



# Agenda

## Ordinary Meeting of Council

Wednesday 27 September 2023 6pm



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

Elected Members

An Ordinary Meeting of Council of the City of Fremantle will be held on **Wednesday 27 September 2023** in the Council Chamber at the Walyalup Civic Centre, located at 151 High Street, Fremantle commencing at 6.00 pm.

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

Glen Dougall  
**Chief Executive Officer**

21 September 2023



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

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

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

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

Cr Doug Thompson– Leave of Absence

Cr Bryn Jones – Leave of Absence

Cr Marija Vujcic – Apology

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

Elected member may request leave of absence.

**Cr Marija Vujcic requests a leave of absence from 20 September 2023 to 29 September 2023 (inclusive).**

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

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

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

**The following questions were taken on notice at the Ordinary Meeting of Council held on 23 August 2023.**

**Ian Ker asked the following questions in relation to items not on the agenda:**

### **Question 1:**

The rate payers of 2023/2024 are already getting negative benefits, as part of the South Beach reserve is a building site; and toilet and shower facilities are even more inadequate than they have been for the past year or so. In particular, there are no accessible toilets. How long must we put up with this state of affairs?

### **Response:**

There are two phases to this project, with the first phase being the demolition of the existing facilities.



There have been some changes to the provision of temporary toilets for the demolition phase - these will include disabled facilities.

**Question 2:**

Are there even firm project timelines for the construction of the new toilets and change rooms?

**Response:**

There is a program of works - the anticipated start for the construction works of the new facilities is currently planned for late November.

**Question 3:**

Have tenders been called for the toilet and change rooms project?

**Response:**

The second phase of the project has not yet been tendered; it is about to go out to tender.

## **6. Public question time**

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

## **7. Petitions**

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

## **8. Deputations**

### **8.1 Special deputations**

There are no special deputation requests.

### **8.2 Presentations**

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

## **9. Confirmation of minutes**

### **OFFICER'S RECOMMENDATION**

**Council confirm the minutes of the Ordinary Meeting of Council dated 23 August 2023.**



## **10. Elected member communication**

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



## 11. Reports and recommendations from committees 11.1 Planning Committee 6 September 2023

### PC2309-12 DEVELOPMENT APPLICATION - FEE WAIVING

<b>Meeting Date:</b>	6 September 2023
<b>Responsible Officer:</b>	Manager Development Approvals
<b>Decision Making Authority:</b>	Council
<b>Attachments:</b>	Nil
<b>Confidential Attachments:</b>	1. Confidential attachment

#### SUMMARY

**When submitting an application for Development Approval, applicants are required to pay a fee. In certain circumstances, it may be appropriate for Council waive the fee. LPP 1.2 Refunding and Waiving/Reducing of Planning and Building Fees, sets out the instances where delegated staff may reduce planning fees, however only Council has the authority to waive a fee entirely.**

**The proposal to waive the fee for two separate developments, is referred to Council for approval. In both scenarios, it is recommended the fees be waived entirely.**

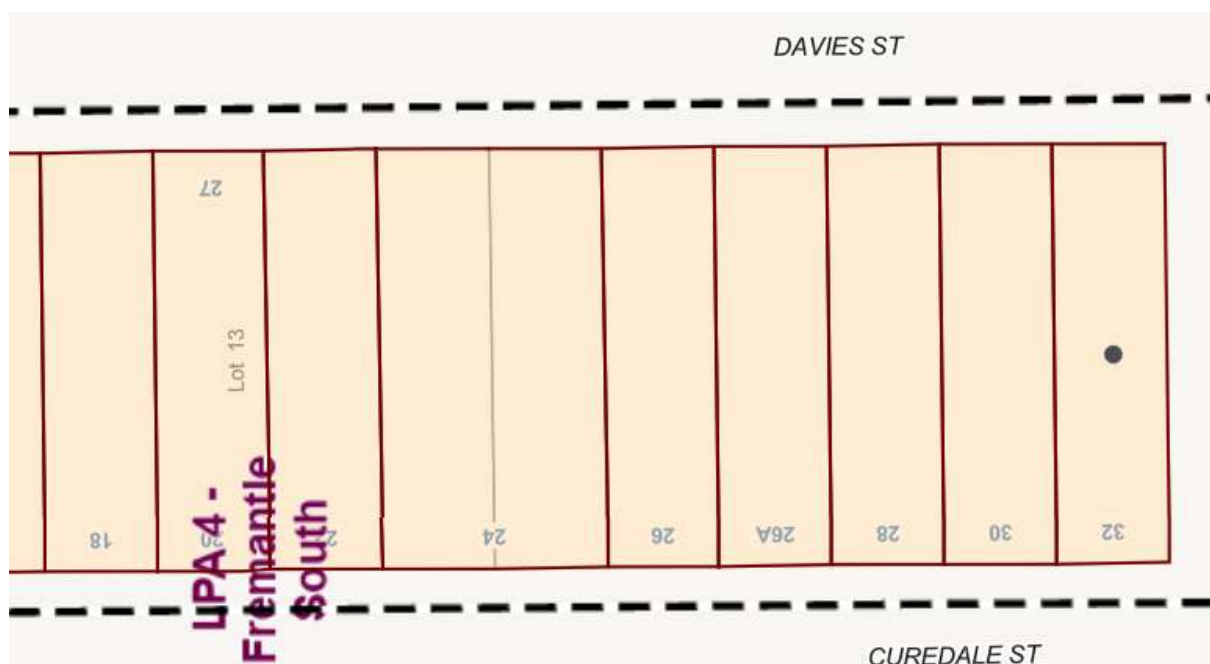
#### PROPOSAL AND OFFICER COMMENT

Approval is sought to waive the development (planning) application fees for two development sites:

- 18-32 Curedale Street, Beaconsfield
  - The first project of its type in Western Australia, the Walbirniny Mia Aboriginal Elder Care development will provide approximately 21 homes for approximately 50 Aboriginal Elders and will be owned and operated by Aboriginal people.
  - This project is in Beaconsfield on land owned by the Indigenous Land and Sea Corporation (ILSC). Mandjah Boodjah Aboriginal Corporation currently operates under agreement from the ILSC, seven Elder care homes. The project upon completion will transition to the Langford Aboriginal Association with culturally appropriate tenancies services provided by registered Community Housing Provide St Bart's, who will transition the service over time to Noongar Mia Mia, an emerging provider.
  - The approximate cost of development has been estimated at \$9million, which means the estimated Development Application fee would be \$20,873. It is noted that the project team is still working through the detail for this project, so this figure may change. The maximum total fee



- for any development application, regardless of construction value is \$34,196.
- This is a unique and complex project and has been in feasibility stage for many years. It is now close to reaching the point of seeking approvals and moving into delivery.
- As the proposal is for a not-for-profit organisation who is seeking to deliver essential, diverse housing, the fee is recommended to be waived.



- 18 Strang Street, Beaconsfield
  - Change of use to dwellings
  - Total fee - \$12,390
  - Due to an ongoing legal matter, details of this proposal are confidential. Attachment 1 provides the background information relevant to the matter.



It is noted that due to limitations in the legislation, the City is unable to waive or reduce any Building Permit fees for any other developments.

**STRATEGIC IMPLICATIONS**

Strategic Community Plan 2015-25

- Increase the number of people living in Fremantle
- Increase the number of visitors to Fremantle
- Provide for and seek to increase the number and diversity of residential dwellings in the City of Fremantle

**FINANCIAL IMPLICATIONS**

In waiving the planning fees, the City will not recoup the cost of reviewing and assessing the proposals. However, due to the unique circumstances of each proposed application, it is deemed suitable in both instances.

**LEGAL IMPLICATIONS**

Nil



**COMMITTEE RECOMMENDATION ITEM PC2309-12**  
**(Officer's recommendation)**

**Moved: Cr Bryn Jones**

**Seconded: Cr Ben Lawver**

**Council:**

- 1. Waive all fees for Development Applications associated with the Aboriginal Elder Housing Project at 18-32 Curedale Street, Beaconsfield;**
- 2. Waive the Development Application fees for the Change of Use to Grouped Dwellings at No. 18 Strang Street, Beaconsfield.**

**Carried: 7/0**

**Mayor Hannah Fitzhardinge, Cr Bryn Jones, Cr Geoff Graham,  
Cr Andrew Sullivan, Cr Su Groome, Cr Adin Lang, Cr Ben Lawver**



## 11.2 Finance, Policy, Operations and Legislation Committee 13 September 2023

### FPOL2309-3 GRANTS AND SPONSORSHIPS POLICY AMENDMENT – YOUTH GRANTS

<b>Meeting date:</b>	13 September 2023
<b>Responsible officer:</b>	Manager Community Development
<b>Decision making authority:</b>	Council
<b>Attachments:</b>	1. Grants and Sponsorship Policy Amendment

#### SUMMARY

**The City of Fremantle approved funding in the 2023-24 budget to support a Youth Grants program aligned with priorities of the Draft Youth Plan which will be presented to Council later this year.**

**The program includes a Youth Grant targeting not-for-profit community organisations and Youth Travel Assistance fund targeting individuals. The Grants and Sponsorship Policy requires a minor amendment to allow the program to commence.**

**This report recommends that Council approve the following amendments to the Grants and Sponsorship Policy:**

- 1. Inclusion of a Youth Grant**
- 2. Inclusion of a Youth Travel Assistance**

#### BACKGROUND

Through the 2022-23 budget process, Council approved additional funding to support the Youth Plan including a Youth Grants program that will address gaps, target priority areas and needs.

The Youth Plan 2023-2027 has been established as a comprehensive guiding document for the City's engagement with young people and will embed actions to support and address the needs and concerns of young people as well as improve their engagement and wellbeing.

The final Draft Youth Plan 2023-2027 is being considered for endorsement by Council later in the year.

The new Youth Grants funding is not adequately captured in the Grants and Sponsorship Policy, adopted May 2021.



The Youth Grant will include two funding programs;

1. **Youth Grant** which aims to support activities, programs and projects that primarily engage with young people (aged 12 – 25) that encourage social and civic participation and increase wellbeing, skills, empowerment, and resilience.
2. **Youth Travel Assistance** which aims to support access for young people to participate in professional and/or personal development opportunities at a state, national or international level.

Regarding the Youth Travel Assistance funding, the City is frequently contacted by young people with requests for support to fulfill professional and/or personal development opportunities outside of Fremantle such as attending conferences, academic excellence programs and speaking at events.

The proposed Grants and Sponsorship Policy amendment will introduce funding, like the existing Sporting Assistance funding, that recognises the diversity of young people’s achievement and participation in important high level academic, cultural, artistic, and other activities outside of the sporting arena.

The City carries out two (2) Community Grant funding rounds per financial year, with the first opening 1 October 2023 and closing 31 October 2023. It is proposed that once the policy amendment is endorsed by Council in September that the Youth Grant program is launched to coincide with the opening of the Community Grant round in October. It is recommended that one (1) round of Youth Grants is made available due to the budget of \$30,000, which is anticipated to be spent within 1 round.

**FINANCIAL IMPLICATIONS**

The following budget allocation was adopted in the 2023/24 Annual Budget, this includes \$30,000 for Youth related grants:

Account	Account Name	Budgeted	Allocation
100467.5932	Allocate Community Development Funding – Grants Expenses	\$90,000 total	\$60,000 – General Community Groups and Not For Profits \$30,000 - Youth

Of the total \$30,000 allocation, it is proposed that \$3,000 is allocated to support the Youth Travel Assistance program and the remaining \$27,000 is allocated to Youth Grants.



The Youth Grant guidelines will be consistent with the existing Community Grant program but will include specific objectives and eligibility criteria relevant to the Youth Grant as per the proposed amendment.

The Youth Travel Assistance guidelines will be consistent with the existing Sporting Assistance program but will include specific objectives and eligibility criteria that supports young people's attendance at high level professional and/or personal development opportunities outside Fremantle.

### **LEGAL IMPLICATIONS**

Nil

### **CONSULTATION**

The City has completed a comprehensive process to develop the Youth Plan which involved a review of the previous Youth Plan 2012-15 and extensive community engagement.

The peak body for Youth, the Youth Affairs Council of WA (YACWA), was contracted to undertake community engagement from July to December 2022 in partnership with four key groups: young people who live, work, study and/or visit the City of Fremantle, parents and caregivers of young people, groups and organisations that work with young people and City of Fremantle staff.

The review identified areas of success and new priority actions, which informed the development of the Plan. The Plan's actions were formulated based on community and stakeholder engagement, demographic data, a review of current issues and trends, an assessment of current youth provision in the area and the strategic priorities of the City.

Elected members have received informal briefing on the development of youth plan through the process.

### **OFFICER COMMENT**

The City of Fremantle is dedicated to ensuring that its community is inclusive and accessible to all individuals, including young people aged 12-25 who reside, attend school, work, and visit the area. The Youth Plan 2023 – 2027 has been developed as a means of fostering this commitment with the new Youth Grants program an important enabler for the achievement of the plan's priorities.

The commencement of a Youth Grants program supports the Youth Plan's goal of supporting the provision of activities, programs and projects that primarily engage with local young people that live, work and play within the City of Fremantle (aged 12-25) that encourage social connections and address current social and public health issues relevant to that population cohort in the



surrounding area. Byproducts of the initiatives can result in skill development, increased mental and physical wellbeing and empowerment.

The Youth Plan focus areas including *Education, Training and Employment Pathways* and *Participation, Engagement and Social Impact* highlight the importance of providing skill-building opportunities for young people, and recognising the significant contributions young people can make to the local community and beyond.

To provide alignment with these priorities, an additional funding stream of the Grants and Sponsorship Policy are proposed. This stream will be called 'Youth Travel Assistance' and will enable young people to apply for funding to participate in leadership activities such as attending international conference. This will be funded using a small portion of the Youth Grants budget.

It is proposed these additional elements are included in the Grants and Sponsorship Policy which will require minor amendments to the current policy. These amendments are outlined in the attachment 1, Grants and Sponsorship Policy.

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

Simple majority required



**COMMITTEE RECOMMENDATION ITEM FPOL2309-3**  
**(Officer’s recommendation)**

**Moved: Cr Jenny Archibald**

**Seconded: Cr Frank Mofflin**

**Council approve to amend the Grants and Sponsorships Policy, as shown in Attachment 1 (with a minor amendment), to include the following funding programs:**

**1. Inclusion of a Youth Grant**

Program	Description	Open for Applications	Levels of Support	Specific Eligibility Criteria
<b>8. Youth Grant</b>	<b>Support for programs, projects and initiatives that encourage social and civic participation and increase wellbeing, skills, empowerment, and resilience of young people.</b>	<b>1 round per year</b>	<b>Monetary</b>	<ul style="list-style-type: none"> <li><b>Organisations with incorporation status</b></li> <li><b>Applicants with an eligible auspice</b></li> <li><b>Not for profit organisations</b></li> <li><b>Primary target group to include young people aged 12 – 25 years who live, work and or study in Fremantle.</b></li> </ul>

**2. Inclusion of Youth Travel Assistance**

Program	Description	Open for Applications	Levels of Support	Specific Eligibility Criteria
<b>12. Youth Travel Assistance</b>	<b>Supports access for young people to participate in professional and/or personal development opportunities at a state, national or international level.</b>	<b>Ongoing</b>	<b>Monetary</b>	<ul style="list-style-type: none"> <li><b>City of Fremantle resident</b></li> <li><b>Aged 25 and under</b></li> </ul>

**Carried: 6/0**  
**Cr Jenny Archibald, Cr Fedele Camarda, Cr Rachel Pemberton,**  
**Cr Frank Mofflin, Cr Bryn Jones, Cr Andrew Sullivan**



**FPOL2309-4 PROPOSED LEASE FOR FREMANTLE ART CENTRE CAFÉ  
AND FREMANTLE LEISURE CENTRE KIOSK**

<b>Meeting date:</b>	13 September 2023
<b>Responsible officer:</b>	Manager Economy & Commercial
<b>Decision making authority:</b>	Council
<b>Attachments:</b>	Nil
<b>Confidential Attachments:</b>	<ol style="list-style-type: none"><li>1. Fremantle Arts Centre EOI Submissions</li><li>2. Fremantle Leisure Centre EOI Submissions</li><li>3. Independent Market Rent Valuation</li></ol>

**SUMMARY**

**The purpose of this report is to seek Council approval for the proposed essential terms that have been negotiated with an applicant for the Fremantle Arts Centre Café (Portion of 1 Finnerty Street, Fremantle) and the Fremantle Leisure Centre Kiosk (Portion of 2 Shuffrey Street, Fremantle).**

**This report recommends that Council:**

- 1. Approve the proposed Lease terms for a portion of 1 Finnerty Street, Fremantle;**
- 2. Approve the proposed Lease terms for a portion of 2 Shuffrey Street, Fremantle; and**
- 3. Authorise the Chief Executive Officer to finalise each Lease between the City and G.A.P's Kitchen Pty Ltd based on the essential terms outlined in this report.**

**BACKGROUND**

Fremantle Arts Centre Café – Portion of 1 Finnerty Street, Fremantle

The Fremantle Arts Centre Café (FAC Café) is currently vacant.

Prior to the departure of the previous tenant, an initial Expression of Interest (EOI) process was run in June 2022 and no submissions were received. A second EOI process was run in August 2022 and in October 2022 the preferred candidate was shortlisted, and negotiations commenced. In February 2023 the preferred candidate notified officers that it could not progress with the Lease for financial reasons.

In May 2023 Officers released another EOI campaign that advertised both the FAC Café and Fremantle Leisure Centre Kiosk (FLC Kiosk) together. Candidates could submit for one or both spaces. The EOI closed on 21 July 2023, three submissions were received for the FAC Café.



Fremantle Leisure Centre Kiosk – Portion of 2 Shuffrey Street, Fremantle

The FLC Kiosk is currently vacant.

An initial EOI process was run throughout May and June 2022 and a preferred candidate was selected and notified in 5 August 2022. The preferred candidate agreed to essential terms and Council approved the proposed lease in March 2023 FPOL2303-3. A draft Lease was prepared and during negotiations the preferred candidate advised officers that she couldn't proceed with the lease for personal reasons.

In May 2023 officers released another EOI campaign that advertised both the FAC Café and the FLC Kiosk together. The EOI closed on 21 July 2023, three submissions were received for the FLC Kiosk.

The City received a submission from G.A.P's Kitchen Pty Ltd that meets the selection criteria of the EOI and was unanimously chosen as the preferred candidate for both sites by the assessment panel.

**FINANCIAL IMPLICATIONS**

FAC Café

The proposed rent for the premises is \$18,253.32 exclusive of GST per annum. This is calculated at a rate of \$225.34 per m2 per annum exclusive of GST.

An independent valuation has been undertaken and is provided in the confidential attachments.

Outgoings payable may include but not be limited to:

- Electricity usage (account to be connected by the Lessee)
- Water usage
- Phone and internet connection (account to be arranged and connected by the Licensee)
- Council Rates
- Building insurance premium
- Other as specified

The Lessee has requested that the Lessor provide a six-month rent-free period in lieu of a cash contribution.

The requested Lease term is ten (10) years with no option periods.

Officers have estimated that the value of the compliance works required at the site to be in the vicinity of \$80,000. The Lessee has not requested a fit-out contribution payment from the City but requires the City to undertake the



necessary compliance works at the premises to meet the minimum health and building standards for the proposed café use.

The capital contribution has been budgeted for in the approved FY22/23 Budget.

Officers forecast that the net income for the term of the Lease factoring in the capital contribution and rent-free period, has been estimated to be in the vicinity of \$93,406.54 over the total 10-year term.

The courtyard area does not form part of the lease and will be licenced to the operator under a separate license agreement.

#### FLC Kiosk

The proposed rent for the premises is \$14,246.65 exclusive of GST per annum. This is calculated at a rate of \$222.60 per m2 per annum exclusive of GST.

An independent valuation has been undertaken and is provided in the confidential attachments.

Outgoings payable may include but not be limited to:

- Electricity usage (account to be connected by the Lessee)
- Water usage
- Phone and internet connection (account to be arranged and connected by the Licensee)
- Council Rates
- Building insurance premium
- Other as specified

The Lessee has requested that the Lessor provide a six-month rent-free period in lieu of a cash contribution.

The requested Lease term is ten (10) years with no option periods.

Officers have estimated that the value of the compliance works required at the site to be in the vicinity of \$40,000. The Lessee has not requested a fit-out contribution payment from the City but requires the City to undertake the necessary compliance works at the premises to meet the minimum health and building standards for the proposed kiosk use.

The capital contribution has been budgeted for in the approved FY22/23 Budget.

Officers forecast that the net income for the term of the Lease factoring in the capital contribution and rent-free period, has been estimated to be in the vicinity of \$95,343.17 over the total 10-year term.



## **LEGAL IMPLICATIONS**

Two separate Leases will be prepared which must comply with the requirements of Section 3.58 of the Local Government Act 1995. In addition, before agreeing to dispose of these properties, the City will give public notice of the proposed disposition, and in doing so invite public submissions on the proposed disposition.

### Caretake provisions during election period

In accordance with the Council decision making during electoral period policy, Council may not make major decisions during an 'electoral period', being the 7 September until 21 October 2023, unless the CEO has determined extraordinary circumstances apply.

As this matter does not comply with this policy, the CEO has determined that extraordinary circumstances apply, as delaying consideration of the leases until after the election, will add significant delays to the commencement of works required to fit out the properties prior to occupation.

## **CONSULTATION**

In accordance with the City's Leasing of City Property in a competitive manner policy, the City is obligated to advertise commercial properties in an open and competitive manner when they become available for lease. Both properties have been advertised across multiple platforms on a number of occasions between May 2022 to July 2023.

The EOI was marketed via the following methods:

- Advertising on realcommercial.com.au
- City's website and various media channels
- Online campaign via Facebook and LinkedIn
- Press advertising
- Direct approach to potential candidates and use of Economic Development database.

## **OFFICER COMMENT**

Officers have determined that the proposed tenant is suitable, meets the selection criteria and will complement the existing offering within the Fremantle Arts Centre and Fremantle Leisure Centre.

The following essential terms have been agreed upon by the City and the proponent.



Key Lease Terms and Conditions - Fremantle Arts Centre Cafe	
<b>Land Description</b>	Lot 500 Deposited Plan 77256 Volume LR3163 Folio 917
<b>Property</b>	Portion of 1 Finnerty Street, Fremantle (Plan of Premises shown below)
<b>Property Owner</b>	City of Fremantle
<b>Lessor</b>	City of Fremantle
<b>Lessee</b>	G.A.P's Kitchen Pty Ltd
<b>Lease Commencement Date</b>	TBA
<b>Lease Term</b>	Ten (10) years
<b>Annual Rent</b>	\$18,253.32 exclusive of GST per annum (\$225.34 per m2)
<b>Rent Review</b>	Rent to increase by 3% annually. Market rent review at year five.
<b>Site Area</b>	81m2 (indicated in blue in the plan of premises).
<b>Bank Guarantee</b>	Three (3) months' gross rental (inclusive of GST).
<b>Incentives/contributions</b>	6 months rent free.
<b>Permitted Use</b>	Café
<b>Outgoings</b>	<p>Outgoings payable may include but not be limited to:</p> <ul style="list-style-type: none"> <li>• Electricity usage (account to be connected by the Lessee)</li> <li>• Water usage</li> <li>• Phone and internet connection (account to be arranged and connected by the Lessee)</li> <li>• Council Rates</li> <li>• Building insurance premium</li> </ul>
<b>Building Maintenance</b>	<p>Lessee is responsible for the ongoing maintenance of its fitout.</p> <p>Lessor is responsible for structural maintenance and maintenance as a result of fair wear and tear.</p>



<p><b>Insurance</b></p>	<p>The Lessee must effect and maintain:</p> <ul style="list-style-type: none"> <li>a) Public liability insurance of \$20 million.</li> <li>b) Insurance to cover the Lessee’s fixtures, fittings, equipment and stock against any loss, damage or theft and other usual risks.</li> <li>c) Adequate workers compensation insurance in respect to all employees of the Lessee.</li> </ul> <p>The Lessor will effect and maintain building insurance and the Lessee will be on-charged its portion of the premium.</p>
<p><b>Special Conditions</b></p>	<ul style="list-style-type: none"> <li><b>1.</b> The Lessee acknowledges:           <ul style="list-style-type: none"> <li>a) The property is offered “as is”, however the Lessor will undertake compliance works prior to the commencement of the Lease to ensure the property meets minimum Health and Building standards for the proposed use.</li> <li>b) The property is located within the Fremantle Arts Centre precinct. Use of the premises may be subject to collaborative utilisation with the other tenants of the site for parking, toilet access, stock deliveries etc.</li> <li>c) A maintenance schedule will be incorporated into the lease which specifies the responsibilities and obligations of the Lessor/Lessee regarding maintenance and repairs for the premises.</li> </ul> </li> <li><b>2.</b> Lessee’s Works           <ul style="list-style-type: none"> <li>(1) Lessee’s works definition;               <ul style="list-style-type: none"> <li>(a) Any alteration, improvement or development of the Premises including but not limited to the erection of any building, structure or fixture on the Premises (including tenancy fit out).</li> <li>(b) The excavation or demolition of any part of the Premises;</li> <li>(c) The removal, sale or disposal of any materials from the Premises.</li> </ul> </li> <li>(2) The Lessee must not undertake works unless;               <ul style="list-style-type: none"> <li>(a) Prior written consent is obtained from the Lessor which will include the</li> </ul> </li> </ul> </li> </ul>



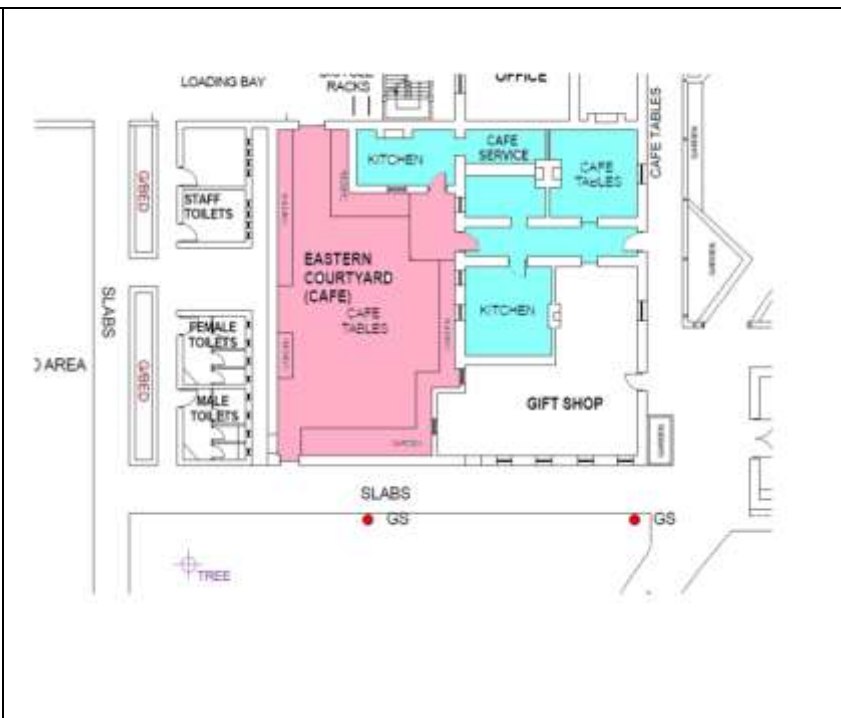
	<p>submission of a design of the proposed works. Consent may be withheld at absolute discretion or granted subject to conditions as the Lessor sees fit including but limited to any condition requiring amendment of the plan for the proposed Lessee’s Works in a manner deemed appropriate by the Lessor.</p> <p>(b) Planning approval under the local planning scheme (if applicable) and;</p> <p>(c) A building permit under the <i>Building Act 2011</i>(if applicable).</p> <p>(3) The Lessee shall be responsible for all costs of, or associated with, the Lessee’s Works including but not limited to costs of or associated with:</p> <p>(a) an application for planning consent;</p> <p>(b) an application for a building permit;</p> <p>(c) obtaining any other statutory approval required, including Water Corporation approval where necessary;</p> <p>(d) construction or installation of the Lessee’s Works; and</p> <p>(e) Installation or upgrade of any services.</p> <p>(4) The Lessor reserves the right to appoint a Lessor representative to oversee all Lessee Works at the Premises and sign off on the completion of key items within the Lessee proposed design.</p> <p>(5) The Lessee will ensure that all Lessee contractors undertaking works at the premises are certified and provide to the Lessor on demand copies of the contractor’s public liability insurance.</p> <p>(6) The parties acknowledge and agree that any Lessee’s Works comprising structural</p>
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	<p>improvements shall vest to the Lessor upon Termination of the Lease without cost</p> <p><b>3. Catering of Events</b> The Lessee will have first right of refusal to cater events and functions at the Fremantle Arts Centre and will have the opportunity to deliver events within the premises subject to the Lessor’s prior consent.</p> <p><b>4. Parties to act in good faith</b> Each party agrees to act in good faith throughout the term of the Lease and to not publicly disparage, denigrate or criticize the other party.</p> <p><b>5. Lease Assignment</b> The Lessee will have the right to assign the lease subject to the approval of the Lessor. The Lessor reserves the right to veto on any grounds, a proposed assignee.</p> <p><b>6. End of Lease</b> At the end of the Lease the Lessor reserves the right to advertise the premises available to Lease. The Lessee, subject to no default against the Lease, will be entitled to reapply to the Lease the premises through the public process.</p> <p><b>7. Parking</b> One parking bay will be permitted to the rear of the property. Further requests for parking, including parking permits, will be assessed by the Lessor on a case-by-case basis.</p>
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**Plan of Premises**





Key Lease Terms and Conditions - Fremantle Leisure Centre Kiosk	
<b>Land Description</b>	Lot 1928 Plan 174873 Volume LR3037 Folio 554
<b>Property</b>	Portion of 2 Shuffrey Street, Fremantle (Plan of Premises shown below)
<b>Property Owner</b>	City of Fremantle
<b>Lessor</b>	City of Fremantle
<b>Lessee</b>	G.A.P's Kitchen Pty Ltd
<b>Lease Commencement Date</b>	TBA
<b>Lease Term</b>	Ten (10) years
<b>Annual Rent</b>	\$14,246.65 exclusive of GST per annum (\$222.60 per m <sup>2</sup> )
<b>Rent Review</b>	Rent to increase by 3% annually. Market rent review at year five.
<b>Site Area</b>	64m <sup>2</sup>
<b>Bank Guarantee</b>	Three (3) months' gross rental (inclusive of GST).
<b>Incentives/contributions</b>	6 months rent free.
<b>Permitted Use</b>	Café/Kiosk
<b>Outgoings</b>	<p>Outgoings payable may include but not be limited to:</p> <ul style="list-style-type: none"> <li>• Electricity usage (account to be connected by the Lessee)</li> <li>• Water usage</li> <li>• Phone and internet connection (account to be arranged and connected by the Lessee)</li> <li>• Council Rates</li> <li>• Building insurance premium</li> </ul>
<b>Building Maintenance</b>	<p>Lessee is responsible for the ongoing maintenance of its fitout.</p> <p>Lessor is responsible for structural maintenance and maintenance as a result of fair wear and tear.</p>



<p><b>Insurance</b></p>	<p>The Lessee must effect and maintain:</p> <ul style="list-style-type: none"> <li>a) Public liability insurance of \$20 million.</li> <li>b) Insurance to cover the Lessee’s fixtures, fittings, equipment and stock against any loss, damage or theft and other usual risks.</li> <li>c) Adequate workers compensation insurance in respect to all employees of the Lessee.</li> </ul> <p>The Lessor will effect and maintain building insurance and the Lessee will be on-charged its portion of the premium.</p>
<p><b>Special Conditions</b></p>	<ul style="list-style-type: none"> <li><b>1.</b> The Lessee acknowledges:           <ul style="list-style-type: none"> <li>a) The property is offered “as is”, however the Lessor will undertake compliance works prior to the commencement of the Lease to ensure the property meets minimum Health and Building standards for the proposed use.</li> <li>b) The property is located within the Fremantle Leisure Centre precinct. Use of the premises may be subject to collaborative utilisation with the other tenants of the site for parking, toilet access, stock deliveries etc.</li> <li>c) The Lessor will support the Lessee’s submission of an application for an alfresco licence immediately adjacent to the premises.</li> <li>d) A maintenance schedule will be incorporated into the lease which specifies the responsibilities and obligations of the Lessor/Lessee regarding maintenance and repairs for the premises.</li> </ul> </li> <li><b>2.</b> Lessee’s Works           <ul style="list-style-type: none"> <li>(1) Lessee’s works definition;               <ul style="list-style-type: none"> <li>(a) Any alteration, improvement or development of the Premises including but not limited to the erection of any building, structure or fixture on the Premises (including tenancy fit out).</li> <li>(b) The excavation or demolition of any part of the Premises;</li> <li>(c) The removal, sale or disposal of any materials from the Premises.</li> </ul> </li> <li>(2) The Lessee must not undertake works unless;</li> </ul> </li> </ul>



	<ul style="list-style-type: none"><li>(a) Prior written consent is obtained from the Lessor which will include the submission of a design of the proposed works. Consent may be withheld at absolute discretion or granted subject to conditions as the Lessor sees fit including but limited to any condition requiring amendment of the plan for the proposed Lessee's Works in a manner deemed appropriate by the Lessor.</li><li>(b) Planning approval under the local planning scheme (if applicable) and;</li><li>(c) A building permit under the <i>Building Act 2011</i>(if applicable).</li></ul> <p>(3) The Lessee shall be responsible for all costs of, or associated with, the Lessee's Works including but not limited to costs of or associated with:</p> <ul style="list-style-type: none"><li>(a) an application for planning consent;</li><li>(b) an application for a building permit;</li><li>(c) obtaining any other statutory approval required, including Water Corporation approval where necessary;</li><li>(d) construction or installation of the Lessee's Works; and</li><li>(e) Installation or upgrade of any services.</li></ul> <p>(4) The Lessor reserves the right to appoint a Lessor representative to oversee all Lessee Works at the Premises and sign off on the completion of key items within the Lessee proposed design.</p> <p>(5) The Lessee will ensure that all Lessee contractors undertaking works at the premises are certified and provide to the Lessor on demand copies of the contractor's public liability insurance.</p> <p>(6) The parties acknowledge and agree that any Lessee's Works comprising structural improvements shall vest to the Lessor upon Termination of the Lease without cost.</p>
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	<p><b>3. Catering of Events</b>          The Lessee will have first right of refusal to cater events and functions at the Fremantle Leisure Centre and will have the opportunity to deliver events within the premises subject to the Lessor’s prior consent.</p> <p><b>4. Parties to act in good faith</b>          Each party agrees to act in good faith throughout the term of the Lease and to not publicly disparage, denigrate or criticize the other party.</p> <p><b>5. Lease Assignment</b>          The Lessee will have the right to assign the lease subject to the approval of the Lessor. The Lessor reserves the right to veto on any grounds, a proposed assignee.</p> <p><b>6. End of Lease</b>          At the end of the Lease the Lessor reserves the right to advertise the premises available to Lease. The Lessee, subject to no default against the Lease, will be entitled to reapply to the Lease the premises through the public process.</p> <p><b>7. Parking</b>          One parking bay will be permitted to the rear of the property. Further requests for parking, including parking permits, will be assessed by the Lessor on a case-by-case basis.</p>
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<p><b>Plan of Premises</b></p>	<p>Lease area shown hatched</p>
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**VOTING AND OTHER SPECIAL REQUIREMENTS**

Simple majority required

**OFFICER’S RECOMMENDATION**

**Moved: Cr Jenny Archibald**

**Seconded: Cr Rachel Pemberton**

Council authorise the Chief Executive Officer to enter into two Lease agreements with G.A.P’s Kitchen Pty Ltd for a portion of 1 Finnerty Street, Fremantle; and a portion of 2 Shuffrey Street, Fremantle based on the following essential terms and subject to section 3.58 of the *Local Government Act 1995*.

Key Lease Terms and Conditions - Fremantle Arts Centre Cafe	
Land Description	Lot 500 Deposited Plan 77256 Volume LR3163 Folio 917
Property	Portion of 1 Finnerty Street, Fremantle (Plan of Premises shown below)
Property Owner	City of Fremantle
Lessor	City of Fremantle
Lessee	G.A.P’s Kitchen Pty Ltd
Lease Commencement Date	TBA
Lease Term	Ten (10) years
Annual Rent	\$18,253.32 exclusive of GST per annum (\$225.34 per m2)
Rent Review	Rent to increase by 3% annually. Market rent review at year five.
Site Area	81m2 (indicated in blue in the plan of premises).
Bank Guarantee	Three (3) months’ gross rental (inclusive of GST).
Incentives/contributions	6 months rent free.
Permitted Use	Café
Outgoings	Outgoings payable may include but not be limited to: <ul style="list-style-type: none"> <li>• Electricity usage (account to be connected by the Lessee)</li> <li>• Water usage</li> <li>• Phone and internet connection (account to be arranged and connected by the Lessee)</li> <li>• Council Rates</li> <li>• Building insurance premium</li> </ul>



<p>Building Maintenance</p>	<p>Lessee is responsible for the ongoing maintenance of its fit out.          Lessor is responsible for structural maintenance and maintenance as a result of fair wear and tear.</p>
<p>Insurance</p>	<p>The Lessee must effect and maintain:          a) Public liability insurance of \$20 million.          b) Insurance to cover the Lessee’s fixtures, fittings, equipment and stock against any loss, damage or theft and other usual risks.          c) Adequate workers compensation insurance in respect to all employees of the Lessee.</p> <p>The Lessor will effect and maintain building insurance and the Lessee will be on-charged its portion of the premium.</p>
<p>Special Conditions</p>	<p><b>1.</b> The Lessee acknowledges:          a) The property is offered “as is”, however the Lessor will undertake compliance works prior to the commencement of the Lease to ensure the property meets minimum Health and Building standards for the proposed use.          b) The property is located within the Fremantle Arts Centre precinct. Use of the premises may be subject to collaborative utilisation with the other tenants of the site for parking, toilet access, stock deliveries etc.          c) A maintenance schedule will be incorporated into the lease which specifies the responsibilities and obligations of the Lessor/Lessee regarding maintenance and repairs for the premises.</p> <p><b>2.</b> Lessee’s Works          (1) Lessee’s works definition;              (a) Any alteration, improvement or development of the Premises including but not limited to the erection of any building, structure or fixture on the Premises (including tenancy fit out).              (b) The excavation or demolition of any part of the Premises;              (c) The removal, sale or disposal of any materials from the Premises.</p>



	<p>(2) The Lessee must not undertake works unless;</p> <p>(a) Prior written consent is obtained from the Lessor which will include the submission of a design of the proposed works.</p> <p>Consent may be withheld at absolute discretion or granted subject to conditions as the Lessor sees fit including but limited to any condition requiring amendment of the plan for the proposed Lessee’s Works in a manner deemed appropriate by the Lessor.</p> <p>(b) Planning approval under the local planning scheme (if applicable) and;</p> <p>(c) A building permit under the <i>Building Act 2011</i>(if applicable).</p> <p>(3) The Lessee shall be responsible for all costs of, or associated with, the Lessee’s Works including but not limited to costs of or associated with:</p> <p>(a) an application for planning consent;</p> <p>(b) an application for a building permit;</p> <p>(c) obtaining any other statutory approval required, including Water Corporation approval where necessary;</p> <p>(d) construction or installation of the Lessee’s Works; and</p> <p>(e) Installation or upgrade of any services.</p> <p>(4) The Lessor reserves the right to appoint a Lessor representative to oversee all Lessee Works at the Premises and sign off on the completion of key items within the Lessee proposed design.</p> <p>(5) The Lessee will ensure that all Lessee contractors undertaking works at the</p>
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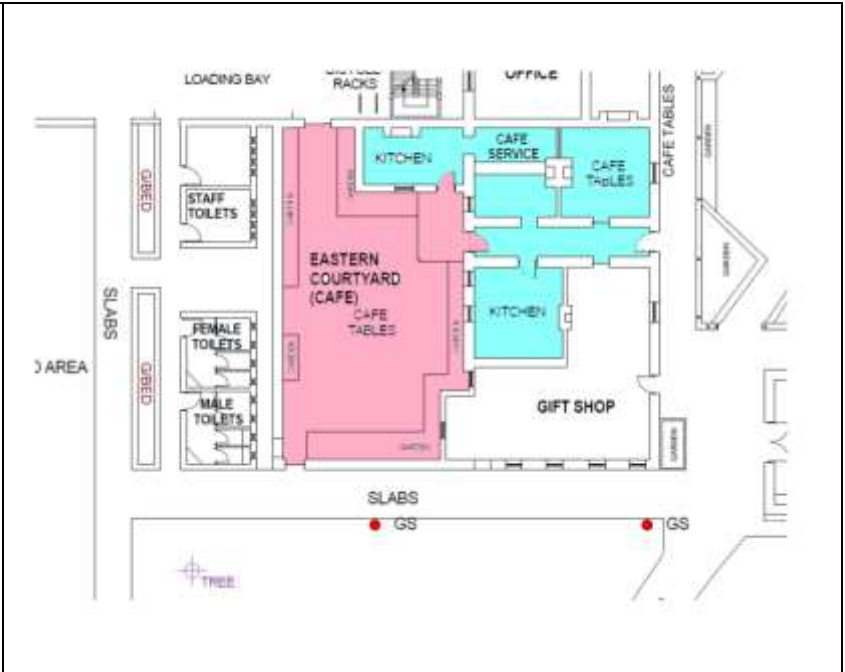


	<p>premises are certified and provide to the Lessor on demand copies of the contractor’s public liability insurance.</p> <p>(6) The parties acknowledge and agree that any Lessee’s Works comprising structural improvements shall vest to the Lessor upon Termination of the Lease without cost</p> <p><b>3. Catering of Events</b>          The Lessee will have first right of refusal to cater events and functions at the Fremantle Arts Centre and will have the opportunity to deliver events within the premises subject to the Lessor’s prior consent.</p> <p><b>4. Parties to act in good faith</b>          Each party agrees to act in good faith throughout the term of the Lease and to not publicly disparage, denigrate or criticize the other party.</p> <p><b>5. Lease Assignment</b>          The Lessee will have the right to assign the lease subject to the approval of the Lessor. The Lessor reserves the right to veto on any grounds, a proposed assignee.</p> <p><b>6. End of Lease</b>          At the end of the Lease the Lessor reserves the right to advertise the premises available to Lease. The Lessee, subject to no default against the Lease, will be entitled to reapply to the Lease the premises through the public process.</p> <p><b>7. Parking</b>          One parking bay will be permitted to the rear of the property. Further requests for parking, including parking permits, will be assessed by the Lessor on a case-by-case basis.</p>
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**Agenda – Ordinary Meeting of Council  
27 September 2023**



Plan of Premises





Key Lease Terms and Conditions - Fremantle Leisure Centre Kiosk	
Land Description	Lot 1928 Plan 174873 Volume LR3037 Folio 554
Property	Portion of 2 Shuffrey Street, Fremantle (Plan of Premises shown below)
Property Owner	City of Fremantle
Lessor	City of Fremantle
Lessee	G.A.P's Kitchen Pty Ltd
Lease Commencement Date	TBA
Lease Term	Ten (10) years
Annual Rent	\$14,246.65 exclusive of GST per annum (\$222.60 per m2)
Rent Review	Rent to increase by 3% annually. Market rent review at year five.
Site Area	64m2
Bank Guarantee	Three (3) months' gross rental (inclusive of GST).
Incentives/contributions	6 months rent free
Permitted Use	Café/Kiosk
Outgoings	<p>Outgoings payable may include but not be limited to:</p> <ul style="list-style-type: none"> <li>• Electricity usage (account to be connected by the Lessee)</li> <li>• Water usage</li> <li>• Phone and internet connection (account to be arranged and connected by the Lessee)</li> <li>• Council Rates</li> <li>• Building insurance premium</li> </ul>
Building Maintenance	<p>Lessee is responsible for the ongoing maintenance of its fitout.</p> <p>Lessor is responsible for structural maintenance and maintenance as a result of fair wear and tear.</p>



<p>Insurance</p>	<p>The Lessee must effect and maintain:</p> <ul style="list-style-type: none"> <li>a) Public liability insurance of \$20 million.</li> <li>b) Insurance to cover the Lessee’s fixtures, fittings, equipment and stock against any loss, damage or theft and other usual risks.</li> <li>c) Adequate workers compensation insurance in respect to all employees of the Lessee.</li> </ul> <p>The Lessor will effect and maintain building insurance and the Lessee will be on-charged its portion of the premium.</p>
<p>Special Conditions</p>	<ul style="list-style-type: none"> <li><b>1.</b> The Lessee acknowledges:           <ul style="list-style-type: none"> <li>a) The property is offered “as is”, however the Lessor will undertake compliance works prior to the commencement of the Lease to ensure the property meets minimum Health and Building standards for the proposed use.</li> <li>b) The property is located within the Fremantle Leisure Centre precinct. Use of the premises may be subject to collaborative utilisation with the other tenants of the site for parking, toilet access, stock deliveries etc.</li> <li>c) The Lessor will support the Lessee’s submission of an application for an alfresco licence immediately adjacent to the premises.</li> <li>d) A maintenance schedule will be incorporated into the lease which specifies the responsibilities and obligations of the Lessor/Lessee regarding maintenance and repairs for the premises.</li> </ul> </li> <li><b>2.</b> Lessee’s Works           <ul style="list-style-type: none"> <li>(1) Lessee’s works definition;               <ul style="list-style-type: none"> <li>(a) Any alteration, improvement or development of the Premises including but not limited to the erection of any building, structure or fixture on the Premises (including tenancy fit out).</li> <li>(b) The excavation or demolition of any part of the Premises;</li> <li>(c) The removal, sale or disposal of any materials from the Premises.</li> </ul> </li> </ul> </li> </ul>



	<p>(2) The Lessee must not undertake works unless;</p> <ul style="list-style-type: none"><li>(a) Prior written consent is obtained from the Lessor which will include the submission of a design of the proposed works. Consent may be withheld at absolute discretion or granted subject to conditions as the Lessor sees fit including but limited to any condition requiring amendment of the plan for the proposed Lessee’s Works in a manner deemed appropriate by the Lessor.</li><li>(b) Planning approval under the local planning scheme (if applicable) and;</li><li>(c) A building permit under the <i>Building Act 2011</i>(if applicable).</li></ul> <p>(3) The Lessee shall be responsible for all costs of, or associated with, the Lessee’s Works including but not limited to costs of or associated with:</p> <ul style="list-style-type: none"><li>(a) an application for planning consent;</li><li>(b) an application for a building permit;</li><li>(c) obtaining any other statutory approval required, including Water Corporation approval where necessary;</li><li>(d) construction or installation of the Lessee’s Works; and</li><li>(e) Installation or upgrade of any services.</li></ul> <p>(4) The Lessor reserves the right to appoint a Lessor representative to oversee all Lessee Works at the Premises and sign off on the completion of key items within the Lessee proposed design.</p> <p>(5) The Lessee will ensure that all Lessee contractors undertaking works at the premises are certified and provide to the Lessor on demand copies of the contractor’s public liability insurance.</p> <p>(6) The parties acknowledge and agree that any Lessee’s Works comprising structural</p>
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	<p>improvements shall vest to the Lessor upon Termination of the Lease without cost</p> <p><b>3. Catering of Events</b>          The Lessee will have first right of refusal to cater events and functions at the Fremantle Leisure Centre and will have the opportunity to deliver events within the premises subject to the Lessor’s prior consent.</p> <p><b>4. Parties to act in good faith</b>          Each party agrees to act in good faith throughout the term of the Lease and to not publicly disparage, denigrate or criticize the other party.</p> <p><b>5. Lease Assignment</b>          The Lessee will have the right to assign the lease subject to the approval of the Lessor. The Lessor reserves the right to veto on any grounds, a proposed assignee.</p> <p><b>6. End of Lease</b>          At the end of the Lease the Lessor reserves the right to advertise the premises available to Lease. The Lessee, subject to no default against the Lease, will be entitled to reapply to the Lease the premises through the public process.</p> <p><b>7. Parking</b>          One parking bay will be permitted to the rear of the property. Further requests for parking, including parking permits, will be assessed by the Lessor on a case-by-case basis.</p>
<p>Plan of Premises</p>	<p>Lease area shown hatched</p>



### **AMENDMENT 1**

**Moved: Cr Rachel Pemberton                      Seconded: Cr Andrew Sullivan**

**To amend Special Condition No. 3 in the lease agreement for Fremantle Arts Centre Café:**

#### **3. Catering of Events**

**The Lessee will have first right of refusal to cater events and functions at the Fremantle Arts Centre and will have the opportunity to deliver events within the premises subject to the Lessor's prior consent, and adherence to existing Fremantle Arts Centre event delivery requirements including noise and time restrictions.**

**Amendment carried: 6/0**

**Cr Jenny Archibald, Cr Fedele Camarda, Cr Rachel Pemberton,  
Cr Frank Mofflin, Cr Bryn Jones, Cr Andrew Sullivan**

#### **Reason for change:**

If the operator decides to allow the venue to be used for weddings / parties / commercial events, they need to make sure this complies with existing limitations on the venue that have been developed and applied over time in consultation with neighbours.

### **COMMITTEE DECISION**

**Moved: Cr Jenny Archibald                      Seconded: Cr Rachel Pemberton**

**That the meeting be moved behind closed doors for discussion on the confidential attachments listed in the agenda.**

**Carried: 6/0**

**Cr Jenny Archibald, Cr Fedele Camarda, Cr Rachel Pemberton,  
Cr Frank Mofflin, Cr Bryn Jones, Cr Andrew Sullivan**

**At 6.20pm members of the public were requested to vacate the meeting.**

### **COMMITTEE DECISION**

**Moved: Cr Jenny Archibald                      Seconded: Cr Frank Mofflin**

**That the meeting come out from behind closed doors.**

**Carried: 6/0**

**Cr Jenny Archibald, Cr Fedele Camarda, Cr Rachel Pemberton,  
Cr Frank Mofflin, Cr Bryn Jones, Cr Andrew Sullivan**



**COMMITTEE RECOMMENDATION ITEM FPOL2309-4**  
**(Amended officer’s recommendation)**

**Moved: Cr Jenny Archibald**

**Seconded: Cr Rachel Pemberton**

**Council authorise the Chief Executive Officer to enter into two Lease agreements with G.A.P’s Kitchen Pty Ltd for a portion of 1 Finnerty Street, Fremantle; and a portion of 2 Shuffrey Street, Fremantle based on the following essential terms and subject to section 3.58 of the *Local Government Act 1995*.**

<b>Key Lease Terms and Conditions - Fremantle Arts Centre Cafe</b>	
<b>Land Description</b>	<b>Lot 500 Deposited Plan 77256 Volume LR3163 Folio 917</b>
<b>Property</b>	<b>Portion of 1 Finnerty Street, Fremantle (Plan of Premises shown below)</b>
<b>Property Owner</b>	<b>City of Fremantle</b>
<b>Lessor</b>	<b>City of Fremantle</b>
<b>Lessee</b>	<b>G.A.P’s Kitchen Pty Ltd</b>
<b>Lease Commencement Date</b>	<b>TBA</b>
<b>Lease Term</b>	<b>Ten (10) years</b>
<b>Annual Rent</b>	<b>\$18,253.32 exclusive of GST per annum (\$225.34 per m2)</b>
<b>Rent Review</b>	<b>Rent to increase by 3% annually. Market rent review at year five.</b>
<b>Site Area</b>	<b>81m2 (indicated in blue in the plan of premises).</b>
<b>Bank Guarantee</b>	<b>Three (3) months’ gross rental (inclusive of GST).</b>
<b>Incentives/contributions</b>	<b>6 months rent free.</b>
<b>Permitted Use</b>	<b>Café</b>
<b>Outgoings</b>	<p><b>Outgoings payable may include but not be limited to:</b></p> <ul style="list-style-type: none"> <li>• <b>Electricity usage (account to be connected by the Lessee)</b></li> <li>• <b>Water usage</b></li> <li>• <b>Phone and internet connection (account to be arranged and connected by the Lessee)</b></li> <li>• <b>Council Rates</b></li> <li>• <b>Building insurance premium</b></li> </ul>



<p><b>Building Maintenance</b></p>	<p><b>Lessee is responsible for the ongoing maintenance of its fit out.</b> <b>Lessor is responsible for structural maintenance and maintenance as a result of fair wear and tear.</b></p>
<p><b>Insurance</b></p>	<p><b>The Lessee must effect and maintain:</b></p> <ul style="list-style-type: none"> <li><b>a) Public liability insurance of \$20 million.</b></li> <li><b>b) Insurance to cover the Lessee’s fixtures, fittings, equipment and stock against any loss, damage or theft and other usual risks.</b></li> <li><b>c) Adequate workers compensation insurance in respect to all employees of the Lessee.</b></li> </ul> <p><b>The Lessor will effect and maintain building insurance and the Lessee will be on-charged its portion of the premium.</b></p>
<p><b>Special Conditions</b></p>	<ul style="list-style-type: none"> <li><b>1. The Lessee acknowledges:</b> <ul style="list-style-type: none"> <li><b>a) The property is offered “as is”, however the Lessor will undertake compliance works prior to the commencement of the Lease to ensure the property meets minimum Health and Building standards for the proposed use.</b></li> <li><b>b) The property is located within the Fremantle Arts Centre precinct. Use of the premises may be subject to collaborative utilisation with the other tenants of the site for parking, toilet access, stock deliveries etc.</b></li> <li><b>c) A maintenance schedule will be incorporated into the lease which specifies the responsibilities and obligations of the Lessor/Lessee regarding maintenance and repairs for the premises.</b></li> </ul> </li> <li><b>2. Lessee’s Works</b> <ul style="list-style-type: none"> <li><b>(1) Lessee’s works definition;</b> <ul style="list-style-type: none"> <li><b>(a) Any alteration, improvement or development of the Premises including but not limited to the erection of any building, structure or fixture on the Premises (including tenancy fit out).</b></li> <li><b>(b) The excavation or demolition of any part of the Premises;</b></li> </ul> </li> </ul> </li> </ul>



	<ul style="list-style-type: none"><li><ul style="list-style-type: none"><li>(c) <b>The removal, sale or disposal of any materials from the Premises.</b></li></ul></li><li><b>(2) The Lessee must not undertake works unless;</b><ul style="list-style-type: none"><li>(a) <b>Prior written consent is obtained from the Lessor which will include the submission of a design of the proposed works. Consent may be withheld at absolute discretion or granted subject to conditions as the Lessor sees fit including but limited to any condition requiring amendment of the plan for the proposed Lessee’s Works in a manner deemed appropriate by the Lessor.</b></li><li>(b) <b>Planning approval under the local planning scheme (if applicable) and;</b></li><li>(c) <b>A building permit under the <i>Building Act 2011</i>(if applicable).</b></li></ul></li><li><b>(3) The Lessee shall be responsible for all costs of, or associated with, the Lessee’s Works including but not limited to costs of or associated with:</b><ul style="list-style-type: none"><li>(a) <b>an application for planning consent;</b></li><li>(b) <b>an application for a building permit;</b></li><li>(c) <b>obtaining any other statutory approval required, including Water Corporation approval where necessary;</b></li><li>(d) <b>construction or installation of the Lessee’s Works; and</b></li><li>(e) <b>Installation or upgrade of any services.</b></li></ul></li><li><b>(4) The Lessor reserves the right to appoint a Lessor representative to oversee all</b></li></ul>
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	<p><b>Lessee Works at the Premises and sign off on the completion of key items within the Lessee proposed design.</b></p> <p><b>(5) The Lessee will ensure that all Lessee contractors undertaking works at the premises are certified and provide to the Lessor on demand copies of the contractor’s public liability insurance.</b></p> <p><b>(6) The parties acknowledge and agree that any Lessee’s Works comprising structural improvements shall vest to the Lessor upon Termination of the Lease without cost</b></p> <p><b>3. Catering of Events</b> The Lessee will have first right of refusal to cater events and functions at the Fremantle Arts Centre and will have the opportunity to deliver events within the premises subject to the Lessor’s prior consent, <i>and adherence to existing Fremantle Arts Centre event delivery requirements including noise and time restrictions.</i></p> <p><b>4. Parties to act in good faith</b> Each party agrees to act in good faith throughout the term of the Lease and to not publicly disparage, denigrate or criticize the other party.</p> <p><b>5. Lease Assignment</b> The Lessee will have the right to assign the lease subject to the approval of the Lessor. The Lessor reserves the right to veto on any grounds, a proposed assignee.</p> <p><b>6. End of Lease</b> At the end of the Lease the Lessor reserves the right to advertise the premises available to Lease. The Lessee, subject to no default against the Lease, will be entitled to reapply to the Lease the premises through the public process.</p>
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	<p><b>7. Parking</b>  <b>One parking bay will be permitted to the rear of the property. Further requests for parking, including parking permits, will be assessed by the Lessor on a case-by-case basis.</b></p>
<p><b>Plan of Premises</b></p>	<p>The floor plan shows a building layout with several rooms and outdoor areas. At the top, there is a 'LOADING BAY' and 'RACKS'. To the right is an 'OFFICE'. The main area is divided into a pink-shaded 'EASTERN COURTYARD (CAFE)' containing 'CAFE TABLES' and a 'KITCHEN'. To the right of this is a 'CAFE SERVICE' area with another 'KITCHEN' and 'CAFE TABLES'. Further right is a 'GIFT SHOP'. On the left side, there are 'STAFF TOILETS', 'FEMALE TOILETS', and 'MALE TOILETS'. Outside the building, there are 'SLABS' and 'GIBED' areas. A 'TREE' is marked with a crosshair at the bottom left. Two red dots labeled 'GS' are located at the bottom of the plan.</p>



<b>Key Lease Terms and Conditions - Fremantle Leisure Centre Kiosk</b>	
<b>Land Description</b>	<b>Lot 1928 Plan 174873 Volume LR3037 Folio 554</b>
<b>Property</b>	<b>Portion of 2 Shuffrey Street, Fremantle (Plan of Premises shown below)</b>
<b>Property Owner</b>	<b>City of Fremantle</b>
<b>Lessor</b>	<b>City of Fremantle</b>
<b>Lessee</b>	<b>G.A.P's Kitchen Pty Ltd</b>
<b>Lease Commencement Date</b>	<b>TBA</b>
<b>Lease Term</b>	<b>Ten (10) years</b>
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<b>Rent Review</b>	<b>Rent to increase by 3% annually. Market rent review at year five.</b>
<b>Site Area</b>	<b>64m2</b>
<b>Bank Guarantee</b>	<b>Three (3) months' gross rental (inclusive of GST).</b>
<b>Incentives/contributions</b>	<b>6 months rent free.</b>
<b>Permitted Use</b>	<b>Café/Kiosk</b>
<b>Outgoings</b>	<p><b>Outgoings payable may include but not be limited to:</b></p> <ul style="list-style-type: none"> <li>• <b>Electricity usage (account to be connected by the Lessee)</b></li> <li>• <b>Water usage</b></li> <li>• <b>Phone and internet connection (account to be arranged and connected by the Lessee)</b></li> <li>• <b>Council Rates</b></li> <li>• <b>Building insurance premium</b></li> </ul>
<b>Building Maintenance</b>	<p><b>Lessee is responsible for the ongoing maintenance of its fitout.</b></p> <p><b>Lessor is responsible for structural maintenance and maintenance as a result of fair wear and tear.</b></p>



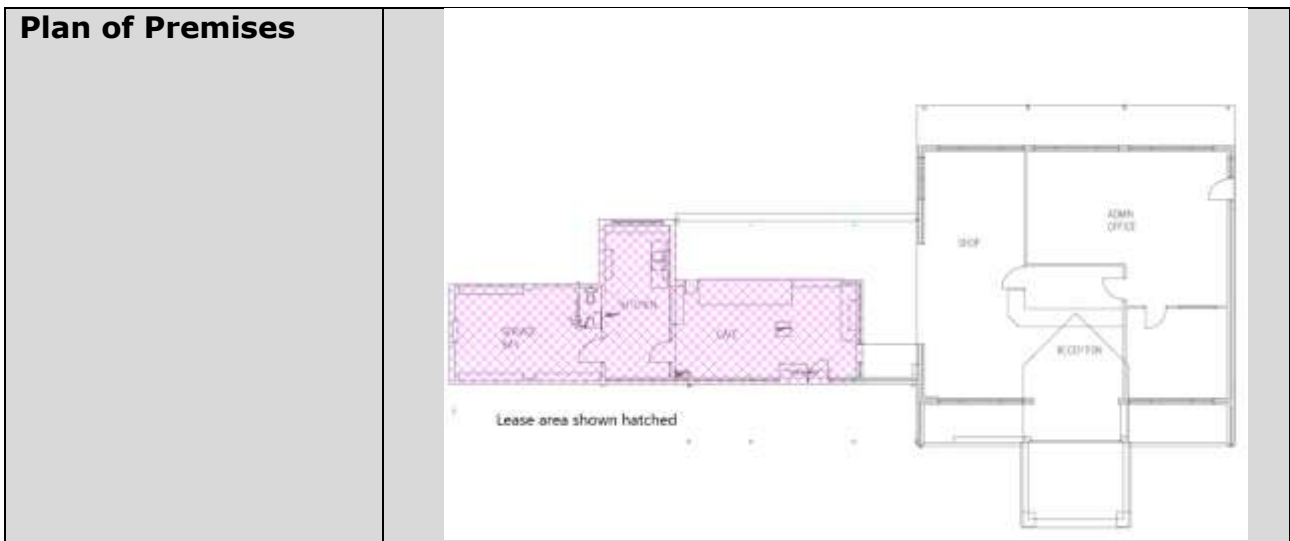
<p><b>Insurance</b></p>	<p><b>The Lessee must effect and maintain:</b></p> <ul style="list-style-type: none"> <li>a) <b>Public liability insurance of \$20 million.</b></li> <li>b) <b>Insurance to cover the Lessee’s fixtures, fittings, equipment and stock against any loss, damage or theft and other usual risks.</b></li> <li>c) <b>Adequate workers compensation insurance in respect to all employees of the Lessee.</b></li> </ul> <p><b>The Lessor will effect and maintain building insurance and the Lessee will be on-charged its portion of the premium.</b></p>
<p><b>Special Conditions</b></p>	<ul style="list-style-type: none"> <li>1. <b>The Lessee acknowledges:</b> <ul style="list-style-type: none"> <li>a) <b>The property is offered “as is”, however the Lessor will undertake compliance works prior to the commencement of the Lease to ensure the property meets minimum Health and Building standards for the proposed use.</b></li> <li>b) <b>The property is located within the Fremantle Leisure Centre precinct. Use of the premises may be subject to collaborative utilisation with the other tenants of the site for parking, toilet access, stock deliveries etc.</b></li> <li>c) <b>The Lessor will support the Lessee’s submission of an application for an alfresco licence immediately adjacent to the premises.</b></li> <li>d) <b>A maintenance schedule will be incorporated into the lease which specifies the responsibilities and obligations of the Lessor/Lessee regarding maintenance and repairs for the premises.</b></li> </ul> </li> <li>2. <b>Lessee’s Works</b> <ul style="list-style-type: none"> <li>(1) <b>Lessee’s works definition;</b> <ul style="list-style-type: none"> <li>(a) <b>Any alteration, improvement or development of the Premises including but not limited to the erection of any building, structure or fixture on the Premises (including tenancy fit out).</b></li> <li>(b) <b>The excavation or demolition of any part of the Premises;</b></li> <li>(c) <b>The removal, sale or disposal of any materials from the Premises.</b></li> </ul> </li> </ul> </li> </ul>



	<p><b>(2) The Lessee must not undertake works unless;</b></p> <ul style="list-style-type: none"><li><b>(a) Prior written consent is obtained from the Lessor which will include the submission of a design of the proposed works. Consent may be withheld at absolute discretion or granted subject to conditions as the Lessor sees fit including but limited to any condition requiring amendment of the plan for the proposed Lessee’s Works in a manner deemed appropriate by the Lessor.</b></li><li><b>(b) Planning approval under the local planning scheme (if applicable) and;</b></li><li><b>(c) A building permit under the <i>Building Act 2011</i>(if applicable).</b></li></ul> <p><b>(3) The Lessee shall be responsible for all costs of, or associated with, the Lessee’s Works including but not limited to costs of or associated with:</b></p> <ul style="list-style-type: none"><li><b>(a) an application for planning consent;</b></li><li><b>(b) an application for a building permit;</b></li><li><b>(c) obtaining any other statutory approval required, including Water Corporation approval where necessary;</b></li><li><b>(d) construction or installation of the Lessee’s Works; and</b></li><li><b>(e) Installation or upgrade of any services.</b></li></ul> <p><b>(4) The Lessor reserves the right to appoint a Lessor representative to oversee all Lessee Works at the Premises and sign off on the completion of key items within the Lessee proposed design.</b></p> <p><b>(5) The Lessee will ensure that all Lessee contractors undertaking works at the premises are certified and provide to the</b></p>
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	<p><b>Lessor on demand copies of the contractor’s public liability insurance.</b></p> <p><b>(6) The parties acknowledge and agree that any Lessee’s Works comprising structural improvements shall vest to the Lessor upon Termination of the Lease without cost</b></p> <p><b>3. Catering of Events</b> The Lessee will have first right of refusal to cater events and functions at the Fremantle Leisure Centre and will have the opportunity to deliver events within the premises subject to the Lessor’s prior consent.</p> <p><b>4. Parties to act in good faith</b> Each party agrees to act in good faith throughout the term of the Lease and to not publicly disparage, denigrate or criticize the other party.</p> <p><b>5. Lease Assignment</b> The Lessee will have the right to assign the lease subject to the approval of the Lessor. The Lessor reserves the right to veto on any grounds, a proposed assignee.</p> <p><b>6. End of Lease</b> At the end of the Lease the Lessor reserves the right to advertise the premises available to Lease. The Lessee, subject to no default against the Lease, will be entitled to reapply to the Lease the premises through the public process.</p> <p><b>7. Parking</b> One parking bay will be permitted to the rear of the property. Further requests for parking, including parking permits, will be assessed by the Lessor on a case-by-case basis.</p>
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**Carried: 6/0**

**Cr Jenny Archibald, Cr Fedele Camarda, Cr Rachel Pemberton,  
Cr Frank Mofflin, Cr Bryn Jones, Cr Andrew Sullivan**

### **OFFICER’S ADDITIONAL COMMENT**

Following feedback from the FPOL Committee, officers have included all submissions received under confidential cover for information and prepared the following alternative recommendation to amend Condition 3 in the key lease terms and conditions for the Fremantle Arts Centre Café, as follows:

3. *Catering of Events*

*The Lessee will have ~~first right of refusal~~ the opportunity to provide catering for events and functions within the premises ~~at the Fremantle Arts Centre~~. Catering agreements will be managed outside of the Lease and are dependent on event requirements.*

*The Lessee ~~and~~ will have the opportunity to deliver events within the premises subject to the Lessor’s prior consent, alignment to the Fremantle Arts Centre event calendar, and adherence to existing event delivery requirements including noise and time restrictions.*

### **OFFICER’S ALTERNATIVE RECOMMENDATION**

**Council authorise the Chief Executive Officer to enter into two Lease agreements with G.A.P’s Kitchen Pty Ltd for a portion of 1 Finnerty Street, Fremantle; and a portion of 2 Shuffrey Street, Fremantle based on the following essential terms and subject to section 3.58 of the *Local Government Act 1995*.**



<b>Key Lease Terms and Conditions - Fremantle Arts Centre Cafe</b>	
<b>Land Description</b>	<b>Lot 500 Deposited Plan 77256 Volume LR3163 Folio 917</b>
<b>Property</b>	<b>Portion of 1 Finnerty Street, Fremantle (Plan of Premises shown below)</b>
<b>Property Owner</b>	<b>City of Fremantle</b>
<b>Lessor</b>	<b>City of Fremantle</b>
<b>Lessee</b>	<b>G.A.P's Kitchen Pty Ltd</b>
<b>Lease Commencement Date</b>	<b>TBA</b>
<b>Lease Term</b>	<b>Ten (10) years</b>
<b>Annual Rent</b>	<b>\$18,253.32 exclusive of GST per annum (\$225.34 per m2)</b>
<b>Rent Review</b>	<b>Rent to increase by 3% annually. Market rent review at year five.</b>
<b>Site Area</b>	<b>81m2 (indicated in blue in the plan of premises).</b>
<b>Bank Guarantee</b>	<b>Three (3) months' gross rental (inclusive of GST).</b>
<b>Incentives/contributions</b>	<b>6 months rent free.</b>
<b>Permitted Use</b>	<b>Café</b>
<b>Outgoings</b>	<p><b>Outgoings payable may include but not be limited to:</b></p> <ul style="list-style-type: none"> <li>• <b>Electricity usage (account to be connected by the Lessee)</b></li> <li>• <b>Water usage</b></li> <li>• <b>Phone and internet connection (account to be arranged and connected by the Lessee)</b></li> <li>• <b>Council Rates</b></li> <li>• <b>Building insurance premium</b></li> </ul>
<b>Building Maintenance</b>	<p><b>Lessee is responsible for the ongoing maintenance of its fit out.</b></p> <p><b>Lessor is responsible for structural maintenance and maintenance as a result of fair wear and tear.</b></p>



<p><b>Insurance</b></p>	<p><b>The Lessee must effect and maintain:</b></p> <ul style="list-style-type: none"> <li>a) <b>Public liability insurance of \$20 million.</b></li> <li>b) <b>Insurance to cover the Lessee’s fixtures, fittings, equipment and stock against any loss, damage or theft and other usual risks.</b></li> <li>c) <b>Adequate workers compensation insurance in respect to all employees of the Lessee.</b></li> </ul> <p><b>The Lessor will effect and maintain building insurance and the Lessee will be on-charged its portion of the premium.</b></p>
<p><b>Special Conditions</b></p>	<ul style="list-style-type: none"> <li>1. <b>The Lessee acknowledges:</b> <ul style="list-style-type: none"> <li>a) <b>The property is offered “as is”, however the Lessor will undertake compliance works prior to the commencement of the Lease to ensure the property meets minimum Health and Building standards for the proposed use.</b></li> <li>b) <b>The property is located within the Fremantle Arts Centre precinct. Use of the premises may be subject to collaborative utilisation with the other tenants of the site for parking, toilet access, stock deliveries etc.</b></li> <li>c) <b>A maintenance schedule will be incorporated into the lease which specifies the responsibilities and obligations of the Lessor/Lessee regarding maintenance and repairs for the premises.</b></li> </ul> </li> <li>2. <b>Lessee’s Works</b> <ul style="list-style-type: none"> <li>(1) <b>Lessee’s works definition;</b> <ul style="list-style-type: none"> <li>(a) <b>Any alteration, improvement or development of the Premises including but not limited to the erection of any building, structure or fixture on the Premises (including tenancy fit out).</b></li> <li>(b) <b>The excavation or demolition of any part of the Premises;</b></li> <li>(c) <b>The removal, sale or disposal of any materials from the Premises.</b></li> </ul> </li> <li>(2) <b>The Lessee must not undertake works unless;</b></li> </ul> </li> </ul>



	<ul style="list-style-type: none"><li><p><b>(d) Prior written consent is obtained from the Lessor which will include the submission of a design of the proposed works. Consent may be withheld at absolute discretion or granted subject to conditions as the Lessor sees fit including but limited to any condition requiring amendment of the plan for the proposed Lessee’s Works in a manner deemed appropriate by the Lessor.</b></p></li><li><p><b>(e) Planning approval under the local planning scheme (if applicable) and;</b></p></li><li><p><b>(f) A building permit under the <i>Building Act 2011</i>(if applicable).</b></p></li><li><p><b>(3) The Lessee shall be responsible for all costs of, or associated with, the Lessee’s Works including but not limited to costs of or associated with:</b></p><ul style="list-style-type: none"><li><p><b>(a) an application for planning consent;</b></p></li><li><p><b>(b) an application for a building permit;</b></p></li><li><p><b>(c) obtaining any other statutory approval required, including Water Corporation approval where necessary;</b></p></li><li><p><b>(d) construction or installation of the Lessee’s Works; and</b></p></li><li><p><b>(e) Installation or upgrade of any services.</b></p></li></ul></li><li><p><b>(4) The Lessor reserves the right to appoint a Lessor representative to oversee all Lessee Works at the Premises and sign off on the completion of key items within the Lessee proposed design.</b></p></li></ul>
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	<p>(5) The Lessee will ensure that all Lessee contractors undertaking works at the premises are certified and provide to the Lessor on demand copies of the contractor’s public liability insurance.</p> <p>(6) The parties acknowledge and agree that any Lessee’s Works comprising structural improvements shall vest to the Lessor upon Termination of the Lease without cost</p> <p>3. Catering of Events <i>The Lessee will have <b>first-right-of-refusal</b> the opportunity to provide catering for events and functions within the premises <del>at the Fremantle Arts Centre</del>. Catering agreements will be managed outside of the Lease and are dependent on event requirements.</i></p> <p><i>The Lessee <b>and</b> will have the opportunity to deliver events within the premises subject to the Lessor’s prior consent, <b>alignment to the Fremantle Arts Centre event calendar, and adherence to existing event delivery requirements including noise and time restrictions.</b></i></p> <p>4. Parties to act in good faith Each party agrees to act in good faith throughout the term of the Lease and to not publicly disparage, denigrate or criticize the other party.</p> <p>5. Lease Assignment The Lessee will have the right to assign the lease subject to the approval of the Lessor. The Lessor reserves the right to veto on any grounds, a proposed assignee.</p> <p>6. End of Lease At the end of the Lease the Lessor reserves the right to advertise the premises available to Lease. The Lessee, subject to no default against the Lease, will be entitled to reapply to the Lease the premises through the public process.</p>
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**7. Parking**  
**One parking bay will be permitted to the rear of the property. Further requests for parking, including parking permits, will be assessed by the Lessor on a case-by-case basis.**

**Plan of Premises**





<b>Key Lease Terms and Conditions - Fremantle Leisure Centre Kiosk</b>	
<b>Land Description</b>	<b>Lot 1928 Plan 174873 Volume LR3037 Folio 554</b>
<b>Property</b>	<b>Portion of 2 Shuffrey Street, Fremantle (Plan of Premises shown below)</b>
<b>Property Owner</b>	<b>City of Fremantle</b>
<b>Lessor</b>	<b>City of Fremantle</b>
<b>Lessee</b>	<b>G.A.P's Kitchen Pty Ltd</b>
<b>Lease Commencement Date</b>	<b>TBA</b>
<b>Lease Term</b>	<b>Ten (10) years</b>
<b>Annual Rent</b>	<b>\$14,246.65 exclusive of GST per annum (\$222.60 per m2)</b>
<b>Rent Review</b>	<b>Rent to increase by 3% annually. Market rent review at year five.</b>
<b>Site Area</b>	<b>64m2</b>
<b>Bank Guarantee</b>	<b>Three (3) months' gross rental (inclusive of GST).</b>
<b>Incentives/contributions</b>	<b>6 months rent free.</b>
<b>Permitted Use</b>	<b>Café/Kiosk</b>
<b>Outgoings</b>	<p><b>Outgoings payable may include but not be limited to:</b></p> <ul style="list-style-type: none"> <li>• <b>Electricity usage (account to be connected by the Lessee)</b></li> <li>• <b>Water usage</b></li> <li>• <b>Phone and internet connection (account to be arranged and connected by the Lessee)</b></li> <li>• <b>Council Rates</b></li> <li>• <b>Building insurance premium</b></li> </ul>
<b>Building Maintenance</b>	<p><b>Lessee is responsible for the ongoing maintenance of its fitout.</b></p> <p><b>Lessor is responsible for structural maintenance and maintenance as a result of fair wear and tear.</b></p>



<p><b>Insurance</b></p>	<p><b>The Lessee must effect and maintain:</b></p> <ul style="list-style-type: none"> <li>a) <b>Public liability insurance of \$20 million.</b></li> <li>b) <b>Insurance to cover the Lessee’s fixtures, fittings, equipment and stock against any loss, damage or theft and other usual risks.</b></li> <li>c) <b>Adequate workers compensation insurance in respect to all employees of the Lessee.</b></li> </ul> <p><b>The Lessor will effect and maintain building insurance and the Lessee will be on-charged its portion of the premium.</b></p>
<p><b>Special Conditions</b></p>	<ul style="list-style-type: none"> <li>1. <b>The Lessee acknowledges:</b> <ul style="list-style-type: none"> <li>a) <b>The property is offered “as is”, however the Lessor will undertake compliance works prior to the commencement of the Lease to ensure the property meets minimum Health and Building standards for the proposed use.</b></li> <li>b) <b>The property is located within the Fremantle Leisure Centre precinct. Use of the premises may be subject to collaborative utilisation with the other tenants of the site for parking, toilet access, stock deliveries etc.</b></li> <li>c) <b>The Lessor will support the Lessee’s submission of an application for an alfresco licence immediately adjacent to the premises.</b></li> <li>d) <b>A maintenance schedule will be incorporated into the lease which specifies the responsibilities and obligations of the Lessor/Lessee regarding maintenance and repairs for the premises.</b></li> </ul> </li> <li>2. <b>Lessee’s Works</b> <ul style="list-style-type: none"> <li>(1) <b>Lessee’s works definition;</b> <ul style="list-style-type: none"> <li>(a) <b>Any alteration, improvement or development of the Premises including but not limited to the erection of any building, structure or fixture on the Premises (including tenancy fit out).</b></li> <li>(b) <b>The excavation or demolition of any part of the Premises;</b></li> <li>(c) <b>The removal, sale or disposal of any materials from the Premises.</b></li> </ul> </li> </ul> </li> </ul>



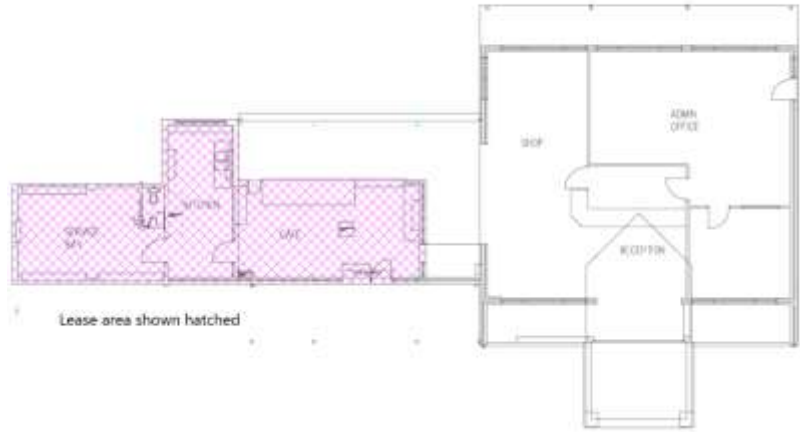
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	<p><b>Lessor on demand copies of the contractor’s public liability insurance.</b></p> <p><b>(6) The parties acknowledge and agree that any Lessee’s Works comprising structural improvements shall vest to the Lessor upon Termination of the Lease without cost</b></p> <p><b>3. Catering of Events</b> The Lessee will have first right of refusal to cater events and functions at the Fremantle Leisure Centre and will have the opportunity to deliver events within the premises subject to the Lessor’s prior consent.</p> <p><b>4. Parties to act in good faith</b> Each party agrees to act in good faith throughout the term of the Lease and to not publicly disparage, denigrate or criticize the other party.</p> <p><b>5. Lease Assignment</b> The Lessee will have the right to assign the lease subject to the approval of the Lessor. The Lessor reserves the right to veto on any grounds, a proposed assignee.</p> <p><b>6. End of Lease</b> At the end of the Lease the Lessor reserves the right to advertise the premises available to Lease. The Lessee, subject to no default against the Lease, will be entitled to reapply to the Lease the premises through the public process.</p> <p><b>7. Parking</b> One parking bay will be permitted to the rear of the property. Further requests for parking, including parking permits, will be assessed by the Lessor on a case-by-case basis.</p>
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**Plan of Premises**





## 12. Reports and recommendations from officers

### C2309-1 STATEMENT OF INVESTMENTS – AUGUST 2023

<b>Meeting date:</b>	27 September 2023
<b>Responsible officer:</b>	Manager Financial Services
<b>Decision making authority:</b>	Council
<b>Attachments:</b>	1. Statement of Investments – August 2023

#### SUMMARY

**This report outlines the investment of surplus funds for the month ending 31 August 2023 and provides information on these investments for Council consideration.**

**This report recommends that Council receive the Investment Report for the month ended 31 August 2023, as provided in Attachment 1.**

**The investment report provides a snapshot of the City's investment portfolio and includes information as at 31 August 2023 in relation to:**

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

#### BACKGROUND

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

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

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



## **FINANCIAL IMPLICATIONS**

Investment interest earned year to date is \$184,398 against a full year amended budget of \$1,106,375. Interest earnings year to date are higher than budget by \$34,605 with \$89,661 being earned in August. The current official cash rate as determined by the Reserve Bank is 4.1%. The Reserve bank did not increase the cash rate at their September Board meeting.

However, the current cash rate remains the highest since April 2012. Current investment markets continue to offer attractive interest rates.

The City's investment portfolio is invested in highly secure investments with a low level of risk yielding a weighted average rate of return of 4.47% for the month of August 2023. The City's actual portfolio return in the last 12 months is 3.2%, which compares on par with the benchmark Bloomberg AusBond Bill Index reference rate of 3.37% (refer to Attachment 1 point 8).

## **LEGAL IMPLICATIONS**

The following legislation is relevant to this report:

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

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

## **CONSULTATION**

Nil

## **OFFICER COMMENT**

The City's Investment Portfolio Manager has provided a comprehensive Investment Report for the month ending 31 August 2023 which can be viewed in the Attachment. A summary of the investment report is provided below.

### **1. Portfolio Details**

As at 31 August 2023, the City's investment portfolio totalled \$54.88m. The market value of this investment was \$55.21m at that time, which takes into account accrued interest.



The investment portfolio is made up of:

Cash Investments (<= 3 months)	\$ 8.38m
Term Deposits (> 3 months)	\$ 46.50m
<b>TOTAL</b>	<b>\$ 54.88m</b>

Of which:

Unrestricted cash	\$ 44.21m
Restricted cash (Reserve Funds)	\$ 10.67m
<b>TOTAL</b>	<b>\$ 54.88m</b>

The current amount of \$44.21m held as unrestricted cash represents 49.1% of the total adopted budget for operating revenue (\$90.02m).

## 2. Portfolio Credit Framework

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

### Portfolio Credit Framework limits

The Portfolio Credit Framework limits prescribe the limit of investments that may be made within any Tier of financial institutions. The maximum allocation to be invested in each Tier, and the City’s actual investment allocation in those Tiers as at 31 August 2023, is outlined below. It shows that the distribution of the City’s investments across the four Tiers is compliant with the City’s investment policy.

Tier	Allocation	Allocation %	Maximum Allocation %	% Used of Maximum Allocation	% Available of Maximum Allocation	% Exceeded of Maximum Allocation
Tier 1	17,185,575.86	31.32%	100.00%	31.32%	68.68%	0.00%
Tier 2	29,194,107.10	53.20%	60.00%	88.67%	11.33%	0.00%
Tier 3	8,500,000.00	15.49%	35.00%	44.26%	55.74%	0.00%
Tier 4	0.00	0.00%	15.00%	0.00%	100.00%	0.00%
	<b>54,879,682.96</b>					

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

Within each Tier, the Counterparty Credit Framework limits prescribe the limit of investments that may be made with any one financial institution. The maximum



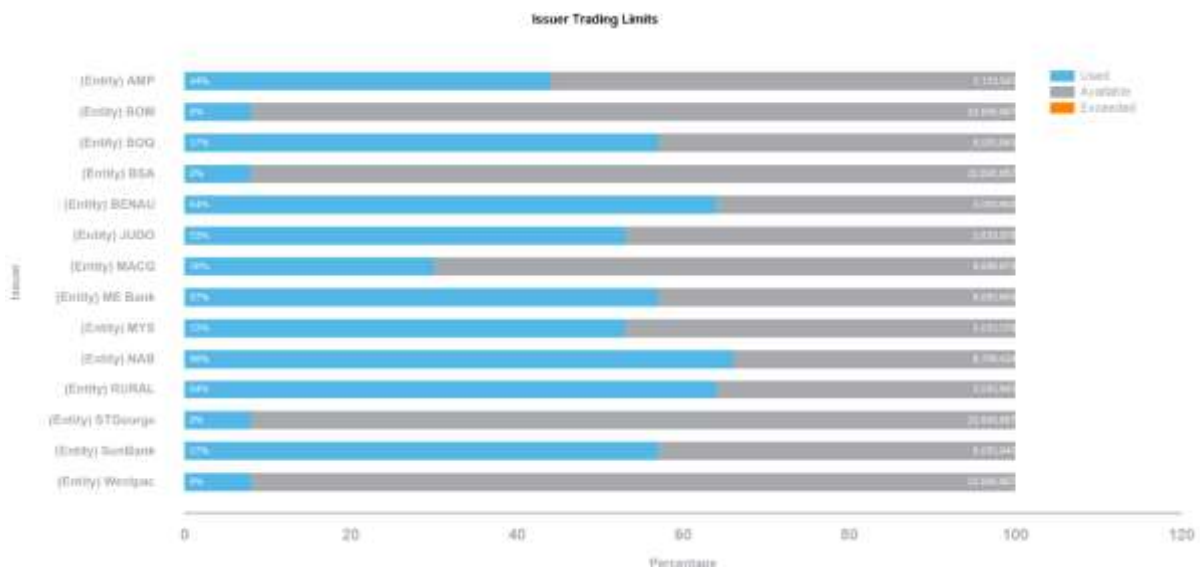
percentage of investments to be held with any one financial institution, within a given Tier, are outlined below.

**Counterparty credit framework**

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

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

The City’s funds invested as at 31 August 2023, relative to the Counterparty Credit Framework limits were as follows:



As highlighted in the chart above, the City’s portfolio of investments as at 31 August 2023 is compliant with the City’s investment policy.

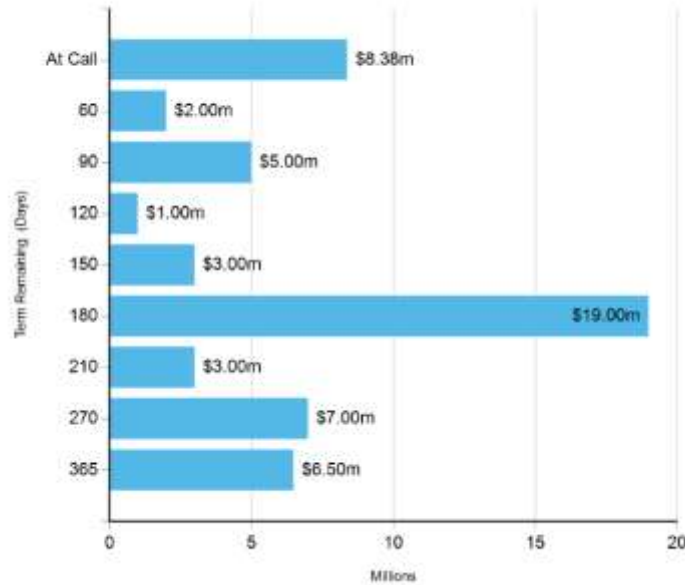
**3. Portfolio Liquidity Indicator**

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

The below graph provides details on the maturity timing of the City’s investment portfolio as at 31 August 2023. Currently, all investments will mature in one year or less.



Face Value by Term Remaining

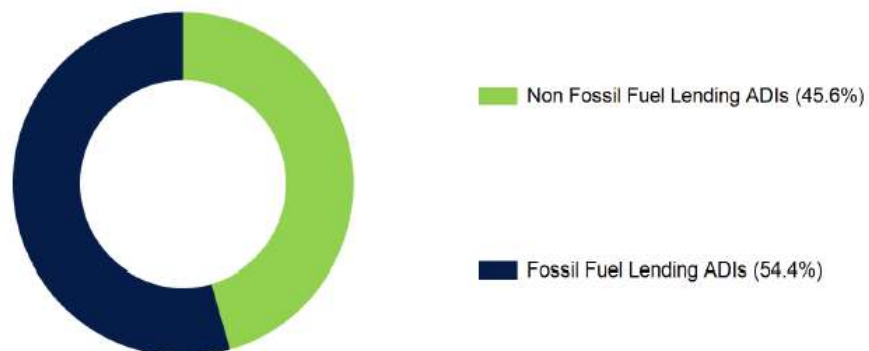


**4. Portfolio Summary by Fossil Fuels Lending Authorised Deposit-Taking Institutions (ADIs)**

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

As at 31 August 2023, \$25m (45.6%) of the City’s portfolio was invested in “Green Investments”.

Fossil Fuel vs Non Fossil Fuel Lending ADI





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

*Managing risk amid volatility in the global banking sector*

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

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

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

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

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

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

**5. Interest Income for Matured Investments**

Per Attachment 1 (Note 9), interest income earned during August 2023 from matured investments was \$102,329.



## **6. Investing Activities**

In August 2023, 3 term deposits totalling \$5m matured and a total of \$30m was invested across 11 term deposits. \$5m was transferred back to the operations account to meet cashflow requirements prior to receiving the first-rate instalment.

Full details of the institutions invested in, interest rates, number of days and maturity date for investments held as at 31 August 2023 are provided in Attachment 1.

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

Simple majority required.

### **OFFICER'S RECOMMENDATION**

**Council receive the Investment Report for the month ending 31 August 2023, as provided in Attachment 1.**



## C2309-2 SCHEDULE OF PAYMENTS – AUGUST 2023

<b>Meeting date:</b>	27 September 2023
<b>Responsible officer:</b>	Procure to Pay Team Lead
<b>Decision making authority:</b>	Council
<b>Attachments:</b>	1. Schedule of Payments and Listings 2. Purchase Card Transactions <i>Attachments viewed electronically</i>

### SUMMARY

**The purpose of this report is to present to Council a list of accounts paid by the Chief Executive Officer under delegated authority for the month ending 31 August 2023, as required by the *Local Government (Financial Management) Regulations 1996*.**

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

### BACKGROUND

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

### FINANCIAL IMPLICATIONS

A total of \$8,592,618.66 in payments were made this month from the City's municipal and trust fund accounts.

### LEGAL IMPLICATIONS

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

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



- (c) the date of the payment; and*
  - (d) sufficient information to identify the transaction.*
- (2) A list of accounts for approval to be paid is to be prepared each month showing*
  - (a) for each account which requires council authorisation in that month –*
    - (i) the payee’s name;*
    - (ii) the amount of the payment; and*
    - (iii) sufficient information to identify the transaction; and*
  - (b) the date of the meeting of the council to which the list is to be presented.*
- (3) A list prepared under sub-regulation (1) or (2) is to be –*
  - (a) presented to the council at the next ordinary meeting of the council after the list is prepared; and*
  - (b) recorded in the minutes of that meeting.*

**CONSULTATION**

Nil

**OFFICER COMMENT**

The following table summarises the payments for the month ending 31 August 2023 by payment type:

<b>Payment Type</b>	<b>Amount (\$)</b>
Cheque / EFT / Direct Debit	\$ 5,097,714.77
Purchase card transactions	\$ 35,474.70
Salary / Wages / Superannuation	\$ 3,459,379.19
<b>Total</b>	<b>\$ 8,592,568.66</b>

Attachment 1 provides a detailed listing of the payments by Cheque, EFT and Direct Debit, while Attachment 2 provides a detailed listing of Purchase Card transactions for the month ending 31 August 2023.

**VOTING AND OTHER SPECIAL REQUIREMENTS**

Simple majority required



**OFFICER'S RECOMMENDATION**

**Council:**

- 1. Accept the list of payments made under delegated authority, totalling \$8,592,618.66 for the month ending 31 August 2023 including the Cheque /EFT/ Direct Debits as contained within Attachment 1.**
- 2. Accept the detailed transaction listing of Purchase Card expenditure, totalling \$35,474.70 for the month ending 31 August 2023, as contained within Attachment 2.**



## **C2309-3            MONTHLY FINANCIAL REPORT - AUGUST 2023**

**Meeting date:** 27 September 2023  
**Responsible officer:** Manager Financial Services  
**Decision making authority:** Council  
**Attachments:** 1. Monthly Financial Report – August 2023

### **SUMMARY**

**The monthly financial report for the period ending 31 August 2023 has been prepared and tabled in accordance with the *Local Government (Financial Management) Regulations 1996*.**

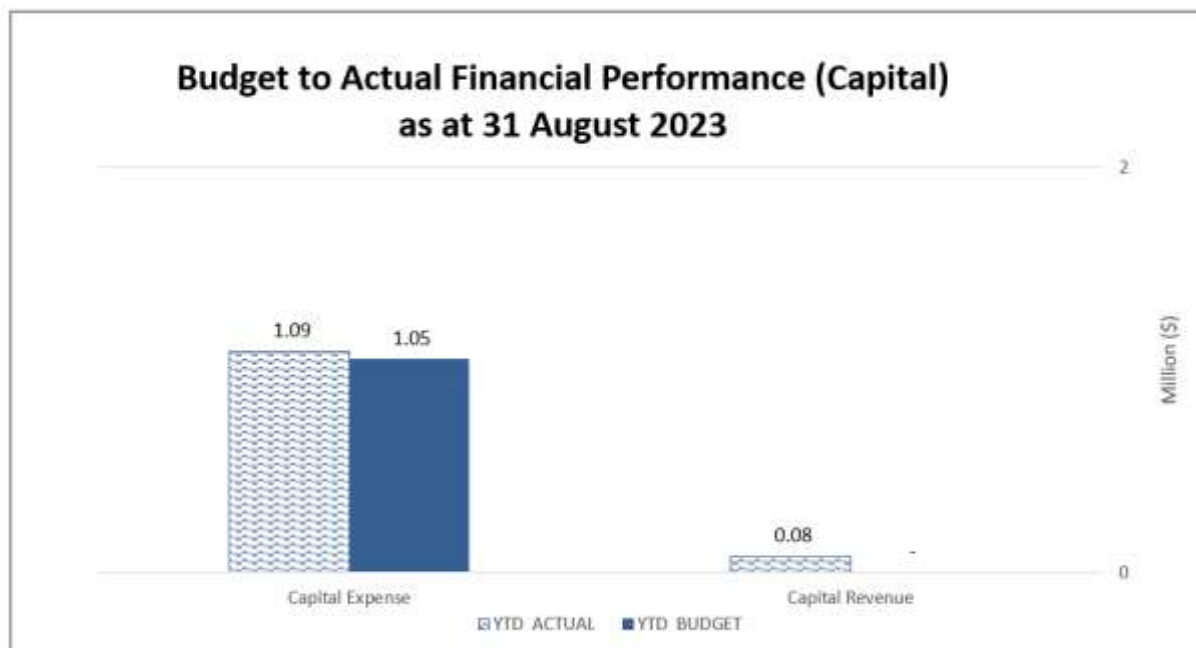
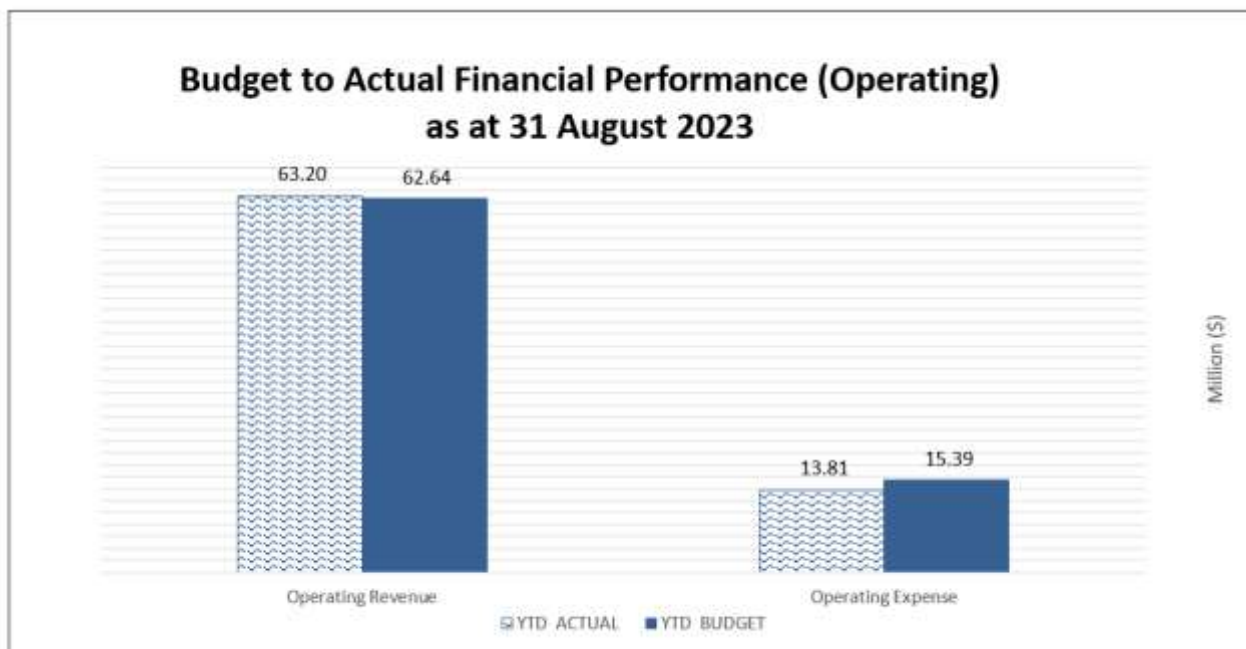
**This report provides an analysis of financial performance up to August 2023 based on the following statements:**

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

**This financial report for the period ended 31 August 2023 is prepared considering accrued interest on borrowings (loans) and prepaid insurance premiums. Please note 2022/23 FY figures reported as comparisons for 31 August 2023 in this report are draft unaudited numbers only and subject to change with end-of-year adjustments.**

### **BACKGROUND**

The following charts and table provide a high-level summary of the Council's year to date financial performance as at 31 August 2023.



**STATEMENT OF FINANCIAL ACTIVITY – BY NATURE FOR THE PERIOD TO 31 AUGUST 2023**

The table to follow provides a summary of the year-to-date Statement of Financial Activity by Nature, to 31 August 2023. The detailed Statement can be found in the attached Monthly Financial Report.



Description	YTD Adopted Budget	YTD Actual	Variance	Variance
	\$M	\$M	\$M	%
<b>Opening Surplus</b>	<b>9.02</b>	<b>11.03</b>	<b>2.01</b>	<b>22.28%</b>
<b>Operating</b>				
General Rate Revenue	57.39	57.84	0.25	0.44%
Revenue (Exc. Rates)	5.05	5.36	0.31	6.14%
Expenses	(15.39)	(13.81)	1.58	10.28%
Non-Cash Adj.	1.95	1.98	0.03	1.33%
	<b>49.20</b>	<b>51.37</b>	<b>2.18</b>	<b>4.42%</b>
<b>Investing</b>				
Capital Revenue		0.08	0.08	0.00%
Capital Expenses	(1.05)	(1.09)	(0.04)	3.54%
	<b>(1.05)</b>	<b>(1.01)</b>	<b>0.04</b>	<b>3.64%</b>
<b>Financing</b>				
Repayment Loans & Leases	(0.34)	(0.34)	0.00	0.00%
Reserve Transfers	(0.01)	(0.13)	(0.12)	2879%
	<b>(0.35)</b>	<b>(0.47)</b>	<b>(0.12)</b>	<b>34.68</b>
<b>Closing Surplus/(Deficit)</b>	<b>56.83</b>	<b>60.93</b>	<b>4.10</b>	<b>7.22%</b>

**STATEMENT OF COMPREHENSIVE INCOME – BY NATURE AND TYPE FOR THE PERIOD TO 31 AUGUST 2023**

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

Description	YTD Adopted Budget \$	YTD Actual \$	Variance \$	Variance %
<b>Operating Income</b>				
Rates (including Annual Levy)	57,590,665	57,844,266	253,601	0.44%
Service Charges	1,464	82,237	80,773	5517.28%
Op. Grants, Subsidies & Contributions	453,821	573,678	119,857	26.41%
Fees and Charges	4,170,240	4,116,787	(53,453)	(1.28)%
Interest Earnings	188,888	286,343	97,455	51.59%
Reimbursement Income	156,272	182,520	26,248	16.80%
Other Income	84,156	122,876	38,720	46.01%
<b>Total</b>	<b>62,645,506</b>	<b>60,208,706</b>	<b>563,200</b>	<b>0.90%</b>
<b>Operating Expenses</b>				
Employee Costs	(7,685,416)	(6,907,721)	777,695	10.12%



<b>Employee costs - Agency Labour</b>	(108,614)	(132,895)	(24,281)	(22.35%)
<b>Materials and Contracts</b>	(4,857,020)	(4,175,495)	681,524	14.03%
<b>Depreciation – Non-Curr. Assets</b>	(1,952,986)	(1,978,949)	(25,963)	(1.33%)
<b>Interest Expenses</b>	(76,953)	(89,706)	(12,753)	(16.57%)
<b>Utility Charges</b>	(487,970)	(308,962)	179,008	36.68%
<b>Insurance Expenses</b>	(4,561)	(4,561)	-	0.00%
<b>Other Expenditure</b>	(216,070)	(208,861)	7,209	3.34%
<b>Total</b>	<b>(15,389,590)</b>	<b>(13,807,151)</b>	<b>1,582,439</b>	<b>10.28%</b>

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

## **FINANCIAL IMPLICATIONS**

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

## **LEGAL IMPLICATIONS**

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

## **CONSULTATION**

Nil

## **OFFICER’S COMMENT**

### **Summary of financial performance**

As at the end of August 2023, the City demonstrated strong financial performance with a closing funding surplus of \$60.93m.

In summary, as at the end of August 2023, the current surplus exceeds the YTD amended budget by \$4.1m. This is mainly due to favourable variances against the year-to-date budget across the following areas:

- Increased carry forward funds from the 2022-23 financial year of \$2.0m compared to the adopted budget;
- Increased Rates revenue of \$0.25m;
- Increased revenue from Operating Grants of \$0.1m;
- Operating expenditure savings of \$0.8m from Employee Cost;
- Operating expenditure saving of \$0.7m from Material and Contracts



It should be noted that 2022-23 figures remain subject to end of year processing and the finalisation of the audit and will remain draft and subject to change until such time as these processes have been completed.

**Explanation of Material Variances & YTD Performance**




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

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

Building on the favourable opening surplus for the year, the following items explain the City’s major variances in operating performance for this financial year, as highlighted in the year-to-date Financial Activity Statement as at 31 August 2023:

<b>Description</b>	<b>Variance Amount (\$)</b>	<b>Comment</b>
<b>Employee Cost</b>	<b>777,695</b>	<b>▲ 10.12%</b>
<b>Major Variances:</b>		
Employee Cost – Staff Establishment	777,695	Employee cost savings are primarily due to vacant positions and salary increments that have yet to be undertaken. Recruitment for the majority of vacant positions is underway and progressing positively.
<b>Operating Grants, Subsidies and Contributions</b>	<b>119,857</b>	<b>▲ 26.41%</b>
<b>Major Variances:</b>		
Legal Centre – Operating Grants	94,863	Timing Variance – Relates to the first instalment of 2023-24 operating grants being received from State Government and Law Society in August.



<b>Description</b>	<b>Variance Amount (\$)</b>	<b>Comment</b>
<b>Materials and Contracts</b>	<b>681,524</b>	 <b>14.03%</b>
<b>Major Variances:</b>		
Conduct Fremantle Festival	123,647	Timing variance – A number of invoices are still pending due to the Festival only recently concluding.
Collection & Disposal- Domestic-FOGO	135,032	Timing variance – Awaiting invoices to be received.
Collection & Disposal- Domestic-FOGO	81,971	Timing variance – Awaiting invoices to be received.
Collection & Disposal- bulk waste (Verge)	59,570	Timing variance – Awaiting invoices to be received.
Maintain Soft Landscaping- Recreation Reserves	55,966	Timing variance – Works are complete, however awaiting invoices to be received.
Domestic – Collect & dispose – recycled waste	52,888	Timing variance – Awaiting invoices to be received.
P-11708 Plan- Coastal monitoring	(54,180)	Timing variance – Portion of works completed earlier than expected.
P-100253 Maintain Fremantle Arts Centre	(54,622)	Timing variance – Portion of works completed earlier than expected.
Refer unaid fines to Fines Enforcement	(62,323)	Phasing – Relates to unpaid fines being referred to FER in August.
Maintain heavy vehicles- Allocated	(129,159)	Phasing – Cost of fuel and parts for vehicles higher in August than expected.
<b>Utility Charges</b>	<b>179,008</b>	 <b>36.68%</b>
<b>Major Variances:</b>		
Operate Fremantle arts centre	43,042	Timing variance – Budget to be re-phased over 12 months
Maintain Medians, Verges and Street Gardens	30,602	Timing variance – Budget to be re-phased over 12 months
<b>Surplus or Deficit at the start of the Financial Year</b>	<b>2,010,164</b>	 <b>22.28%</b>
<b>Major Variances:</b>		
Carry forward funds from the 2022-23 financial year	2,010,164	The End of the Financial Year reconciliation process is still in process. The final surplus will be reported to Council once the annual



<b>Description</b>	<b>Variance Amount (\$)</b>	<b>Comment</b>
		financial statements are signed off by the auditor.

### **Accounting methods**

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

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

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

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

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

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

Simple majority required

### **OFFICER'S RECOMMENDATION**

**Council receive the Monthly Financial Report, as provided in Attachment 1, including the Statement of Comprehensive Income, Statement of Financial Activity, Statement of Financial Position and Statement of Net Current Assets, for the period ended 31 August 2023.**



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

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

Nil

### **14. Urgent business**

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

### **15. Late items**

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

### **16. Confidential business**

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

Nil

### **17. Closure**