingham.

The lead agency Meerilinga have been offering parenting support services in Fremantle with families for 17 years, establishing respectful partnerships with parents as a foundation on which to build parents’ self-esteem and confidence. Their aim is to help families identify and build on existing strengths and to offer a range of parenting programs that increase knowledge and skills. The City has been supportive of Meerlinga with parenting programs delivered within the Fremantle Library space and most recently the Walyalup Cultural Centre as a venue for their Aboriginal Parent Support Service.

At the November 2016 meeting, Council resolved to advocate to the State Government regarding the loss of grant funding and service provision within the Fremantle area and seek contribution of funding for Buster the Fun Bus mobile parenting program. Advice from the Department of Local Government and Communities has indicated that no further funding is available and the preference is now given to proposals that reflect a partnership approach including those that demonstrate strong connections and relationships with other providers of parenting and related services. It should also be
noted that the age range has extended from 0 to 5 year to 0 to 18 years in the new parenting model.

COMMENT

The City received notification from the Department of Local Government and Communities late November 2016 to extend the term of the Service Agreement for Buster the Fun Bus to 31 March 2017. This notification also incorporated the three month notice period for the cessation of service.

Buster the Fun Bus has been operating three mornings per week across various Fremantle locations as part of the three month extension, however this program is due to cease at the end of March 2017.

Preliminary discussions with SWMPSC have indicated that the new parenting program will be based around researched evidence in local areas. It is yet to be determined whether this will incorporate a mobile parenting program within Fremantle, or the wider local government catchment areas.

The lead agency Meerilinga have indicated that are wanting to work collaboratively with all stakeholders to support the delivery of parenting programs across the region however are not committed in continuing the mobile program in its current form.

Early discussions indicates that they are willing to work closely with the City supporting the early, middle and teenage years to cover the spectrum of target groups and have key stakeholders provide expertise contribution as part of the establishment of a leadership group. This group will bring key stakeholders together in research, co-design and innovation. It is anticipated that the leadership group will be established by March 2017.

Further meetings have been scheduled prior to the establishment of the key stakeholder leadership group to discuss what the parenting program from birth to 18 years may look like in the Fremantle district.

Through the collaboration period it is suggested that Council continue to support Buster the Fun Bus mobile parenting program from April to June 2017. This would alleviate any parental concerns and program continuity through the development stage of the new service.

RISK AND OTHER IMPLICATIONS

Financial

The City will receive $50 215 (July - March) in funding for the 2016/2017 financial year, account number 100465.4387.

Estimated City cost to extend the program for the period April – June 2017 would be $18,000.
Legal
Department of Local Government and Communities Contract DFC0093-12, expires 31 March 2017.

Operational
In October 2016, the City received advice that the tender for Parenting Services across Western Australia will cease from 31 December 2016, an extension to the service has been provided until 31 March 2017 to operate Buster the Fun Bus three mornings per week. Staff employment is aligned to the City’s contracted service until 31 March 2017.

Should Council wish to continue Buster the Fun Bus parenting program in its current form of direct service provision, the City would need to financially contribute funds from April 2017.

Organisational
Buster the Fun Bus program is an inclusive and friendly outreach program that has visited many locations over the past thirty years of service, offering a non-judgemental and safe environment for young families to develop a health relationship between parent and child.

STRATEGIC AND POLICY IMPLICATIONS
Alignment with the Strategic Community Plan 2015 – 2025.

Health and Happiness
Creating an environment, where it is easy for people to lead safe, healthy and happy lives.

COMMUNITY ENGAGEMENT
The Australian Early Development Census (AEDC) measures the development of children in their first year of full time schooling across five key domains; Physical Health and Wellbeing, Social Competence, Emotional Maturity, Language and Cognitive Skills and Communication and General Knowledge.

Results are grouped into three categories, ‘developmentally on track’, ‘developmentally at risk’ and ‘developmentally vulnerable’. These results provide a snapshot of what is working well and what needs to be improved or developed to support children and their families.

There have been increases in four of the five domains for children living in the City of Fremantle. Physical health and wellbeing is the only domain with an increase in children deemed developmentally vulnerable.

Comparatively, Fremantle is tracking above the state average of children developmentally on track in all five domains.
CONCLUSION

All Parenting Services are expected to demonstrate a high level of quality programs that will be developed around identified needs, it is intended that the SWMPSC will develop programs around three main focus areas:

- Fremantle, East Fremantle and Melville;
- Cockburn, and
- Kwinana and Rockingham.

The three focus areas above will collaborate and co-design the service using evidence, experience and place based knowledge. The City would then cease direct service provision of parenting services from July 2017.

The mobile parenting program is a service that has been well utilised over the past thirty years, on average around 60 to 70 families attend each week. The program is an inclusive and friendly outreach program, offering a non-judgemental and safe environment for young families to develop a health relationship between parent and child.

At this stage it is unclear whether SWMPSC will continue with the current format of the mobile parenting program known as Buster the Fun Bus. Officers will continue discussions around the outreach program with the lead agency in an endeavour to achieve continuation of the program beyond June 2017 and therefore recommend that for continuity of the program the City funds it under the current model of three mornings per week from April to June 2017, enabling time to complete negotiations.

VOTING AND OTHER SPECIAL REQUIREMENTS

Absolute Majority Required
COMMITTEE AND OFFICER'S RECOMMENDATION

MOVED: Cr A Sullivan

That Council:

1. Authorises the Chief Executive Officer to engage with South West Metro Parenting Consortium to seek continuation of Buster the Fun Bus parenting program.

2. Funds Buster the Fun Bus three mornings per week from April to June 2017, at an estimated cost of $18 000 to be considered as part of the February budget review process.

CARRIED: 7/0

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CONFIDENTIAL MATTERS
At 8.14 pm Cr A Sullivan MOVED that item number FPOL1702-11 be closed to members of the public in accordance with Section 5.23(2) (e)(ii) of the Local Government Act 1995.

RESOLUTION FOR CONFIDENTIALITY

MOVED: Cr A Sullivan

That item FPOL1702-11 be closed to members of the public in accordance with Section 5.23(2) (e)(ii) of the Local Government Act 1995.

CARRIED: 6/1

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There were no members of the public in the chamber at this time.

FPOL1702-11 EXIT AGREEMENT - ST PATRICK’S COMMUNITY HOUSING

ECM Reference: 94 South Terrace
Disclosure of Interest: Nil
Meeting Date: FPOL 8 February, 2017
Previous Item: C1612-6
Responsible Officer: Director City Business
Actioning Officer: Director City Business
Decision Making Authority: Council
Agenda Attachments: Nil

REASON FOR CONFIDENTIALITY

This report is CONFIDENTIAL in accordance with Section 5.23(2) of the Local Government Act 1995 which permits the meeting to be closed to the public for business relating to the following:

(e) a matter that if disclosed, would reveal -
(ii) information that has a commercial value to a person
CLOSURE OF MEETING

THE PRESIDING MEMBER DECLARED THE MEETING CLOSED AT 8.24 PM.
SUMMARY GUIDE TO CITIZEN PARTICIPATION AND CONSULTATION

The City values community engagement and recognises the benefits that can flow to the quality of decision-making and the level of community satisfaction.

Effective community engagement requires total clarity so that Elected Members, Council officers and citizens fully understand their respective rights and responsibilities as well as the limits of their involvement in relation to any decision to be made by the City.

How consultative processes work at the City of Fremantle

<table>
<thead>
<tr>
<th>The City’s decision makers</th>
<th>1. The Council, comprised of Elected Members, makes policy, budgetary and key strategic decisions while the CEO, sometimes via on-delegation to other City officers, makes operational decisions.</th>
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<tr>
<td>Various participation opportunities</td>
<td>2. The City provides opportunities for participation in the decision-making process by citizens via its council appointed working groups, its community precinct system, and targeted community engagement processes in relation to specific issues or decisions.</td>
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<tr>
<td>Objective processes also used</td>
<td>3. The City also seeks to understand the needs and views of the community via scientific and objective processes such as its bi-ennial community survey.</td>
</tr>
<tr>
<td>All decisions are made by Council or the CEO</td>
<td>4. These opportunities afforded to citizens to participate in the decision-making process do not include the capacity to make the decision. Decisions are ultimately always made by Council or the CEO (or his/her delegated nominee).</td>
</tr>
<tr>
<td>Precinct focus is primarily local, but also city-wide</td>
<td>5. The community precinct system establishes units of geographic community of interest, but provides for input in relation to individual geographic areas as well as on city-wide issues.</td>
</tr>
<tr>
<td>All input is of equal value</td>
<td>6. No source of advice or input is more valuable or given more weight by the decision-makers than any other. The relevance and rationality of the advice counts in influencing the views of decision-makers.</td>
</tr>
<tr>
<td>Decisions will not necessarily reflect the majority view received</td>
<td>7. Local Government in WA is a representative democracy. Elected Members and the CEO are charged under the Local Government Act with the responsibility to make decisions based on fact and the merits of the issue without fear or favour and are accountable for their actions and decisions under law. Elected Members are accountable to the people via periodic elections. As it is a representative democracy, decisions may not be made in favour of the majority view expressed via consultative processes. Decisions must also be made in accordance with any statute that applies or within the parameters of budgetary considerations. All consultations will clearly outline from the outset any constraints or limitations associated with the issue.</td>
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<td>How consultative processes work at the City of Fremantle</td>
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<tr>
<td><strong>Decisions made for the overall good of Fremantle</strong></td>
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<tr>
<td>8. The Local Government Act requires decision-makers to make decisions in the interests of &quot;the good government of the district&quot;. This means that decision-makers must exercise their judgment about the best interests of Fremantle as a whole as well as about the interests of the immediately affected neighbourhood. This responsibility from time to time puts decision-makers at odds with the expressed views of citizens from the local neighbourhood who may understandably take a narrower view of considerations at hand.</td>
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<tr>
<td><strong>Diversity of view on most issues</strong></td>
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<tr>
<td>9. The City is wary of claiming to speak for the ‘community’ and wary of those who claim to do so. The City recognises how difficult it is to understand what such a diverse community with such a variety of stakeholders thinks about an issue. The City recognises that, on most significant issues, diverse views exist that need to be respected and taken into account by the decision-makers.</td>
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<tr>
<td><strong>City officers must be impartial</strong></td>
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<td>10. City officers are charged with the responsibility of being objective, non-political and unbiased. It is the responsibility of the management of the City to ensure that this is the case. It is also recognised that City officers can find themselves unfairly accused of bias or incompetence by protagonists on certain issues and in these cases it is the responsibility of the City’s management to defend those City officers.</td>
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<tr>
<td><strong>City officers must follow policy and procedures</strong></td>
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<td>11. The City’s community engagement policy identifies nine principles that apply to all community engagement processes, including a commitment to be clear, transparent, responsive, inclusive, accountable and timely. City officers are responsible for ensuring that the policy and any other relevant procedure is fully complied with so that citizens are not deprived of their rights to be heard.</td>
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<tr>
<td><strong>Community engagement processes have cut-off dates that will be adhered to.</strong></td>
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<tr>
<td>12. As City officers have the responsibility to provide objective, professional advice to decision-makers, they are entitled to an appropriate period of time and resource base to undertake the analysis required and to prepare reports. As a consequence, community engagement processes need to have defined and rigorously observed cut-off dates, after which date officers will not include ‘late’ input in their analysis. In such circumstances, the existence of ‘late’ input will be made known to decision-makers. In most cases where community input is involved, the Council is the decision-maker and this affords community members the opportunity to make input after the cut-off date via personal representations to individual Elected Members and via presentations to Committee and Council Meetings.</td>
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How consultative processes work at the City of Fremantle

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<tr>
<td>Citizens need to check for any changes to decision making arrangements made</td>
<td>13. The City will take initial responsibility for making citizens aware of expected time-frames and decision making processes, including dates of Standing Committee and Council Meetings if relevant. However, as these details can change, it is the citizens responsibility to check for any changes by visiting the City’s website, checking the Fremantle News in the Fremantle Gazette or inquiring at the Customer Service Centre by phone, email or in-person.</td>
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<tr>
<td>Citizens are entitled to know how their input has been assessed</td>
<td>14. In reporting to decision-makers, City officers will in all cases produce a community engagement outcomes report that summarises comment and recommends whether it should be taken on board, with reasons.</td>
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<tr>
<td>Reasons for decisions must be transparent</td>
<td>15. Decision-makers must provide the reasons for their decisions.</td>
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<tr>
<td>Decisions posted on the City’s website</td>
<td>16. Decisions of the City need to be transparent and easily accessed. For reasons of cost, citizens making input on an issue will not be individually notified of the outcome, but can access the decision at the City’s website under ‘community engagement’ or at the City Library or Service and Information Centre.</td>
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Issues that Council May Treat as Confidential

Section 5.23 of the new Local Government Act 1995, Meetings generally open to the public, states:

1. Subject to subsection (2), the following are to be open to members of the public -
   a) all council meetings; and
   b) all meetings of any committee to which a local government power or duty has been delegated.

2. If a meeting is being held by a council or by a committee referred to in subsection (1) (b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following:
   a) a matter affecting an employee or employees;
   b) the personal affairs of any person;
   c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;
   d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting;
   e) a matter that if disclosed, would reveal –
      i) a trade secret;
      ii) information that has a commercial value to a person; or
      iii) information about the business, professional, commercial or financial affairs of a person.
      Where the trade secret or information is held by, or is about, a person other than the local government.
   f) a matter that if disclosed, could be reasonably expected to -
      i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;
      ii) endanger the security of the local government’s property; or
      iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety.
   g) information which is the subject of a direction given under section 23 (1a) of the Parliamentary Commissioner Act 1971; and
   h) such other matters as may be prescribed.

3. A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.