CITY OF Fremantle

Agenda

Ordinary Meeting of Council

Wednesday 22 February 2023 6pm

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Notice of an Ordinary Meeting of Council

Elected Members

An Ordinary Meeting Council of the City of Fremantle will be held on **Wednesday 22 February 2023** in the Council Chamber at the Walyalup Civic Centre, located at 151 High Street, Fremantle commencing at 6.00 pm.

Glen Dougall
Chief Executive Officer

17 February 2023

Table of Contents

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

[Insert any known apologies or previously approved leaves of absence OR]
There are no previously received apologies or approved leave of absence.

3. Applications for leave of absence

_____________ requests a leave of absence from ___________to ___________ 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 18 January 2023:

Ian Ker asked the following questions (1-4) in relation to matters not on the agenda:

Question 1

Does the City of Fremantle have any information on:
- When the Bridge Alliance is likely to "restart works" on the project?
- Whether the Alliance's "addressing the community sentiment towards the project" is likely to result in changes to the proposed project and, if so, when such changes will be discussed with the community?

Response

The City understands that the Alliance will soon commence public engagement on various options, no precise date has been confirmed. The City has not been provided with a response at this time.

Question 2

Has the Bridge Alliance provided any response to the City of Fremantle on the resolution of 26 October 2022, especially the request for inclusive comparative assessment of options?

Response

The City understands that the Alliance will soon commence public engagement on various options, no precise date has been confirmed. The City has not been provided with a response at this time.

Question 3

If the Bridge Alliance is unwilling to undertake the requested multi-criteria assessment, will the City of Fremantle commission an independent assessment of options?

Response

The City will first wait to see what options and analysis is prepared by the Alliance before considering further actions.

Question 4a

Has the Bridge Alliance, Main Roads or the Minister for Transport provided any response to the community concerns expressed by the Special Meeting of Electors? If they have, will the City of Fremantle share that response with the Fremantle community?

Response

The City has not yet received a formal response to forwarding community concerns.

Question 4b

If not, will the City of Fremantle urgently seek responses so that the Fremantle community is treated with respect and is able to play an informed role in the further development of the project?

Response

The City is currently following up on a response from the State Government.

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 to be presented to council.

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

8. Deputations

8.1 Special deputations

A special deputation may be made to the meeting in accordance with the City of Fremantle Meeting Procedures Policy.

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 18 January 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 1 February 2023

PC2302-7 URBAN ENHANCEMENT – THE 'TRIANGLE' CNR WILLIAM STREET AND PARRY STREET

Meeting date:	7 December 2022
Responsible officer:	Director Planning, Place and Urban Development
Decision making authority:	Council
Attachments:	1. UDLA Design Drawings (6): L010B; L011B; L101F; L102F; L201F; L202F 2. Triangle Public Benefits
Additional information:	Nil

SUMMARY

This report recommends that council approves the final set of landscape plans for the redesign of 'The Triangle', corner William Street and Parry Street, noting that the developer anticipates Works commencing in early 2023.

The council previously granted approval in principle to developer Silverleaf Investments to upgrade this small site – agreeing to the removal of the existing parking bays. The previous approval also noted that all costs associated with this urban enhancement project will be covered by the developer.

Since this initial support from council, the developer, together with their consultant team lead by UDLA Landscape Architects, have consulted extensively with various departments within the City to arrive at this final design.

City officers are satisfied that the complexities and inter-relationships around the following elements have now been successfully resolved:

- **Heritage**
- **Place, legibility, materiality, landscape elements**
- **Pedestrian movements**
- **Vehicle movements and servicing requirements**
- **Asset creation / design standards and policies**
- **Potential interface/alignment with future modifications to William Street in response to development on the Spicer Site.**

BACKGROUND

On 23 May 2018, the council resolved the following:
Council:

1. *Approve in-principle the conversion of the indicative area marked 'A', from its current use as a public car park 24 to a high quality public space that does not include any form of commercial activity, subject to development of an acceptable design proposition for this important civic location.*

2. *Note that the conversion of the area 'A' shown in 1 above into a high quality public space that does not include any form of commercial activity is expected to result in a loss of approximately $90,000 per annum in commercial parking revenue from car park 24.*

3. *Invites Silverleaf Investments to work with key stakeholders to prepare, for council's consideration at the next appropriate meeting, professionally produced draft urban design plans for area 'A'…shown in 1 above in accordance with the following principles:*

The design must:

- *Demonstrate an understanding and interpretation to cultural heritage and context - recognising that this important site signifies the transition between the city centre and former Convict Establishment precinct.*
- *Prioritise the visual connection / pedestrian axis with the prison entrance over all other design parameters, materiality, structures and soft landscaping giving particular emphasis to the interpretation of the former ramp.*

- *Respond adequately to other pedestrian desire-lines, for example along Parry Street; entrance to Fremantle Markets; and William Street to and across the Oval.*
- *Select materials, furniture and colours to be consistent with, and reinforce, the broader character and legibility of the public realm, to be approved by the City of Fremantle.*
- *Provide good amenity and create a great place for pedestrians to pass through and be in.*
- *Remain, present, and appear as part of the City's public realm network –welcoming to all.*
- *Consider the ongoing maintenance implications and make best endeavours to minimise ongoing maintenance costs.*

4. *Request officers liaise with Silverleaf Investment and their designers to ensure that the principles in 3 above are adequately reflected in the design proposals, prior to being submitting to council.*

FINANCIAL IMPLICATIONS

There are no financial implications to the City from this report – noting that the anticipated loss of income from Carpark No.24 was previously considered by council in 2018.

LEGAL IMPLICATIONS

Nil

CONSULTATION

Following council decision to support this initiative in principle, community engagement has not been undertaken on the detail design.

Consultation regarding fine-tuning the design has been ongoing, iterative and extensive between the developer/consultant and officers from within the City, including:

- Heritage Coordinator
- Manager Strategic Planning and City Design
- Manager Landscape Services
- Senior Landscape Architect
- Principal Design Engineer

- Traffic and Transport Engineer
- Manager Economic Development

OFFICER COMMENT

The final design, as illustrated in the Attachment to this report, is considered to address key principles, as previous presented to council in 2018 which were considered to be important for this site. The following table sets out how the design achieves this:

Principle	Design Response
Demonstrate an understanding and interpretation to cultural heritage and context - recognising that this important site signifies the transition between the city centre and former Convict Establishment precinct.	There is clear legibility within the design around the main axis / ramp to Prison (which is reflected in the materiality of the Prison Ramp/convict establishment) vs the 'standard' city palette of materials and the areas 'outside' of the Convict Establishment precint.
Prioritise the visual connection / pedestrian axis with the prison entrance over all other design parameters, materiality, structures and soft landscaping giving particular emphasis to the interpretation of the former ramp.	The design makes a strong visual connection with the Prison ramp, which is reinforced through materiality and careful alignment. Location / alignment of tree planting has been carefully balanced between maintaining views to the Prison and providing shade for pedestrians.
Respond adequately to other pedestrian desire-lines, for example along Parry Street; entrance to Fremantle Markets; and William Street to and across the Oval.	All pedestrian desire lines have been identified and responded to with appropriate paving material and alignments.
Select materials, furniture and colours to be consistent with, and reinforce, the broader character and legibility of the public realm, to be approved by the City of Fremantle.	Except for materiality associated with the prison ramp, all other materials and elements are consistent with the City's standard palette - reinforce the surrounding 'base' character of the public realm.
Provide good amenity and create a great place for pedestrians to pass through and be in.	The design has a good balance of maintaining views to the Prison, being functional, whilst providing a high level of amenity for pedestrians.
Remain, present, and appear as part of the City's public realm network – welcoming to all.	All materiality and elements are designed to reinforce the public nature of the place and connection to the rest of the City's public realm network.
Consider the ongoing maintenance implications and make best endeavours to minimise ongoing maintenance costs.	The City's Landscape and Engineering teams have been consulted to ensure all aspects of future asset maintenance are adequately considered.

In addition to responding positively to the above principles, the design is considered to align with other urban projects and strategies in the location, most notably the Fremantle Oval Masterplan.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM PC2212-13
(Officer's recommendation)

Moved: Mayor Hannah Fitzhardinge **Seconded: Cr Bryn Jones**

Council:

1. Approve the final set of landscape plans for 'The Triangle', corner of William Street and Parry Street, (as illustrated on UDLA plans L010B; L011B; L101F; L102F; L201F; L202F) subject to the following CONDITIONS that the developer, Silverleaf Investments, will be responsible for:

    a. All costs associated with the Works;
    b. Submitting detailed documentation and specifications to the satisfaction of the City;
    c. Project communication, including an image of the proposed improvements, to be provided on site to advise the community about the project – at the same time, or prior to, site fencing being erected;
    d. Applying and obtaining all necessary permits and licences for the Works;
    e. Ensuring site tidiness and public safety is maintained at all times;
    f. providing evidence to the City that Silverleaf – or their contractor - have current public liability insurance ($10m) and workers compensation ($10m) to cover the Works, prior to commencement on site;
    g. Commencing the Works within 6 months of this approval, otherwise the approval is void and the proposal will be subject to a new submission, with no expectation that it will gain council support;
    h. Completing the Works within 4 months of erecting site fencing;
    i. Providing a minimum of 2 weeks' notice to the City to remove and retain any existing infrastructure it may wish to keep, e.g., ticket machines for parking; paving; street furniture;
    j. On completion of works, a full site inspection to be undertaken with a nominated City representative, to confirm works/assets are built to specifications, noting that any rectification work is to be funded solely by the developer, to achieve Practical Completion;
    k. Maintain the works for a period of 12 months from date of Practical Completion to the satisfaction of the City;

l. Arranging a 12 months' defects liability period inspection (prior to expiry date) with the contractor, and to invite a nominated City representative to be present.
m. All rectification works required to reach Final Completion.

2. Noting the current volatility of construction costs, advises the developer Silverleaf Investments, that based on the importance of this piece of public realm - connecting the City to the World Heritage Listed Prison - no reduction in design quality, materiality or scope will be considered, following this final approval;

3. Noting the potential risk to the City regarding incomplete or substandard work by a future contractor, Silverleaf Investments are required to provide a cash bond to the City, prior to site possession being granted, of 5% of tendered construction cost. The full bond will be returned to Silverleaf following the City's acceptance of the completed works.

PROCEDURAL MOTION

At 7.22pm the following procedural motion was moved:

COUNCIL DECISION

Moved: Cr Doug Thompson **Seconded: Cr Rachel Pemberton**

The item be deferred for a decision to the next appropriate Council meeting, to allow more information to be provided in relation to the design plans to fully understand the concept.

Carried: 11/1
For
Mayor Hannah Fitzhardinge, Cr Jenny Archibald, Cr Su Groome, Cr Ben Lawver, Cr Fedele Camarda, Cr Frank Mofflin, Cr Doug Thompson, Cr Bryn Jones, Cr Marija Vujcic, Cr Rachel Pemberton, Cr Adin Lang

Against
Cr Geoff Graham

ADDITIONAL OFFICER COMMENT

Following the decision at the Ordinary Meeting of Council on 14 December 2022 to defer this item, the following information is now provided to assist with understanding the concept:

1. **New Attachment:** Public Realm Benefits.
   This diagram shows the original concept of the landscape improvements (provided by the design consultant) with additional notation from the City to highlight the public benefits.

2. **Further Comment on the Design:** The concept has been developed into 'For Construction' drawings that were attached to the original Council Report, and incorporate the following key design aspects:

   - Improved connection / vista between City and Prison – one of Fremantle's most culturally significant pieces of urban structure.
   - Improved public realm amenity – creating a place for people, not cars.
   - Grassed areas to public to sit on.
   - Low stone walls to reinforce the alignment of the Ramp and to provide additional, informal public seating.
   - Additional tree planting (carefully considered so as not to block the critical view.)
   - New pedestrian lighting.
   - Improved pedestrian connectivity across the precinct and links to Oval and Markets.
   - A new loading zone in William Street for local businesses / hospitality.

<u>COMMITTEE RECOMMENDATION ITEM PC2302-7</u>
(Officer's recommendation)

Moved: Cr Bryn Jones **Seconded: Cr Jenny Archibald**

Council:

1. Approve the final set of landscape plans for 'The Triangle', corner of William Street and Parry Street, (as illustrated on UDLA plans L010B; L011B; L101F; L102F; L201F; L202F) subject to the following CONDITIONS that the developer, Silverleaf Investments, will be responsible for:

   a. All costs associated with the Works;
   b. Submitting detailed documentation and specifications to the satisfaction of the City;
   c. Project communication, including an image of the proposed improvements, to be provided on site to advise the community about the project – at the same time, or prior to, site fencing being erected;
   d. Applying and obtaining all necessary permits and licences for the Works;
   e. Ensuring site tidiness and public safety is maintained at all times;

f. providing evidence to the City that Silverleaf – or their contractor - have current public liability insurance ($10m) and workers compensation ($10m) to cover the Works, prior to commencement on site;
g. Commencing the Works within 6 months of this approval, otherwise the approval is void and the proposal will be subject to a new submission, with no expectation that it will gain council support;
h. Completing the Works within 4 months of erecting site fencing;
i. Providing a minimum of 2 weeks' notice to the City to remove and retain any existing infrastructure it may wish to keep, e.g., ticket machines for parking; paving; street furniture;
j. On completion of works, a full site inspection to be undertaken with a nominated City representative, to confirm works/assets are built to specifications, noting that any rectification work is to be funded solely by the developer, to achieve Practical Completion;
k. Maintain the works for a period of 12 months from date of Practical Completion to the satisfaction of the City;
l. Arranging a 12 months' defects liability period inspection (prior to expiry date) with the contractor, and to invite a nominated City representative to be present.
m. All rectification works required to reach Final Completion.

2. Noting the current volatility of construction costs, advises the developer Silverleaf Investments, that based on the importance of this piece of public realm - connecting the City to the World Heritage Listed Prison - no reduction in design quality, materiality or scope will be considered, following this final approval;

3. Noting the potential risk to the City regarding incomplete or substandard work by a future contractor, Silverleaf Investments are required to provide a cash bond to the City, prior to site possession being granted, of 5% of tendered construction cost. The full bond will be returned to Silverleaf following the City's acceptance of the completed works.

Carried: 5/1
FOR
Cr Bryn Jones, Cr Fedele Camarda, Cr Andrew Sullivan, Cr Jenny Archibald, Cr Adin Lang

AGAINST
Cr Ben Lawver

PC2302-8 REVIEW OF LOCAL PLANNING POLICY 1.7 – DEVELOPMENT EXEMPT FROM APPROVAL UNDER LOCAL PLANNING SCHEME NO. 4

Meeting date:	1 February 2023
Responsible officer:	A/Manager Strategic Planning and City Design
Decision making authority:	Council
Attachments:	1. Amended Local Planning Policy 1.7 – Development Exempt from Approval under Local Planning Scheme No. 4
Additional information:	1. Track changes version - LPP 1.7 - Development exempt from approval under LPS4 - AMENDED February 2023

SUMMARY

In response to the State of Emergency due to COVID-19, in April 2020 the State Government issued a Notice of Exemption under clause 78(H) of the *Planning and Development (Local Planning Schemes) Regulations* 2015. This notice covered a range of temporary exemptions for certain types of development under Local Planning Scheme No. 4. The exemptions were designed to provide flexible responses to a changing crisis environment, support businesses, and guarantee the provision of essential community services during this time. These exemptions were temporary and were only to remain in effect until 90 days after the end of the State of Emergency.

Complementary to the State Government notice, in September 2020 Council resolved to amend Local Planning Policy 1.7 – Development Exempt from Approval Under Local Planning Scheme No. 4 (LPP 1.7) to extend the state government exemptions from requiring development approval for certain changes of use and minor works.

Several of the changes made to LPP1.7 will remain. However, the provisions that specifically relate to the state of emergency, which is no longer in effect as of the 2 February 2023, require removal.

This report recommends that Council delete the provisions directly related to the temporary state of emergency notice from LPP1.7, by adopting an amended policy.

The proposed change to LPP1.7 would not require public advertising, as it is consistent with the *Planning and Development (Local Planning Schemes) Regulations 2015* and is minor in nature.

BACKGROUND

In April 2020, in response to the State of Emergency due to COVID-19, the State Government issued a Notice of Exemption under clause 78(H) of the *Planning and Development (Local Planning Schemes) Regulations 2015*. This notice covered a range of temporary exemptions for certain types of development under Local Planning Scheme No. 4. The exemptions were designed to provide flexible responses to a changing crisis environment, support businesses, and guarantee the provision of essential community services during this time.

These exemptions were temporary and were only to remain in effect until 90 days after the end of the State of Emergency. Western Australia's State of Emergency ended on the 4 November 2022. Accordingly, the provisions in the notice no longer have effect as of the 2 February 2023.

Complementary to the State Government notice, Council resolved in September 2020 to amend Local Planning Policy 1.7 – Development Exempt from Approval Under Local Planning Scheme No. 4 (LPP1.7) to extend the state government exemptions from requiring development approval for certain changes of use and minor works.

Two types of changes were made to LPP1.7 at this time:

1. **Permanent changes for additional development exemptions**, which include:

   Changes of use to an existing building in the City Centre zone to:

   - child care premises
   - health studio
   - medical centre.

   Changes of use to an existing building in the Local Centre zone to:

   - consulting rooms
   - office
   - shops with a net lettable area not greater than 400m^2.

   Specific types of minor internal works (such as internal fit outs and wall and floor coverings) to non-residential places on the City's Heritage List, provided the place is not on the State Register of Heritage Places or subject to a Heritage Order.

2. **Provisions directly connected to the temporary State of Emergency provisions that allowed for the emergency provisions to apply in heritage areas.**
   By default, the State of Emergency provisions only applied to properties with no heritage protection. However, there were exemptions that

could also apply to places in Heritage Areas to provide additional flexibility to property owners and assist with economic recovery, provided that the place was not on the City's Heritage List nor the State Register of Heritage Places.

These specific exemptions related to:

- changes of use and development urgently required to respond to the health crisis
- minor works and provision of takeaway food from hotels, taverns, restaurants/cafés and similar premises
- changes to signage that do not alter the size or shape of the sign.

In LPP1.7 these provisions appear as:

*"**State of Emergency – Notice of Exemption**"*

1. *Development prescribed in exemptions 1.2, 1.3, 6.1 and 6.2 of the Planning & Development (Local Planning Schemes) Regulations – State of Emergency Clause 78H Notice of Exemption dated 30 April 2020, shall also be exempt under the same conditions and for the same period on land within a Heritage Area designated under Local Planning Scheme No. 4, except where the place is:*
   - *entered in the State Register of Heritage Places;*
   - *the subject of a Heritage Order; or*
   - *included on the Heritage List."*

Refer to track changes version of LPP1.7 in Additional information 1 for proposed edits.

FINANCIAL IMPLICATIONS

Nil

LEGAL IMPLICATIONS

The procedure for amending a local planning policy is provided for under Schedule 2, Part 2, Clause 5 of the Planning and Development (Local Planning Schemes) Regulations 2015.

CONSULTATION

The proposed amendment to the policy is consistent with the *Planning and Development (Local Planning Schemes) Regulations 2015* and is minor in nature.

On this basis, it is considered that advertising of the amendment is unnecessary, as per Schedule 2, Part 2, clause 5(2) of the Regulations.

OFFICER COMMENT

As Western Australia's state of emergency is no longer in effect, the provisions contained in LPP1.7 that directly relate to, and extend, the State Government's emergency provisions, are no longer relevant. Accordingly, officers propose the following amendments to LPP1.7:

1. The State of Emergency – Notice of Exemption requirements under policy 1 be deleted.
2. Re-number the policy 1-34
3. Update to the current policy template (aesthetic changes only)
4. Update references to 'Kings Square' to now read 'Walyalup Koort' (three updates).

An amended LPP1.7 is provided in Attachment 1. Track changes copy available in Additional information 1.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required.

COMMITTEE RECOMMENDATION ITEM PC2302-8
(Officer's recommendation)

Moved: Cr Bryn Jones   Seconded: Cr Ben Lawver

Council

1. **Adopt the revised Local Planning Policy 1.7 'Development Exempt from Approval under Local Planning Scheme No. 4' provided in Attachment 1, noting the revised Local Planning Policy does not require public advertising as it is consistent with the *Planning and Development (Local Planning Schemes) Regulations 2015* and the change is minor in nature.**

Carried: 6/0
Cr Bryn Jones, Cr Fedele Camarda, Cr Andrew Sullivan,
Cr Jenny Archibald, Cr Adin Lang, Cr Ben Lawver

11.2 Finance, Policy, Operations and Legislation Committee 8 February 2023

FPOL2301-2 BULK VERGESIDE COLLECTION REPORT

Meeting date:	8 February 2023
Responsible officer:	Manager Waste and Fleet
Decision making authority:	Committee
Attachments:	1 Summary of Community consultation outcomes 2 Summary of the outcomes of an extensive customer survey regarding the pre-booked service model.
Additional information:	Nil

SUMMARY

The purpose of this report is to update Council on the findings of the Officer review of the City's current verge collection service.

Officers have reviewed and considered a number of different service models options for the management of residential bulk waste. This report highlights the key service models assessed and includes a summary of their specific pros and cons.

As a result of this review the report proposes moving from the current scheduled collection service and the introduction of a best-practice bulk waste vergeside collection model based on a pre-booked (on-demand) service model.

The following key benefits of this change, to an on-demand service, are anticipated:

1. **Long term ability to secure a suitable contractor**
2. **Reduced waste to landfill,**
3. **Improved recycling rates,**
4. **Improved customer coverage / experience, and**
5. **Reduced illegal dumping and untidy verge issues.**

BACKGROUND

The City of Fremantle currently provides a bulk waste vergeside collection service to residents based on one annual scheduled collection lasting two weeks.

The City also offers up to 4 free trailer loads of bulk goods dropped-off by residents at the Recycling Centre each year.

Some concerns have arisen over recent years with reduced contractor availability and reliability; the current market factors are causing a steady cost increase in the current service model and (given the relatively smaller size/area of the City of Fremantle) there is an increasing risk of not being able to secure a suitable contractor to deliver the required service.

There is consideration of community complaints in respect to amenity issues, (including increased illegal dumping - especially during the annual bulk goods collection window) and also problems of service coverage and inclusion where properties have no verge or restricted access to a verge area.
The City's Waste Management team is focussed on delivering a Better Practice Bulk Verge Collection service to all residents and also to reduce waste generation and landfill disposal, whilst improving recycling rates.

Officers have undertaken a comprehensive review of alternative bulk waste vergeside waste collection models to determine the most suitable model to meet best practice standards and community needs going forward.

FINANCIAL IMPLICATIONS

The current 'scheduled' service model is costed in the table below.

	Scheduled (*) collections (baseline)
Collection	$150k
Processing/disposal	$170k
Total cost	$320k

Officers do have increasing concern in respect to contractor availability and reducing service flexibility and increasing service costs going forward.

In comparing the City's historical data and benchmarking information in this area, with other Perth metropolitan councils, the relevant annual cost and comparison of current and alternative service models are summarised as follows:

	Scheduled (current service – actual cost p.a.) (baseline)	Drop-off services (no collection)	Pre-booked collections
Collection	$150k	$0	$200k

Processing/disposal	$170k	$200k	$170k
Total cost	$320k	$200k	$370k

It is anticipated that there will be a cost adjustment requirement as part of the 2023/24 budget process – irrespective of the choice of service models going forward.

LEGAL IMPLICATIONS

Nil

CONSULTATION

Community consultation was undertaken (from 17/3/2021 to 18/4/2021) as part of the service review. Consultation has also included surveys, a community workshop and Elected Member briefings.

The following were the relevant elements of the survey conducted:

a) a survey of residents (an opt-in sample for a survey advertised through social media platforms and My Say Freo page),
b) a random sample of 1,000 residents sent letters with the survey,
c) a physical sample made available through survey repose boxes located at the Fremantle Recycling Centre, Containers for Change Refund Point facility, Library and meeting place, and
d) mailed in survey reposes.

Attachment 1 provides further details of the main feedback from the Community consultation exercise.

Officers have liaised with multiple other Councils that have adopted the pre-booked collections service model, to seek relevant feedback and customer satisfaction insights. We have contacted the following Councils:

- City of Joondalup;
- City of Swan;
- Western Metropolitan Regional Council (WMRC), representing Town of Cambridge, Town of Mosman Park, Town of Cottesloe, City of Vincent, City of Subiaco and Shire of Peppermint Grove;
- Shire of Kalamunda.

Attachment 2 provides further details of the feedback from consultation with other Councils.

City of Swan[1] have indicated: "We dropped our illegal dumping by 50%."

Using two of WMRC's Verge Valet customer councils (City of Subiaco and City of Vincent) as a case study in respect to customer satisfaction, out of 384 survey respondents:

- The average score for satisfaction with the pre-booked service was 4.7 (out of 5).
- 360 respondents (93.8%) were:
    - satisfied, (13.0%) or
    - very satisfied (80.7%) with the new service;
- only 18 survey respondents (4.7%) were either:
    - very dissatisfied (3.1%) or
    - dissatisfied (1.6%).

From that extensive customer feedback, what people like the most about this type of service model was, according to Verge Valet WMRC staff[2] was the fact that the model will allow "bookings less than a week in advance and change booking up to close of business of the previous day."

According to Verge Valet/WMRC, actual responses included the following comments:

- *"Bulk verge collections are messy. Verge Valet is the perfect answer to an outdated system."*
- *"Such a great service, collected promptly, all items collected, can't rate highly enough."*
- *"It's quite simple and clear overall. Made life easier after having moved house!"*
- *"Such a customer-focused service. No more piles of rubbish on the street for weeks at a time."*

Still according to WMRC, Summary of VergeValet's customer survey responses is as follows:

✓ Users prefer system to traditional scheduled service
✓ Less waste generated through change in system
✓ Probably costs councils less

[1] Email dated 18/10/2022 from City of Swan Waste Education Officer.

[2] Meeting held on 14/12/2022, with Western Metropolitan Regional Council's Manager Communications and Education.

In addition, City of Melville are planning to transition to a pre-booked service and have offered the opportunity for shared services with (or service provision to) Fremantle.

OFFICER COMMENT

Current services

Current bulk waste vergeside collection service provided by City of Fremantle is based on a scheduled service, occurring once annually (one collection per household) across the whole council area. Scheduled collection period typically occurs during a 2- week period between January and February each year.

In addition to the verge collections, residents can currently drop up to 4 free trailer loads of bulk goods to the Recycling Centre each year.

Pressures

The pressures we are currently facing associated with scheduled bulk waste vergeside collections are as follows:

- Increasingly restricted market conditions, and risk associated with decreasing number of contractors providing the service within acceptable quality parameters and responsive to the City's needs
- WALGA Better Practice Guidelines recommend minimisation of waste / landfill volumes and a reduction of time for vergeside waste placement
- Complaints in respect to:
    - Increased illegal dumping and impact on amenity during the collection periods
    - Lack of bulk service collection services in restricted areas

Review

Based on a continuous improvement approach, City officers undertook a comprehensive review of current bulk waste vergeside collection services, to determine if these meet industry better practice standards and community expectations, as well as the relevant waste minimisation, landfill diversion and resource recovery goals.

In addition to community consultation (in April 2021), the review included extensive benchmarking with other councils in the Perth metropolitan region and three Informal Elected Member meeting presentations/discussions (in 28/3/2022, 17/10/2022 and 7/11/2022).

Officers have investigated the following key service model options:

Option 1: Maintain current service (scheduled collections) model
Option 2: Pre-booked collections model: *based on an on-call system in which residents 'book in' a collection via telephone or online booking*
Option 3: Free, unrestricted drop-off at Fremantle Recycling Centre

Benefits required

In reviewing the options officers have been very clear in trying to ensure a preferred service model addresses the following core benefits.

- Waste minimisation, landfill waste diversion and improved recycling
- Securing reliable contractors that provide responsive services meeting the City's needs
- Managing cost risks
- Improving service and coverage to customers
- Addressing verge amenity
- Reducing illegal dumping

Discussion of pros and cons of each option

<u>Option 1: Maintain current service (scheduled collections) model</u>

The pros of this option are that:

- it does not require any change to be implemented operationally, nor any service change to residents
- enables collection and reuse of items placed on the verge
- it achieves reasonable recycling outcomes (recycling rates of 55%, according to latest City of Fremantle data), at a reasonable cost
- There is a reasonable level of satisfaction and some support for this model to remain (mainly relating to verge picking / reuse activities)

The cons of this option are:

- increasing market limitations in the number and quality of contractors providing current services and their willingness to provide the service within the City's intended timeframes.
- attracts increasing waste tonnes disposed at landfill
- untidy verges due to the accumulation of waste piles awaiting collection
- vergeside illegal dumping, caused by extended period of bulk waste vergeside stockpiling
- is not available to all residents

Option 2: Pre-booked collections model

A pre-booked collection service model is based on the following:

- Collections active within the council area during 52 weeks per year.
- Typically limited to 3 cubic metres.
- Customers required to request booking of collection date over the phone or online.
- Collection bookings in fixed day(s) of the week.
- Replaces the traditional scheduled verge collections.

The pros of this option are:

- reduced landfill lower waste tonnage, due to lower participation rates (estimated 30% reduction)
- improved recycling outcomes (recycling rates of 70%, according to latest Verge Valet data), through improved communication and education touchpoints
- more efficient collections
- more responsive and convenient for customers (based on their differing timeframes and constraints)
- available to all CoF residents
- easy to procure and secure a suitable contractor, as these services are widely available across Perth metro area (e.g. Verge Valet)
- improved verge amenity (short presentation times),
- improved enforcement and reduced illegal dumping

The cons of this option are:

- higher cost
- requires operational changes and service changes to residents, require more involvement on their part (phone or online booking)
- perceived loss of opportunity for scavenging and material reuse (due to reduced presentation times)
- always material presented at the verge somewhere within the council area

Option 3: Free, unrestricted drop-off at Fremantle Recycling Centre

The pros of this option are:

- cheapest option
- no verge amenity issues
- service always available to all residents
- reduction in total tonnes collected (due to reduced participation rates)

The cons of this option are:

- substantial service level reduction leading to possible customer dissatisfaction (burden to customers to transport their own waste)
- it does not promote appropriate pre-sorting and recycling of materials and consequent waste minimisation and diversion from landfill (it does not meet better practice standards)
- requires a significant increase in area, capacity and expansion of existing transfer station and staff

Current status of Councils in respect to bulk waste (on demand) verge side collections

As part of the review, Officers have undertaken extensive liaison and benchmarking with other Councils in Perth in order to determine the current status of adoption of different bulk waste verge collection service models.

Out of 15 Perth surrounding Councils:

- (10 Councils[3]) have moved to adopt the pre-booked service
- (1 Council[4]) is currently transitioning to a pre booked service
- (3 Councils[5]) are considering the merits of a pre booked service

Conclusion

In reviewing current services and alternative options, officers have considered the pros and cons of each of alternative service model, have taken into account the outcomes of community engagement, the discussions with Elected Members and the current status of other Councils implementing a pre-booked service model.

Based on the services review, officers have found that the pre-booked vergeside collection model is the preferred Option, with the following key benefits:

1. the long term ability to secure a suitable contractor
2. reduced waste to landfill
3. improved recycling rates
4. Improved customer coverage / experience, and
5. reduced illegal dumping and untidy verge issues

[3] City of Vincent, Town of Cambridge, Town of Mosman Park, Town of Cottesloe, City of Subiaco and Shire of Peppermint Grove, Shire of Kalamunda, City of Stirling, City of Joondalup, City of Swan.

[4] City of Cockburn.

[5] City of Melville, Town of East Fremantle, City of Canning (intending to review verge collections).

It is acknowledged by Officers that, subject to approval to progress, there will need to be a robust transitional plan for the implementation of the new service, and this shall include proactive support and guidance through a strong communications plan for residents.

NOTE: Estimated annual cost increase of + $50K (already quarantined in the current year's budget) will need to be re-provisioned in 2023/24 operational budget.

Should Council propose to remain with the current service model, they may propose the following:

A. Request no changes to current services, maintaining the existing scheduled collections service model, or

B. Approve an 18-month trial of a pre-booked service model for bulk waste vergeside collections.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required.

OFFICER'S RECOMMENDATION

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

That Council:

1. Endorse the adoption of a pre-booked service model for bulk waste verge side collection, with the new service model to commence in the 2023/24 financial year.

2. Notes the subsequent budget requirements that will need to be included for consideration as part of the budget process for the 2023/24 financial year.

AMENDMENT 1

Moved: Cr Doug Thompson **Seconded: Cr Rachel Pemberton**

To add a new part 3, 4 and 5 to read as follows:

3. Notes that people can still recover useable items from the recycling centre all year around for minimal cost.

4. **Note that the implementation of an on-demand service will be a significant change from current arrangements and request Officers support residents through the transition by:**
   a. **Increasing the free Fremantle Recycling Centre entry passes from four to six per annum for the first two years of the service**
   b. **Ensure a strong communications / support package:**
      i. **is web based and includes support and guidance in how to access and use the service**
      ii. **includes a helpline / telephone number**
      iii. **is live, accessible and sufficiently publicised prior to the implementation of the service**

5. **Request officers actively monitor the performance of the service and provide a service report to Council after the first year of service.**

Amendment carried: 6/1
For
Mayor Hannah Fitzhardinge, Cr Fedele Camarda, Cr Jenny Archibald, Cr Doug Thompson, Cr Rachel Pemberton, Cr Frank Mofflin

Against
Cr Marija Vujcic

Reason for change

As this is quite a big change from a long standing service model, we should ensure that the residents are given plenty of easy to access information and support to be able to properly understand and prepare for an 'on-demand' service. Increasing the tip passes may also help as it provides more options for bulk disposal as residents adjust.

Requesting Officers monitor performance and provide feedback once the service is embedded will help Council ensure residents are receiving an improved service that is effective and good value.

COMMITTEE DECISION FPOL2301-2
(Officer's recommendation, as amended)

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

Council:

1. **Endorse the adoption of a pre-booked service model for bulk waste verge side collection, with the new service model to commence in the 2023/24 financial year.**

2. Notes the subsequent budget requirements that will need to be included for consideration as part of the budget process for the 2023/24 financial year.

3. Notes that people can still recover useable items from the recycling centre all year around for minimal cost.

4. Note that the implementation of an on-demand service will be a significant change from current arrangements and request Officers support residents through the transition by:
- ***a. Increasing the free Fremantle Recycling Centre entry passes from four to six per annum for the first two years of the service***
- ***b. Ensure a strong communications / support package:***
  - ***i. is web based and includes support and guidance in how to access and use the service***
  - ***ii. includes a helpline / telephone number***
  - ***iii. is live, accessible and sufficiently publicised prior to the implementation of the service***

5. Request officers actively monitor the performance of the service and provide a service report to Council after the first year of service.

Amendment carried: 5/2
For
Mayor Hannah Fitzhardinge, Cr Jenny Archibald, Cr Doug Thompson, Cr Rachel Pemberton, Cr Frank Mofflin
Against
Cr Marija Vujcic, Cr Fedele Camarda

Cr Vujcic moved seconded Cr Camarda that this item be referred to Ordinary Council meeting to be held on 22 February 2023.

Additional Information

Following feedback provided by Committee, officers have prepared the following Q&A table to provide additional clarity on the model proposed.

Question	Answer
Is this consistent with the City of Fremantle's Waste Management Action Plan (2020/25) endorsed by Council? Why/why not?	Yes. Action 1.3 of the City's Waste Management Action Plant (2025/2025) states "Introduce Better Practice Bulk Verge Collection systems to reduce waste and increase material recovery:

	The action comprises: 1. Review of verge bulk collection services. 2. Identify the preferred service model. 3. Seek Council endorsement. 4. Prepare required resources. Target date for a new service was January 2022.
Do we expect costs to go up under either model (ie going back to tender with existing scope, or moving to an on-demand model) – and if so, will one likely be more expensive than the other?	Yes, costs will increase. Under the current system and as the contractor market changes, we anticipate higher costs and compromised ability to secure a reliable contractor for the City's preferred timeframes. A pre-booked (on-demand) service has an estimated higher cost @ +$50k pa. but is a better service and is available to all our customers. Cost changes will be considered as part of the annual budget process.
What is the recovery rate of the current model? What is the equivalent recovery rate of similar on-demand models to what is proposed?	Historically, the current model has yielded recycling rates of about 50%. We expect an increase in recycling rates of up to 70% under the on-demand model.
Why do people seem to throw out less stuff with an on-demand model when compared to the current model?	Providing an annual "free for all" time window to dispose of bulk waste seems to encourage more wasteful opportunistic behaviour. i.e., people find something to throw out because it's that time of the year and the verges are full! By responding to actual demand, people will only request the service when something arises they want to dispose of - the proposed service is expected to reduce waste, while improving convenience to residents that actually need it. This behaviour / trend has been evidenced in other LG's that have implemented the service.
Will there be a reduction in verge side collection services?	No. Green waste collections will remain unchanged.
How will I be able to book a verge side collection service?	Bookings can be made by phone or online. Should you need assistance in completing the online form or are

	having technical difficulties, a hotline will also be available.
What is acceptable for bulk verge collection?	We will be able to accept most items for collection, details will be made available for reference online. Hazardous materials will not be accepted – i.e. asbestos products, batteries, car oil and fuel, flammable, hazardous materials.
How far in advance do I need to book?	It is recommended to plan and book your verge collection as early as possible, up to 8 weeks in advance. Bookings will be accepted for the next available collection date.
How can I change or cancel my booking?	You can change, cancel, or postpone your booking up to one business day before your collection date; online or over the phone.
How many collections can I book?	The model has been costed based on the current frequency of one yearly free collection; this could be increased to two per year depending on feedback and take up – this can be two free collections or the second being a paid collection.
How do I make sure the items I put out are recycled?	Verge bulk waste collections is intended for items that can no longer be used. If you have items that can still be used, please consider your local Facebook Buy Nothing group, online selling sites like Gumtree and Facebook Marketplace, or a charity donation/collection instead. By separating any metals, whitegoods, mattresses and e-waste from your furniture or general junk, we can more easily sort and separate items for recycling at the recycling plant. All items get sorted off site to maximise resource recovery of materials.
Why change if the community feedback shows consistently high satisfaction with the current service?	From previous consultation, the majority feedback did state that the current service is satisfactory; however, the same groups also raised issues that current model was unsightly, encourages wastefulness, attracts illegal dumping. It was also highlighted that that the service does not provide coverage to all residents. Our aim is to improve the service and address the issues raised – covering all customers, while maintaining the key features that the community values and are satisfied with.

Will this result in piles of rubbish on our verges 52 weeks a year – instead of the condensed 2-3 week window we currently experience?	There is a significant issue with verge amenity associated with the current service model. With the proposed on-demand collection, volumes and presentation times are substantially reduced; this will provide a significant improvement in verge cleanliness across the City.
Will the new service provides less opportunities to re-use , as a result of discouraging people from driving by and taking items they see on the verges home for reuse?	The proposed pre-booked service is designed to increase re-use and recycling, not the reverse. The service website and the booking process will provide suitable information and active encouragement for users to use any of many options including online and physical (charity, Buy Nothing, Marketplace, Fremantle Recycling Centre etc etc) – verge collections are only for the junk.
Will this be a privatised outsourced company that will eliminate local jobs?	The proposed service would be a contracted service which is like the current model – it will not change anything / affect local jobs. The new service could be operated by a local government authority, representing a cross-collaboration across multiple councils in the Perth metropolitan area.
What are the main benefits of the change?	Improved services to you: • Convenience with all year-round collections (service offered when needed/as needed). • Flexibility to book and change/cancel booking up to the previous business day. • Improved customer coverage (extending to currently underserviced multi-unit dwelling developments and properties in the CBD) • All Fremantle domestic properties would be qualified to book collections. Substantial benefits to the Community: • Substantially reduced illegal dumping and untidy verge issues Substantial benefits to the Environment: • Extensive information and engagement for better reuse and recycling. • Reduced waste to landfill • Improved recycling rates

Will there be a cap on the availability of services on any given week?	The servicing capacity will be defined based on estimated demand when implementing the service; this will be monitored and adjusted based on actual demand. This does not represent a service cap or substantive limitation to the users.

FPOL2301-6 PARKLET POLICY REVIEW

Meeting date:	8 February 2023
Responsible officer:	Director Infrastructure
Decision making authority:	Council
Attachments:	1. Parklet Policy (updated)
Additional information:	1. Community Feedback Review

SUMMARY

This report has been developed to update Council on community comment and feedback following advertising of the proposed minor amendments to the existing Parklet Policy and seek Council approval of the updated Parklet Policy and updated Administrative Practice, as detailed in Attachments 1 & 2.

BACKGROUND

In Local Government policies reflect the leadership and decision-making role of Council and are a way for Council to give expression to preferred solutions to problems or matters of concern.

Policies are developed to be clear, simple statements of how an organisation plans to conduct its services, actions, or business and to meet strategic and operational needs and comply with statutory and legislative requirements.

Policies provide Council with the ability to make fair, consistent, and transparent decisions affecting the community and are a guide for officers and elected members when making decisions. They are implemented by way of administration policies, procedures, and processes.

The existing Parklet Policy was adopted by Council on 27 November 2013 (Council item number - SSGS1311-5).

The Parklet Policy provides a framework of parameters and requirements to assist officers in assessing the suitability of the street / road environment in respect to proposals or submissions for the installation of parklets.

Officers commenced a review of the Parklet Policy with a view to re-examine the parameters and requirements and simplify and update the document. Workshops and assessments have taken place with internal stakeholders as part of this process, as a result number of minor revision inclusions and exclusions have been identified and included.

Comment received following advertising has generally confirmed acceptance, and where comment relating to the proposed updates is included as an attachment to this report.

OFFICER COMMENT

The number of parklet applications in the City of Fremantle, has only been quite low with only 5 applications recorded in the last 2 years. Whilst the existing policy has proven relatively effective, it is noted that there have been some significant physical, social, and economic changes in and around the City of Fremantle and it has been recognised that the policy is overdue for review and update.

In simplifying the existing Parklet Policy the operational activities undertaken by employees in the administration and processing of applications have been removed and placed in a Parklet Procedure (see attachment 2). In addition, any repetitive subject matter has been amalgamated and clarified.

The following items list the key changes that have been made to the Parklet Policy:

1. That Adelaide Street, Queen Street and Newman Court removed from the list of streets excluded by the policy.
2. Approval granted for a parklet installation will be for periods of 2 years.
3. Parklet hours of use included and restricted to between 7am and 10pm.
4. The principle of User Pays for use of a parking embayment in accordance with the annual fees and charges schedule.
5. The use of a Parklet for the purposes of outdoor dining shall be in accordance with the provisions of the Alfresco Dining Policy.
6. Definition of Parklet and Access Road included.

Subject to Council endorsement and adoption, it is proposed that the policy be next reviewed in 4 years (2026).

FINANCIAL IMPLICATIONS

An annual charge for use of a ticket, and timed parking bays will be included in the 2023-24 Fees & Charges schedule.

LEGAL IMPLICATIONS

Legislative - The Local Government Act 1995, section 2.7(2)(b) provides Council with the power to determine policies.

Fees & Charges - Section 6.38 of the Local Government Act 1995 and Regulation 54(c) of the Local Government (Financial Management) Regulations 1996 provide Council with the power to impose rates and service charges.

CONSULTATION

The review has been workshopped internally with stakeholders / impacted Business Units and technical staff; the proposals have been circulated and discussed with Elected Members and the Executive Team.

The parklet policy review was put out for public comment in November 2022 in accordance with Committee Recommendation FPOL2210-3 and was promoted on 'My say Freo, for a period of three weeks. Four responses were received from 23 site visitations. Detailed comment and response has been included in the additional information.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM FPOL2301-6
(Officer's recommendation)

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

Council note the community feedback received in respect to the updated Parklet Policy and Adopt the updated Parklet Policy as detailed in the attachment to this report.

Carried: 7/0
Mayor Hannah Fitzhardinge, Cr Fedele Camarda, Cr Jenny Archibald, Cr Marija Vujcic, Cr Doug Thompson, Cr Rachel Pemberton, Cr Frank Mofflin

FPOL2301-7 NEW APPROVAL OF VENUES FOR SPORTING, CULTURAL OR ENTERTAINMENT EVENTS: REGULATION 19B POLICY

Meeting date:	8 February 2023
Responsible officer:	Manager Field Services
Decision making authority:	Council
Attachments:	1. Approval of Venues for Sporting, Cultural or Entertainment Events: Regulation 19B Policy
Additional information:	Nil

SUMMARY

The purpose of this report is to present the attached Approval of Venues for Sporting, Cultural or Entertainment Events: Regulation 19B Policy (The Policy) for consideration and adoption by Council.

The purpose of the Policy is to provide clear guidance for the Chief Executive Officer (CEO) when considering future applications from venues, to approve a set number of cultural and entertainment events, under the *Environmental Protection (Noise) Regulations 1997*.

BACKGROUND

The *Environmental Protection (Noise) Regulations 1997* sets strict restrictions on the amount of environmental noise that is permitted to be generated by people or businesses. Cultural and entertainment businesses are allowed to exceed the normally applicable restrictions during specified events so long as they obtain approval, as per the Regulations, from the CEO of the applicable local government. Applications for approval can be made to either run individual non-complying events under Regulation 18, or via a more complex process, to approve a venue for multiple events under Regulation 19B. The power of each local government's CEO to approve such applications is delegated from the Department of Water and Environmental Regulation.

Applications for approval of individual events have been routinely processed for over 20 years but the avenue to approve venues is relatively new. The City has received a few applications for entertainment venue approval, under the Regulations, one of which was considered by City Environmental Health Officers to be contrary to the intent and principles of the Regulations. To date, no application received by the City of Fremantle under Regulation 19B, has been granted approval by the CEO.

This Policy has been drafted to achieve consistency in decision making and to provide some background and guidance on generally acceptable outcomes. The Policy specifies maximum limits on the quantity, frequency and duration of cultural and entertainment events and takes into consideration any existing approvals that are in place for assessment of new applications. It will inform the chief executive officer of the Council's views on acceptable outcomes and provide context for assessment of submitted Regulation 19B applications.

FINANCIAL IMPLICATIONS

The City's 2022/2023 fees and charges schedule provides for estimated assessment and processing costs of $99 per hour up to a maximum of $15,000 as set by the Regulations. The fee is charged on receipt of any Regulation 19B application.

LEGAL IMPLICATIONS

As approval of Regulation 19B application is authority delegated to the local government CEO, from the Chief Executive Officer of the Department of Water and Environmental Regulation, the City's CEO must base any approval of an application on their merits and cannot be directed by Council regarding the matter. Submissions on such applications may be received by the CEO from any affected party, including Council.

Applicants must comply with the *Environmental Protection (Noise) Regulations 1997.*

CONSULTATION

The principles and broad intent of this policy have been collaboratively developed internally to ensure compliance with the *Environmental Protection (Noise) Regulations 1997* and the needs of the City.

OFFICER COMMENT

The Policy will assist the City to balance the sometimes-conflicting tensions of being a centre for culture and the arts and caring for the wellbeing of our residents and the environment we share. This balance is needed to prevent decisions being made that are overly prescriptive, or that allow residents to be exposed to unreasonable and damaging levels of noise from cultural and entertainment events.

The Policy is intended to address permanent venues which propose to hold regular outdoor concerts and events that would produce noise in excess of the levels generally permitted under the Regulations. This would include such venues as the Fremantle Arts Centre and Fremantle Prison.

Other venues such as pubs and clubs that provide amplified music and live entertainment, whilst not excluded from applying for a Regulation 19B approval, should be designed as fit-for-purpose facilities and are expected to routinely operate in compliance with the prescribed noise levels. They may still however apply for Regulation 18 approvals, allowing them to exceed the prescribed noise levels for individual events, and these applications will continue to be processed on their merits.

The Policy provides for consideration of the below principles when considering Regulation 19B approval applications:

- Cumulative Impact of multiple regulation 19 approvals;
- Limiting the maximum number of notifiable events;
- Limiting the frequency of notifiable events;
- Limiting the duration of notifiable events;
- Setting the end time for notifiable events; and
- Limiting the duration of the initial approval.

It should be noted that, in addition to the Policy, the City's CEO may require any Regulation 19B applicant to complete any relevant survey or provide any information necessary to satisfy the CEO in making a decision. For every application, the CEO must also give reasonable opportunity for submissions from:

- The Chief Health Officer;
- The Director of Liquor Licensing;
- The occupier of any noise sensitive premises within 1 km of the venue; and
- The local government of each district in which noise emissions received from the venue are likely to exceed the normally applicable noise restrictions.

Lastly, an approval for a venue may be subject to any condition the City CEO believes necessary, including the compulsory conditions as set in the Regulations. That being to:

a. specify the maximum number and type of notifiable events that may be held at the venue during a period specified in the approval;
b. specify the earliest time at which a notifiable event held at the venue may begin and the latest time at which a notifiable event may end;
c. specify the maximum duration of a notifiable event held at the venue;
d. specify the maximum allowable noise level of a notifiable event held at the venue;
e. specify the manner in which occupiers affected by noise emissions from a notifiable event at the venue are to be advised that the event is to be held at the venue;
f. specify the manner in which complaints from members of the public about noise emissions from a notifiable event at the venue are to be managed; and

g. provide for the manner in which community consultation is to be conducted by the applicant for approval of the venue.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM FPOL2301-7
(Officer's recommendation)

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

Council adopt the Approval of Venues for Sporting, Cultural or Entertainment Events: Regulation 19B Policy, provided in Attachment 1.

Carried: 7/0
Mayor Hannah Fitzhardinge, Cr Fedele Camarda, Cr Jenny Archibald, Cr Marija Vujcic, Cr Doug Thompson, Cr Rachel Pemberton, Cr Frank Mofflin

FPOL2301-8 PROPOSED LEASE FOR 7-9 SOUTH TERRACE FREMANTLE

Meeting date:	8 February 2023
Responsible officer:	A/Manager Economic Development & Marketing
Decision making authority:	Council
Attachments:	1. Confidential Attachment – Concept Plans, Submission & Tenant Special Conditions

SUMMARY

The purpose of this report is to seek Council approval for the proposed Lease terms that have been negotiated with an applicant for 7-9 South Terrace, Fremantle.

This report recommends that Council approve a Lease between the City of Fremantle and Betty's Burgers Australia Pty Ltd and authorise the Chief Executive Officer to negotiate the terms and conditions of the Lease.

BACKGROUND

The property at 7-9 South Terrace within the Evan Davies Building is currently vacant.

Following the departure of the previous tenant, an initial Expression of Interest (EOI) process was run in September 2020 seeking applications from hospitality operators to lease the space. The City advertised the property "as is" and requested submissions in line with the selection criteria, however, no submissions were received.

Following the EOI process, there has been some interest in the site, but the City is yet to receive a formal application.

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.

This property has been advertised across multiple platforms from September 2020 to present.

The City has received a submission from Betty's Burgers Australia Pty Ltd which meets the selection criteria of the EOI.

The applicant proposes a licensed restaurant in the 200m2 tenancy on the Cappuccino Strip.

Retail Zoo is a casual food and beverage company that owns Australian originated retail brands, Boost Juice, Salsas, Cibo Espresso and Bettys Burgers.

Whilst Retail Zoo have franchising models for their other brands, at this stage Betty's Burgers Fremantle will be a company owned and managed restaurant.

The applicant is proposing to undertake a significant investment into the compliance and fit out works and pending Council approval and the schedule of works, is aiming for a 1 July 2023 opening date.

The following weighted selection criteria used to assess expressions of interest for the hospitality premises.

Overview of Business (Weighting 30%)

1. Mandatory - the business must;
    a. Pay market rent
    b. Be open at least six days per week, including both Saturdays and Sundays
    c. Present an active frontage to the surrounding public areas.

2. Environmental Considerations;

The Applicant is to provide the following information relating to their environmental
objectives:

- Waste Management
- Water consumption
- Energy consumption
- Materials utilised in plant operation, cleaning and general operations
- Management, assessment and implementation of environmental initiatives

Experience and Personnel (Weighting 40%)

Please provide a detailed overview of your experience relevant to the retail/hospitality
industry, with reference to the following;

- Information on retail/hospitality locations which you have been or are currently involved in. Provide information on your role and length of time at each location
- Provide an overview on how you intend to staff the offering
- Are you an investor or independent operator?

Financials (Weighting 30%)
Please note that full completion of this section is required in order to meet the selection criteria.

- Proposed Rent per annum exclusive of GST.
- Outline any proposed incentive requests if applicable.
- Completion of the EOI Form attached to this document.

FINANCIAL IMPLICATIONS

The proposed rent for the premises is $86,000 per annum + GST. This is calculated at a rate of $430m2 per annum + GST.

Outgoings for the property have been estimated at $10,930.80 for the first year. This equates to approx. $910.90/month.

There is no rent-free period. Rent will be payable from the commencement of the lease.

The requested lease term is ten (10) years, with a first further term of five years at mutual agreement of both parties (10+5). The lease will also include a bank guarantee equivalent to 3 months' rent.

Rent reviews will occur at years 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13, 14 based on Consumer Price Index (CPI) with market rent reviews to occur at years 5 and 10 throughout the lease term.

Officers have estimated that the value of the compliance works required at the site to be in the vicinity of $250,000 and the prospective tenant is estimating the value of the proposed fit out to be $1.675m.

The contribution from the City requested by the prospective tenant for the Lease includes a capital contribution of $150,000 ex GST towards compliance works and lessee fit out.

Payment of the fit-out contribution will be paid in line with a Fit-out Contribution Agreement which will include the milestone works and the proposed contribution and will form part of the future Lease agreement.

Milestone payment amounts are still subject to the lessee finalising a detailed design, approved by the City.

Ownership of any works delivered via the $150,000 fit-out contribution will be retained by the City at the conclusion of the Lease.

The capital contribution has not been budgeted for in the approved FY22/23 budget but will be captured as part of the mid-year budget review process. Officers forecast that the net income for the term of the Lease (not including rates) after factoring in the capital contribution, has been estimated to be in the vicinity of $710,000 over the total 10-year term. This is based on a potential gross rental revenue of $860,000 and fit out contribution of up to $150,000.

LEGAL IMPLICATIONS

Two documents are required to be finalised as part of the proposed lease.

1. Lease: The lease must comply with the requirements of Section 3.58 of the Local Government Act 1995. Officers will ensure that this occurs.

2. Fit-out Contribution Agreement: The negotiated terms of this lease include a payment made by the City towards the lessee's fit out. The Fit-out Contribution Agreement will outline the agreed terms of how and when payments are made to the lessee for the fit-out contribution amount.

As per section 3.58 of the Local Government Act 1995, before agreeing to dispose of this property the City will give public notice of the proposed disposition, and in doing so invite public submissions on the proposed disposition.

CONSULTATION

The EOI process was marketed via the following methods:

- Advertising on realcommerical.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

The premises has been previously operated as a restaurant and bar, and includes a bar, kitchen facilities with cold and dry storage with a total area of approximately 200m2.

Officers have determined that the proposed tenant is suitable, meets the selection criteria and will complement the existing offering within the Evan Davies Building and the Cappuccino Strip.

Land Description	**TBC as per Certificate of Title and Legal Description - (200m2) leased area**
Property	7-9 South Terrace, Fremantle
Property Owner	City of Fremantle
Lessor	City of Fremantle
Lessee	Betty's Burgers Australia Pty Ltd
Lease Commencement Date	TBC
Lease Term/s	10 years initial term with one further term of 5 years. Total (10 + 5). Both parties to mutually exercise option.
Annual Rent	$430 per square metre per annum (GST exclusive figure). Rent reviews to be calculated as follows: Years 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13, 14 at CPI. Market rent reviews at Years 5 and 10.
Incentives/contributions	$150,000 (GST exclusive figure) capital contribution from the City of Fremantle as the Lessor.
Permitted Use	The permitted use of the building must be consistent with the Building Code of Australia (BCA) Ground floor: Delineated area including toilets, storage areas, kitchen, seating area and other rooms as noted within the defined boundaries to be used for purposes of Licensed Restaurant. The Property is approved for the above permitted uses only.
Outgoings	A variable outgoings budget will be applicable to this property as part of the overarching Evan Davies Building. An indicative outgoings budget will be provided to the Lessee. 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

	• Other as specified Outgoings budget estimated at a rate of $75 per square metre per annum (GST exclusive figure). Outgoings are audited on a yearly basis and figures are reconciled by internal and external auditors. The Lessor will advise the Lessee of the actuals and whether an invoice/credit is applicable to their tenancy. Variable outgoings may also be changed as required to ensure market validity and relevance.
Building Maintenance	Preventative and reactive maintenance services shall be undertaken by the Lessor. The Lessor will access the property when required for any maintenance obligations after providing reasonable notice. In the case of emergency, the Lessor will access the property without notice. Reactive maintenance will be attended to by the Lessor as a result of being reported by Lessee. The Lessee must report all maintenance within 24 hours. Emergency maintenance must be called through to the Lessor as soon as reasonably possible. The Lessor will undertake any reported maintenance, including structural maintenance at its absolute discretion. TBC whether Lessee wishes to maintain certain aspects of building maintenance on account of defects liability works, insurances or warranty periods relating to fit out of space.
Insurance	The Lessee must effect and maintain; a) Public liability insurance of $20 million. b) Insurance to cover the Licensee'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 The Lessee will effect and maintain building insurance and maintain the premium.

Special Conditions	**1.** The Lessee acknowledges; a) The property is offered "as is", however subject to council approval, the Lessor may contribute capital funding to ensure compliance and/or to address components of the specific fit out requirements. b) The fit out of the property is to be undertaken by, and with all costs to be borne, by the Lessee. c) The Initial Term is for 10 years d) Further Term of 5 years is proposed at expiry of initial term e) The Lessor is not obligated to extend the Lease term at its expiry f) The property is located within the Evan Davies Building. Use of the premises may be subject to collaborative utilisation with the other tenants of the site for parking, toilet access, stock deliveries etc. g) An Alfresco licence will be considered for the premises at the request and successful submission of the Lessee h) A maintenance schedule will be incorporated into this lease which specifies the responsibilities and obligations of the Lessor/Lessee regarding maintenance and repairs for the premises, noting any defects liability works, insurances or warranty periods relating to fit out of space **2.** Events; Lessee to advise if any events/functions are required for the premises **3.** Change of Use; a) Any change in the permitted use of the building (outlined in Permitted Use of this Term Sheet) may result in a change of use required for the Property and additional works in line with the Building Code of Australia (BCA). b) The Lessor reserves the right to not approve any change of use at its sole discretion. c) Should the Lessor approve a change in the permitted use, any related works required to ensure the building complies with BCA

	will be at the sole cost of the Lessee with no financial contribution from the Lessor. **4.** Financial Statements The Lessee will provide an annual audited financial statement to the Lessor at the end of each financial year. This statement will be required no later than October of each year. **5.** Tenant Special Conditions This offer is subject to the Tenant's Special Conditions attached

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM FPOL2301-8
(Officer's recommendation)

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

Council:

1. Authorise the Chief Executive Officer to enter into a lease with Betty's Burgers Australia Pty Ltd for the property at 7-9 South Terrace based on the following essential terms and the tenant special conditions provided in confidential attachment 1:

Land Description	***As per Certificate of Title and Legal Description - (200m2) leased area***
Property	***7-9 South Terrace, Fremantle***
Property Owner	***City of Fremantle***
Lessor	***City of Fremantle***
Lessee	***Betty's Burgers Australia Pty Ltd***
Lease Commencement Date	***TBC***
Lease Term/s	***10 years initial term with one further term of 5 years. Total (10 + 5). Both parties to mutually exercise option.***

Annual Rent	***$430 per square metre per annum (GST exclusive figure). Rent reviews to be calculated as follows: Years 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13, 14 at CPI. Market rent reviews at Years 5 and 10.***
Incentives/contributions	***$150,000 (GST exclusive figure) capital contribution from the City of Fremantle as the Lessor.***
Permitted Use	***The permitted use of the building must be consistent with the Building Code of Australia (BCA) Ground floor: Delineated area including toilets, storage areas, kitchen, seating area and other rooms as noted within the defined boundaries to be used for purposes of Licensed Restaurant. The Property is approved for the above permitted uses only.***
Outgoings	***A variable outgoings budget will be applicable to this property as part of the overarching Evan Davies Building. An indicative outgoings budget will be provided to the Lessee. 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 • Other as specified Outgoings budget estimated at a rate of $75 per square metre per annum (GST exclusive figure). Outgoings are audited on a yearly basis and figures are reconciled by internal and external auditors. The Lessor will advise the Lessee of the actuals and whether an invoice/credit is applicable to their tenancy. Variable outgoings may also be changed as required to ensure market validity and relevance.***

Building Maintenance	***Preventative and reactive maintenance services shall be undertaken by the Lessor. The Lessor will access the property when required for any maintenance obligations after providing reasonable notice.*** ***In the case of emergency, the Lessor will access the property without notice.*** ***Reactive maintenance will be attended to by the Lessor as a result of being reported by Lessee.*** ***The Lessee must report all maintenance within 24 hours. Emergency maintenance must be called through to the Lessor as soon as reasonably possible.*** ***The Lessor will undertake any reported maintenance, including structural maintenance at its absolute discretion.***
Insurance	***The Lessee must effect and maintain;*** ***a) Public liability insurance of $20 million.*** ***b) Insurance to cover the Licensee'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*** ***The Lessee will effect and maintain building insurance and maintain the premium.***
Special Conditions	***1. The Lessee acknowledges;*** ***a) The property is offered "as is", however subject to council approval, the Lessor may contribute capital funding to ensure compliance and/or to address components of the specific fit out requirements.*** ***b) The fit out of the property is to be undertaken by, and with all costs to be borne, by the Lessee.*** ***c) The Initial Term is for 10 year***

	d) Further Term of 5 years is proposed at expiry of initial term ***e) The Lessor is not obligated to extend the Lease term at its expiry*** ***f) The property is located within the Evan Davies Building. Use of the premises may be subject to collaborative utilisation with the other tenants of the site for parking, toilet access, stock deliveries etc.*** ***g) An Alfresco licence will be considered for the premises at the request and successful submission of the Lessee*** ***h) A maintenance schedule will be incorporated into this lease which specifies the responsibilities and obligations of the Lessor/Lessee regarding maintenance and repairs for the premises, noting any defects liability works, insurances or warranty periods relating to fit out of space*** ***2. Events;*** ***Lessee to advise if any events/functions are required for the premises*** ***3. Change of Use;*** ***a) Any change in the permitted use of the building (outlined in Permitted Use of this Term Sheet) may result in a change of use required for the Property and additional works in line with the Building Code of Australia (BCA).*** ***b) The Lessor reserves the right to not approve any change of use at its sole discretion.*** ***c) Should the Lessor approve a change in the permitted use, any related works required to ensure the building complies with BCA will be at the sole cost of the Lessee with***

	no financial contribution from the Lessor. ***4. Financial Statements*** ***The Lessee will provide an annual audited financial statement to the Lessor at the end of each financial year. This statement will be required no later than October of each year.*** ***5. Tenant Special Conditions*** ***This offer is subject to the Tenant's Special Conditions in attachment 1.***

Carried: 6/1

For

Mayor Hannah Fitzhardinge, Cr Fedele Camarda, Cr Jenny Archibald, Cr Doug Thompson, Cr Rachel Pemberton, Cr Frank Mofflin

Against

Cr Marija Vujcic

FPOL2301-9 HILTON SPORTS PRECINCT

Meeting date: 8 February 2023
Responsible officer: Manager Parks and Landscape
Decision making authority: Council
Attachments: 1. Hilton Sports Precinct Working Group - Terms of Reference
Additional information: Nil

SUMMARY

The Hilton Sports Precinct Project has emerged through engagement with sporting clubs on desired use highlighting issues with facilities, infrastructure and access to suit current and future sporting requirements. The City's asset renewal information, facility assessment and long term financial plan has also highlighted the need for a redevelopment project to better cater for the communities current and future use for both active and passive recreation and other community use. A Working Group is proposed to facilitate external engagement and collaboration with key stakeholders in order to inform place planning, design, management and activation of the Hilton Sports Precinct.

This report recommends that Council approve the Project Principles, and the establishment of a Working Group for the Hilton Sports Precinct Project in accordance with the Terms of Reference for the Group.

BACKGROUND

The Hilton Sports Precinct (Project) is on a 19ha site 4km from Fremantle centre, on the southeast edge of Beaconsfield and is framed by Carrington Street, Lefroy Road, Shepherd Street and Jeffery Street. This Project has emerged through engagement with sporting clubs on desired use highlighting issues with facilities, infrastructure and access to suit current and future sporting requirements. The City's asset renewal information, facility assessment and long term financial plan has also highlighted the need for a redevelopment project to better cater for the communities current and future use for both active and passive recreation and other community use.

A Project Management Plan outlining the Scope, Objectives, Output, Program and Governance of the Project has been formulated. The Planning (Engagement and Design) phase of the Project is now planned and is set to be completed in the 2023 calendar year. Major construction works are programmed for the 2024 calendar year onwards, noting that infrastructure renewal works have been occurring annually since 2021 inclusive of the current budget.

FINANCIAL IMPLICATIONS

There is $2 000 000 municipal money in reserve allocated for this project. Additionally, in the 2022/23 financial year there is a project budget of $285 000 for irrigation (Ken Allen cabinet, and Dick Lawrence cabinet and irrigation), $120 000 for Ken Allen Pavilion, $90 000 including a $30 000 unsecured grant for Dick Lawrence sports lighting upgrade and $300 000 including a $100 000 unsecured grant for Brad Hardie Pavilion upgrade.
A key outcome of the Working Group will be contribution to the establishment of a Place Plan and Master Plan, which may recommend allocation of budget to certain initiatives in future budgets. A key focus of the Project is to align it with available grants and seek funding contributions and partnerships that may be available.

LEGAL IMPLICATIONS

Nil

CONSULTATION

A key purpose of the Working Group proposed will be to facilitate consultation with key stakeholders and the commercial community relating to the place planning, development and activation of the place and park.

Previous consultation has occurred with current sporting clubs to understand their needs and has been summarised into a Desktop Review document by the Community Development team. This previous consultation has been reviewed and will be considered in engagement activities.

OFFICER COMMENT

<u>Project Definition</u>

The Project will aim to set the foundations for the future of Hilton Sports Precinct becoming the City's premier community sports and recreation precinct.

Timing: This early project phase (Planning) is projected to last 12 months, the product of which will be a community and stakeholder supported project Library, including a Place Plan Report, a Master Plan Report and a Business Case, all developed with formative stakeholder engagement. The project Library will primarily be used to guide development, set budgets and source funding for project delivery. To do so with consideration and as a forward planned process, Hilton Sports Precinct must be delivered in stages to ensure strategic project development occurs and to best prepare for funding opportunities. It is important to note infrastructure renewal projects such as irrigation and lighting will occur in tandem with the Project when enough information is available to complete them, in line with the future planning.

Project Principles:

- Place - Define place and land use within the precinct including: sports fields, community use, events, passive recreation, all ages play, family use, dog exercise, transport and access.
- Use - Define and accommodate sporting club use including existing formal, informal and new or future uses and set leasing parameters and instruments (such as licenses and seasonal hire arrangements) to inform the scope of community facilities and sports infrastructure.
- Strategic Alignment – Align plans with City strategic documents including the Strategic Community Plan, Corporate Business Plan, Access and Inclusion Plan, Walyalup Reconciliation Action Plan, Long Term Financial Plan, Greening Fremantle Strategy and the under development Public Open Space Strategy and Community Sport and Recreation Facilities Plan.
- Assets and Infrastructure - Inform and guide asset renewal planning for all scales of work, inclusive of immediate projects.
- Services - Investigate and define needs and locations for supporting infrastructure (power, water, sewer etc).
- Access - Plan for strong site and precinct access considering: public transport, parking, pedestrian to and through site and Access and Inclusion Plan (AIP) integration.
- Character - Define character elements including palettes for materials, planting and furniture.
- Budget – align the project with the City's available capital and renewal budgets in conjunction with identifying and advocating for available grants, partnerships or other funding arrangements to finance the project.

Objectives for the delivery of the Project:

1. Enhancement - Upgrade the 'look and feel' and build on the functionality of a premier community sports and recreation precinct in the City.
2. Centralisation - Create club collaboration and shared facilities between clubs and the community, plus encourage define responsibility, maintenance and ownership.
3. Investment Funding - Encourage state and federal government, stakeholder and private sector investment in the Precinct.
4. Strategic Alignment - Ensure design visions are aligned to The City's strategies and targets, including recreation, sustainability, and access and inclusion strategies.
5. Health - Assist in supporting Fremantle's overall community health.

Context and Considerations through the design process are:

- Land and Leasing - Tenure and leasing arrangements / initiatives.

- Access - Improving accessibility and layout of service infrastructure, plus improving direct access to and within the precinct for pedestrians, visitors, cyclists, vehicles and other groups.
- Vehicles and Transport - Vehicle access, parking and public transport links.

- Multi-functionality - Multi-functional facility/ies and public open space provision.
- Relationships - Fostering and maintaining relationships with key stakeholders.
- Safety - Safety in design principles and Crime Prevention Through Environmental Design or CPTED.

Strategic Alignment: The Project aligns with the 'CoF Strategic Community Plan 2015-2025 (2019)' and all 7 of the Strategic Focus Areas, including:

- Area 6 - Health and Happiness (most closely aligned).

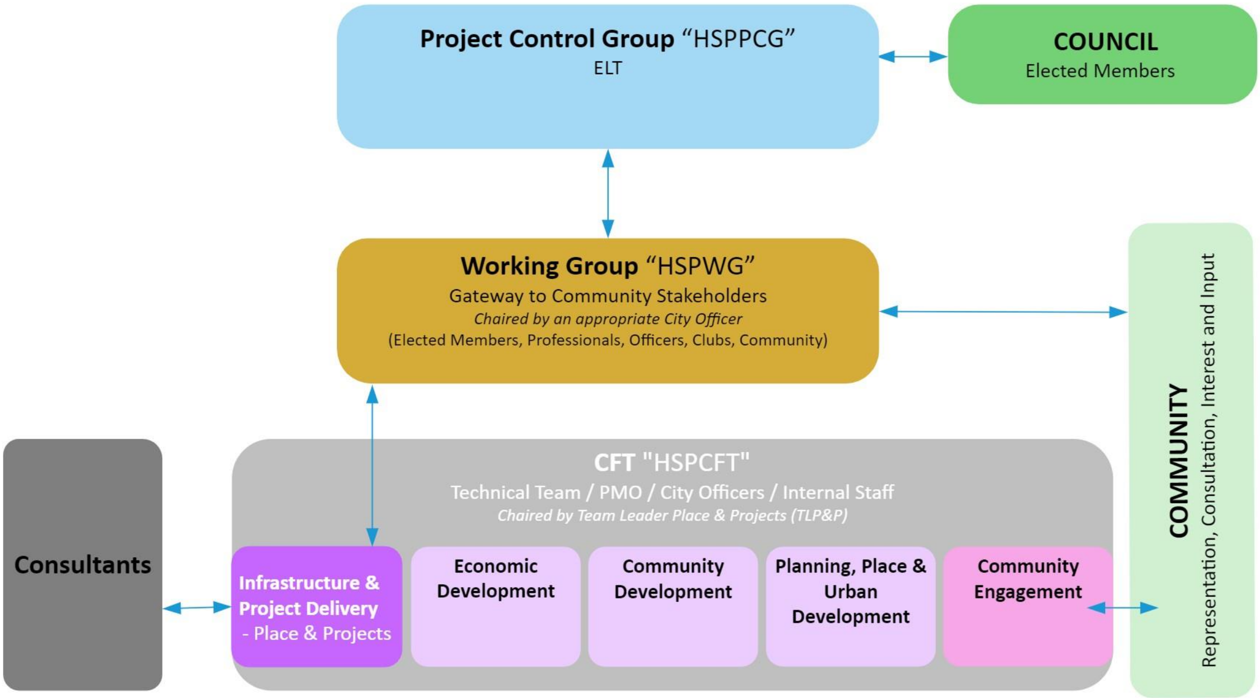
Completion and Success: The completion of the development presents a significant opportunity to promote the current revitalisation of Fremantle's sports provisions and builds positivity among residents and investors. The ongoing development and success of the Precinct will require strong consideration and planning around the following:

- Place Planning Priorities and Principles: inclusive of design, activation, events and prioritisation of infrastructure for the public realm.
- Community: Enabling access to, engagement with and community ownership of the space for the broader community. And ongoing engagement and collaboration with adjacent and surrounding stakeholders.
- Partnerships: Enabling opportunities for the private sector, major existing stakeholders and other partners to contribute to and participate in the ongoing precinct.
- Brand: Development and delivery of brand, marketing and communications strategies including the establishment of a brand narrative for the precinct for both destination and investment marketing.

<u>Project Governance</u>

Engagement and collaboration with surrounding key external stakeholders will be critical in achieving and realising the benefits associated with the design and the broader precinct eventuation, this approach will be critical to the success of the precinct. The City has been progressing the development of approaches to the successful place planning and in regards to this important precinct, this approach can be leveraged to attract more visitors and investment to the Project.

To guide the project, it is proposed that a Hilton Sports Precinct Working Group is established which will inform the project and make recommendations to the Project Control Group, as shown in the following governance structure:



The Working Group: To facilitate engagement, a Working Group is proposed. Officers propose that Working Group Members include Elected Members, City Officers, External Professionals, Clubs and Community Stakeholders in order to ensure Fremantle's relevant interests are adequately represented in the development of the plan. The Members will be included in engagement workshops as outlined in the attachment and additional information. The Working Group will make recommendations to the Project Control Group and / or Council for approval.

<u>Summary</u>
This report recommends that Council approve the Project Principles, and the establishment of a Working Group for the Hilton Sports Precinct Project in accordance with the Terms of Reference for the Group.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required.

<u>COMMITTEE RECOMMENDATION ITEM FPOL2301-9</u>
(Officer's recommendation)

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

Council:

1. **Endorse the Project Principles:**
    a. **Place - Define place and land use within the precinct including: sports fields, community use, events, passive recreation, all ages play, family use, dog exercise, transport and access.**
    b. **Use - Define and accommodate sporting club use including existing formal, informal and new or future uses and set leasing parameters and instruments (such as licenses and seasonal hire arrangements) to inform the scope of community facilities and sports infrastructure.**
    c. **Strategic Alignment – Align plans with City strategic documents including the Strategic Community Plan, Corporate Business Plan, Access and Inclusion Plan, Walyalup Reconciliation Action Plan, Long Term Financial Plan, Greening Fremantle Strategy and the under development Public Open Space Strategy and Community Sport and Recreation Facilities Plan.**
    d. **Assets and Infrastructure - Inform and guide asset renewal planning for all scales of work, inclusive of immediate projects.**
    e. **Services - Investigate and define needs and locations for supporting infrastructure (power, water, sewer etc).**
    f. **Access - Plan for strong site and precinct access considering: public transport, parking, pedestrian to and through site and Access and Inclusion Plan (AIP) integration.**
    g. **Character - Define character elements including palettes for materials, planting and furniture.**
    h. **Budget – align the project with the City's available capital and renewal budgets in conjunction with identifying and advocating for available grants, partnerships or other funding arrangements to finance the project.**

2. **Adopt the Hilton Sports Precinct Working Group Terms of Reference (attachment 1) and nominate the following Councillors for membership:**
    a. **Cr______________**
    b. **Cr______________**
    c. **Cr______________**
    d. **Cr______________**

3. **Authorise the Chief Executive Officer to approve other members of the Working Group following a call for nominations.**

Carried:7/0
Mayor Hannah Fitzhardinge, Cr Fedele Camarda, Cr Jenny Archibald, Cr Marija Vujcic, Cr Doug Thompson, Cr Rachel Pemberton, Cr Frank Mofflin

11.3 Audit and Risk Management Committee 15 February 2023

ARMC2302-1 PURCHASING POLICY EXEMPTIONS SEPTEMBER TO DECEMBER 2022

Meeting date:	15 February 2023
Responsible officer:	Pay to Procure Team Leader
Decision making authority:	Council
Attachments:	1. Purchasing Policy Exemption Detail – September to December 2022
Additional information:	Nil

SUMMARY

The purpose of this report is to inform Council of purchases made by the City that were exempted from the requirements of the Purchasing Policy, during the period September to December 2022.

This report recommends that Council receive the Purchasing Policy Exemptions report for September to December 2022.

BACKGROUND

At the Ordinary Meeting of Council of 25 November 2020, Council adopted a new Purchasing Policy. The Purchasing Policy outlines the requirements and decision making process for each Policy threshold. The Policy also contains a list of tender exemptions (exempt under Regulation 11(2) of the *Local Government (Functions and General) Regulations 1996*) and other Policy exemptions.

Under this policy all exemptions applied by the City are to be reported to the Audit and Risk Management Committee.

FINANCIAL IMPLICATIONS

Nil

LEGAL IMPLICATIONS

Nil

CONSULTATION

Nil

OFFICER COMMENT

September 2022
The total value of spending exempt from the City of Fremantle Purchasing Policy was $183,700.00 for the month of September 2022.

The value of exemptions by category is:

Exemption Category	Value
Professional / LG Membership	$11,395.00
Original Equipment Manufacturer (OEM) Exemption	$39,347.00
Specialist Consultancy	$112,958.00
Sole Source of Supply Exemption	$20,000.00
Total	**$183,700.00**

Details regarding individual exemptions can be found in Attachment 1.

October 2022
The total value of spending exempt from the City of Fremantle Purchasing Policy was $461,758.22 for the month of October 2022.

The value of exemptions by category is:

Exemption Category	Value
Specialist Consultancy	$461,758.22
Total	**$461,758.22**

Details regarding individual exemptions can be found in Attachment 1.

November 2022
The total value of spending exempt from the City of Fremantle Purchasing Policy was $104,136.41 for the month of November 2022.

The value of exemptions by category is:

Exemption Category	Value
Original Equipment Manufacturer (OEM) Exemption	$80,740.50
Sole Source of Supply Exemption	$35,800.00
Professional / LG Membership	$11,395.91
Total	**$104,136.41**

Details regarding individual exemptions can be found in Attachment 1.

December 2022
The total value of spending exempt from the City of Fremantle Purchasing Policy was
$622,420.00 for the month of December 2022.

The value of exemptions by category is:

Exemption Category	Value
Artists Exemptions	$265,708.00
Specialist Consultancy	$356,712.00
Total	**$622,420.00**

Details regarding individual exemptions can be found in Attachment 1.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

<u>COMMITTEE RECOMMENDATION ITEM ARMC2302-1</u>
(Officer's recommendation)

Moved: Cr Fedele Camarda **Seconded: Cr Andrew Sullivan**

Council receive the information report on Purchasing Policy exemptions for September to December 2022.

Carried: 6/0
Cr Fedele Camarda, Cr Andrew Sullivan, Cr Jenny Archibald
Cr Marija Vujcic, Cr Frank Mofflin, Mr Ben Arnold

ADDITIONAL OFFICERS COMMENT

Some errors occurred in the purchasing policy exemption reporting for the February ARMC meeting due to an isolated technical error with the eform reporting system. The following corrections have been provided for information. _

Alinta Energy – Supply of Gas

There is a duplicate entry in the purchasing policy exemption attachment relating to supply of Gas from Alinta Energy. The standing order to June 22 was cancelled in error and had to be replaced for the period 9 May 2022–15 August 2022 for Alinta Energy. The correct line item is the payment of 11,395.91 as provided below. Kleenheat have the new contract from 15 August 2022

The above changes have been updated in the Ordinary Meeting of Council meeting attachment 1

Artist exemptions – Accommodation costs

Incorrect payment amounts have been provided in the purchasing policy exemption attachment relating to the cost of accommodation for FAC artists during Perth festival. There is currently an amount of $81,045.00 against the three line items relating to this accommodation. The correct amounts are $5,000, $5,000 and $3,000 as below. The original $81,045.00 was the entire project budget and included in error.

The above changes have been updated in the Ordinary Meeting of Council meeting attachment 1

November Purchasing Exemptions Summary

There is an error in the table included in the November 2022 section of the agenda report. The OEM value should read $56,940.50 as below.

Exemption Category	**Value**
Original Equipment Manufacturer (OEM) Exemption	~~$80,740.50~~ ***$56,940.50***
Sole Source of Supply Exemption	$35,800.00
Professional / LG Membership	$11,395.91
Total	**$104,136.41**

December Purchasing Exemptions Summary

There is an error in the table included in the December 2022 section of the agenda report. The Artists Exemptions value should read $35,573.00 as below.

Exemption Category	**Value**
Artists Exemptions	~~$265,708.00~~ ***$35,573.00***
Specialist Consultancy	$356,712.00
Total	**~~$622,420.00~~** ***$392,285.00***

ARMC2302-2 TENDERS AWARDED UNDER DELEGATION SEMPTEMBER TO DECEMBER 2022

Meeting date: 15 February 2023
Responsible officer: Procure to Pay Team Leader
Decision making authority: Council
Attachments: Nil
Additional information: Nil

SUMMARY

The purpose of this report is to summarise tenders awarded under delegation by various delegated officers and Committees during the period September to December 2022.

This report recommends that Council receive the report on tenders awarded under delegation between September to December 2022.

BACKGROUND

Tenders awarded by the City are awarded under the following delegations, approved at Council on 25 May 2022:

Delegated Authority	Amount of Delegation
Finance, Policy Operations and Legislation Committee (FPOL)	$500,000+ (if within budget)
CEO	Up to $500,000
Directors	Up to $500,000

Items identified under 'Officer Comment' of this report detail tenders awarded under delegation.

FINANCIAL IMPLICATIONS

All tenders were awarded within the 2022-23 budget approved at Council on 30 July 2022.

LEGAL IMPLICATIONS

All tenders awarded met the requirements of Regulations 11A – 24AJ of the *Local Government (Functions and General) Regulations 1996* and S3.57 of the *Local Government Act 1995*.

Under delegation 2.11 Expressions of interest and tenders, of the City's Register of Delegated Authority 2022-23, the Chief Executive Officer is required to report the use of this delegation to the Audit and Risk Management Committee.

CONSULTATION

Nil

OFFICER COMMENT

Below is a list of tenders awarded under delegation between September 2022 to December 2022.

September 2022

Nil.

October 2022

Tender Description	Awarded By	Contractor(s)	Contract Term	Contract Value
WFCC100/22- Residential and Commercial Bin Supply	Director	Mastec Australia Pty Ltd	5 Years	$348,671.00

November 2022

Nil.

December 2022

Nil.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

<u>COMMITTEE RECOMMENDATION ITEM ARMC2302-2</u>
<u>(Officer's recommendation)</u>

Moved: Cr Fedele Camarda **Seconded: Cr Jenny Archibald**

Council receive the information report on tenders awarded under delegation for September to December 2022.

Carried: 6/0
Cr Fedele Camarda, Cr Andrew Sullivan, Cr Jenny Archibald
Cr Marija Vujcic, Cr Frank Mofflin, Mr Ben Arnold

ARMC2302-3 REVIEW OF SYSTEMS AND PROCEDURES BY THE CHIEF EXECUTIVE OFFICER REQUIRED BY REGULATION 17 – RISK MANAGEMENT

Meeting date:	15 February 2023
Responsible officer:	A/Manager Governance
Decision making authority:	Council
Attachments:	1. Final report – CEO's Review of Systems and Procedures – Quantum Assurance
Additional information:	Nil

SUMMARY

The Chief Executive Officer triennial systems and procedures review, as required by Regulation 17 of the *Local Government (Audit) Regulations 1996*, has now been completed and the final report is presented for consideration.

This report recommends that Council:

1. **Receive the final report for the Chief Executive Officer triennial systems and procedures review, as provided in Attachment 1.**

2. **Endorse the recommended actions outlined in the officer's report, to be undertaken by administration in response to this review.**

BACKGROUND

In accordance with the *Local Government (Audit) Regulations 1996*, Regulation 17 requires the Chief Executive Officer is to review, at least once every three years, the appropriateness and effectiveness of a local government's systems and procedures in relation to:

a) Risk management
b) Internal control and
c) Legislative compliance.

The City of Fremantle (the City) engaged an external consultant, Quantum Assurance, to complete the systems and procedures review on behalf of the CEO. A detailed report provided by Quantum Assurance, is provided in Attachment 1 for consideration.

FINANCIAL IMPLICATIONS

There are no financial implications identified as a result of this report.

LEGAL IMPLICATIONS

In accordance with the *Local Government (Audit) Regulations 1996* – Regulation 17:

(1) The Chief Executive Officer is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:
- *a) Risk management*
- *b) Internal control and*
- *c) Legislative compliance.*

(2) The review may relate to any or all of the matters referred to in sub regulation 1(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The Chief Executive Officer is to report to the audit committee the results of that review.

As required under *WA Local Government (Audit) Regulations 1996, Regulation 16(c),* the Audit and Risk Management Committee is to review the report provided by the CEO, prior to forwarding the report to Council for consideration.

CONSULTATION

Internal consultation was undertaken, which consisted of interviews between staff and the consultants to discuss and test systems. Detail on this consultation in included in the final report as attached.

OFFICER COMMENT

As detailed in the final report provided by Quantum Assurance in Attachment 1, it was concluded that the City has appropriate systems and procedures in place, which if operating, will ensure effective risk management, internal controls, and legislative compliance.

A key issue identified by Quantum Assurance during the review, was staff vacancy levels, noting that staff may not have the capacity to meet requirements set out in Council and Administration Policies and supporting procedures. This issue has already been reported to the Audit and Risk Management Committee and is being monitored by the Executive Leadership Team.

Quantum Assurance provided 11 recommended actions in response to the findings from their review. These recommendations are provided in the following table, along with a response from officers on how the recommended actions will be addressed.

Audit area	Recommended actions	Officer response
Risk Management	**1. Rollout the Risk Management Framework** Ensure the timely roll out and actioning against the new RMF with a focus on reviewing the Corporate Risk Register. This is commended, as currently many of the issues are subsets of causes that could be grouped as one major risk. Noting, that often the Corporate Risk Register and Issues report content is referencing an issue rather than a corporate risk.	The City have engaged a consultant (Risk West), to conduct risk management training in March 2023, for the Executive and Management Teams, based on the new Risk Management Framework (RMF). The City's consultant is also undertaking a review of the City's Corporate Risk Register. The City are also in the process of recruiting a Risk Officer who will be tasked with embedding the RMF into the organisation and conducting ongoing training and support to officers.
Risk Management	**2. Review and Test Business Continuity Plan** a) The Business Incident Management Plan, the Business Continuity Plan and the Business Impact Analysis should be reviewed annually. b) The Business Continuity Plan and should be reviewed, to ensure current and correct position titles. It is safer to reference positions rather than employee names, as these can often change c) The City should conduct a test of its Business Continuity Plan. This should be done annually and a range of scenarios test to ensure the City is fully prepared to deal with crises as they arise.	Officers will undertake a review of the City's Business Continuity Plan, Business Incident Management Plan and Business Impact Analysis, as recommended, and an ongoing schedule for reviewing these documents will be established. Given the City's response to the Covid pandemic over the past two years, officers are confident that the City's Business Continuity Plan has been appropriately tested. However, officers will continue to undertake a yearly test of the Business Continuity Plan, providing appropriate staff resources are available to do so.

Audit area	Recommended actions	Officer response
Risk Management	**3. Update and Test IT Disaster Recovery Plan** Perform a timely fall-over test of the IT Disaster Recovery Plan when the recovery site is built. Thereafter, this should be tested annually, and a range of scenarios tested to ensure the City is fully prepared to deal with crises as they arise.	The City is in the process of building a disaster recovery site and will undertake require tests on an annual basis.
Risk Management	**4. Include non-compliance in reporting to the ARMC** When it is time to review the ARMC's Terms of Reference (TOR), consideration should be given to including a provision (to the extent that it would not overlap the TOR for the Finance, Policy, Operations and Legislation Committee) to report to ARMC on "Potential non-compliance with legislation, regulations and standards and the City's policies".	A review of the ARMC Terms of Reference will be undertaken prior to the October Local Government Elections this year and will be presented to Council for consideration following the Election. This recommendation will be considered as part of this review.
Risk Management	**5. Strengthen the Fraud and Control Framework** a) Contractors providing services or goods to the City should be required to confirm that they will be ethical in their conduct with the City. b) Include the recently developed Fraud and Control Framework in the Governance Induction Manual. c) Endorse timely roll out across the City of the recently developed Fraud and Control Framework.	a) Officers will review how this recommendation can be implemented into current procurement processes. b) Officers are undertaking a review of how officers are inducted into the organisation and this recommendation will be considered as part of this process. c) Officers will prepare an appropriate roll out plan for the Fraud and Misconduct Control Policy, including

Audit area	Recommended actions	Officer response
	d) Consider installing an internal Whistleblower line for employees to access in the event of a suspected fraud or misconduct. This could be accessible through COFI and overseen by the Governance team.	educating staff on fraud and misconduct. d) Officer will investigate options to implement this recommendation and present this information to the Executive Leadership Team for consideration.
Risk Management	**6. Rollout the Risk Management Framework** (a) When the Risk Management Framework (RMF) is rolled out, this should trigger a review of the Corporate Risk Register and Issues Reports, as the content is referencing the issue rather than a corporate risk. (b) To that end, revisit the Corporate Risk Register, as currently described. It is unusual for so many risks with a LOW residual risk rating. Consider re-assessing and potentially grouping the issues into one more holistic risk to the City. (c) As part of the RMF rollout, consider seeking independent assurance that the controls stated for key/critical risk are operating as described. Thus, providing comfort on the correctness of the assessed residual risk level. This is a function which can be carried out by an internal auditor.	As noted above, a review of the Corporate Risk Register is currently being undertaken to ensure risks are recorded and reported correctly. These recommendations will be taken into consideration when reviewing the risk register and will be provided to the consultant to address during the training with Managers and Executive Team.

Audit area	Recommended actions	Officer response
Risk Management	**7. Consider having an Internal Audit function** The Administrative Policy - Internal Review outlines the above 'audit' coverage. It was scheduled for review in September 2022. In the review, it is timely to re-consider if the City would now benefit from an in -house auditor to strengthen the City's assurance functions. Such a function could be resourced internally either full time or part time. A part time role would then have capacity to assist with other duties, such as risk management activities. Alternatively, external providers could be engaged on an as-needs basis.	The City engages external consultants to undertake internal audits and other reviews as required, and will take this recommendation into consideration.
Risk Management	**8. Strengthen Procurement Monitoring** a) Consider amending the City's Procurement Risk Management Procedure to require suppliers to sign that they will operate ethically and in a socially sustainable way. b) Implement the proposed monitoring controls to address the issues regarding 'Creating purchase orders post invoicing' and the calling of tenders for contracts to suppliers above $250,0000.	a) As per the response provided the recommendation 5a. b) As reported in the OAG Audit action responses - The City is aware that there may be instances when Procurement in excess of $250,000 is not in line with the required tendering obligations. Controls are in place to identify these anomalies and processes to resolve this matter are being progressed by Financial Services. The City is also undertaking a project to migrate its current financial management system (TechOne) to the cloud. This process requires a review of

Audit area	Recommended actions	Officer response
		various procurement processes, and officers are using this project as an opportunity to address these issues.
Risk Management	**9. Strengthen review of fraud and misconduct risks** Consider: (a) Periodic reporting to ELT on fraud/misconduct matters and submitting the annual Public Sector Commission Integrity report to ELT for formal noting. (b) Governance to assess key areas traditionally viewed as high risk from a fraud perspective, in relation to residual fraud risk. For example: cash handling, suppliers' data management, bank accounts changes, inventory, payroll etc. The outcome and any recommendations should be reported to ELT and captured in the Audit Action Log Register tracking. (c) Including a high-level fraud/misconduct risk in the Corporate Risk register with the control effectiveness to be considered at a City-wide level in an annual review. (d) The Fraud and Misconduct Policy references an internal audit plan, whereas as the City does not have such a	a) b) these recommendations will be considered in the roll out plan for the Fraud and Misconduct Control Policy. c) this recommendation will be considered as part of the review Corporate Risk Register d) officers will action this recommendation as soon as practical.

Audit area	Recommended actions	Officer response
	function. The Policy requires amending.	
Risk Management	**10. Ensure Governance has adequate resources** Given recent staffing changes in the Governance Team, ensure that sufficient Governance resources continue to be available to continue to conduct the Governance Training session for new starters	The City is currently in the process of recruiting current vacancies in Governance Team and a new Risk Officer role has been created, which will be recruited in the coming months.
Risk Management	**11. Approval of Credit Card transactions** The City uses credit cards, with the Manager Financial Services approving the Directors' and the CEO's. It is recommended that the CEO should approve the Directors' credit card claims, with a Director to approve the CEO's.	This process has since been updated and is now in place.

Each of the recommendations provided above are rated Moderate, in line with the City's Risk Management Framework and will be addressed accordingly.

It is acknowledged that staff resourcing issues may have impacted the results of this review due to a loss of corporate knowledge and staff capacity, however, officers are confident that this matter is improving, and appropriate reviews of processes and systems are being undertaken to rectify gaps that are identified.

All actions required as an outcome of this review will be recorded in the City's Audit Register and will be monitored and reported accordingly.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required.

COMMITTEE RECOMMENDATION ITEM ARMC2302-3
(Officer's recommendation)

Moved: Cr Fedele Camarda **Seconded: Cr Jenny Archibald**

Council:

1. **Receive the final report for the Chief Executive Officer triennial systems and procedures review, as provided in Attachment 1.**

2. **Support the recommended actions outlined in the officer's report, as appropriate actions to be undertaken by administration in response to the matters identified in this review.**

Carried: 6/0
Cr Fedele Camarda, Cr Andrew Sullivan, Cr Jenny Archibald
Cr Marija Vujcic, Cr Frank Mofflin, Mr Ben Arnold

AMENDED OFFICER'S RECOMMENDATION

Council:

1. **Receive the final report for the Chief Executive Officer triennial systems and procedures review, as provided in Attachment 1.**

2. **Support the ~~recommended~~ proposed actions outlined in the officer's report, ~~as appropriate actions to be undertaken by administration in response to the matters identified in this review~~ *and note that an action plan to address issues identified in this review will be brought back to the Audit and Risk Management Committee for consideration.***

Reason for change:
Following feedback from Committee, Officers will prepare an action plan to address issues raised in this review. This will be brought back to the Audit & Risk Management Committee for consideration. This will enable sufficient time for officers to consider the recommendations and identify appropriate actions and timeframes for completion. It is intended that these actions will then be included in an Audit Actions Update report (containing all outstanding audit actions), which will be presented to each Committee meeting thereafter.

ARMC2302-4 ADOPTION OF THE 2022 COMPLIANCE AUDIT RETURN

Meeting date:	15 February 2023	
Responsible officer:	A/Manager Governance	
Decision making authority:	Council	
Attachments:	1.	2022 Compliance Audit Return
Additional information:	1.	Quantum Assurance – Quality Assurance Review Report

SUMMARY

The 2022 Compliance Audit Return (CAR) has now been completed by an independent auditor and is presented to Council for adoption in accordance with regulation 14 of the *Local Government (Audit) Regulations 1996.*

It is recommended that Council adopt the 2022 Compliance Audit Return as shown in attachment 1 and note that it will be submitted to the Department of Local Government, Sport, and Cultural Industries by 31 March 2023.

BACKGROUND

The 2022 Compliance Audit Return (CAR) has now been completed by an independent auditor and is presented to Council for adoption in accordance with regulation 14 of the *Local Government (Audit) Regulations 1996.*

It is recommended that Council adopt the 2022 Compliance Audit Return as shown in attachment 1 and note that it will be submitted to the Department of Local Government, Sport, and Cultural Industries by 31 March 2023.

BACKGROUND

In accordance with regulation 14 of the *Local Government (Audit) Regulations 1996*, each local government authority is required to carry out a compliance audit for the period 1 January to 31 December of each year.

The City engaged Quantum Assurance as an independent consultant to assist with the completion of the 2022 Compliance Audit Return (CAR). An in-depth Quality Assurance Review Report has been provided by Quantum Assurance and is provided in the additional information attachments.

The 2022 CAR contains 94 questions focusing on the local government's compliance with the requirements of the Act and its Regulations, in relation to the following matters:

a) Commercial Enterprises by Local Governments
b) Delegation of Power / Duty
c) Disclosure of Interest
d) Disposal of Property
e) Elections
f) Finance
g) Integrated Planning and Reporting
h) Local Government Employees
i) Official Conduct
j) Optional Questions
k) Tenders for Providing Goods and Services

Under section 14 (3A) of the *Local Government (Audit) Regulations 1996*, the Audit and Risk Management Committee is required to review the compliance audit return and make recommendations to Council on any action required in response to the audit findings. The Council are required to adopt the CAR prior to it being submitted to the Minister for Local Government before the deadline of 31 March 2023.

FINANCIAL IMPLICATIONS

Nil

LEGAL IMPLICATIONS

In accordance with Section 7.13(1)(i) of the *Local Government Act 1995* and Regulations 13, 14 and 15 of the *Local Government (Audit) Regulations 1996*, local governments are required to carry out an audit of compliance for the period 1 January to 31 December each year.

Following preparation of the return a local government is to:

a. Review the audit report at its audit committee,
b. Present the audit report to council,
c. Adopt the audit report, and
d. Record the audit report in the minutes of that meeting.

The return is to be signed by the Mayor and Chief Executive Officer before it is submitted to the Department of Local Government, Sport and Cultural Industries by the 31 March following the period to which the return relates.

CONSULTATION

In order to provide an appropriate response to each question, the auditor consulted with all appropriate officers within the city, seeking information and evidence in relation to the questions asked in the return.

OFFICER COMMENT

The City's consultant as the *'reviewer'*, met with relevant officers to review each of the 94 questions contained in the CAR and examined documents to verify answers. The responses provided by the reviewer in the draft CAR shown in Attachment 1, are based on these examinations.

Questions are asked in a positive phrase where a 'yes' response indicates compliance and a 'no' response indicates non-compliance. In some cases, an 'NA' response may be recorded which indicates that the question did not apply to the City during the return period.

Of the 94 questions contained within the 2022 CAR, 9 non-compliances has been identified, as shown in the following table:

Reference	Questions	Explanatory Notes
Disclosure of Interest	Question 1 Section 5.67 Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	A councillor declared a proximity interest during one Council meeting, did not leave during discussion and voted on the matter. *<u>Reviewer's Recommendations</u>* *This matter should be revisited and as necessary the relevant bodies are to be notified of this non- compliance.* *The Presiding member read out any declarations of interest made to the CEO, just prior to the item being debated, in line with LG Act s5.66(b).)* *The current guidance note for elected members on conflicts of interest procedural requirements should be updated to reflect this.* **<u>Additional Officer response:</u>** This matter is being reviewed by the CEO and Governance Manager and appropriate action will be taken if required.

Reference	Questions	Explanatory Notes
Disclosure of Interest	Question 21 Section s5.51A(1) & (3) Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	Last adopted version on website. However, a new employee code of conduct in the process of being finalised since the introduction of the Local Government Regulations Amendment (Employee Code of Conduct Regulations) 2021 **Additional Officer response:** The new employee code of conduct has been drafted and will be reviewed by the Executive Leadership Team within the coming months, prior to CEO Approval.
Finance	Question 3: Section 7.9(1) Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	The City is currently awaiting the completion of the audit by the OAG's agent following the completion of the SMRC audit on the 21 December 2022. Completion expected early January 2023.
Finance	Question 5 Section.12A(4)(a) & (4)(b) Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	In FY21 when the OAG's opinion was received one significant item was noted. Action has been undertaken to address this matter and was reported to the City's Audit and Risk Management Committee and Council. Findings report and associated actions is available on the City's website via the minutes of the Ordinary Council Meeting October 2022 (ARMC2210-4).
Finance	Question 6 s7.12A(5) Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	Refer above.

Reference	Questions	Explanatory Notes
Optional Questions	Question 3 Section.87C Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	Disclosures were made within 10 days; however, one disclosure did not contain all of the information required by section 5.87c. however this information was provided at a later date. **Additional Officer response:** This matter is being reviewed by the CEO and Governance Manager and appropriate action will be taken if required.
Optional Questions	Question 8 Section 6.4(3) By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Documents were submitted to the auditor 4th October, being one business day later than 30 September 2022.
Tenders for Providing Goods and Services	Question 1 Function &General Reg 11A(1) & (3) Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, $250,000 or less or worth $250,000 or less?	The City is aware that there may be instances when Procurement in excess of $250,000 is not in line with the required tendering obligations. Controls are in place to identify these anomalies. Processes to resolve this matter are being progressed by Financial Services.
Tenders for Providing Goods and Services	Question 3 Function & General Regs 11(1), 12(2), 13, & 14(1), (3), and (4) When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	The City advertises tenders on the City's website. These are published on Tenderlink (accessible to any entity, with an ABN, registered); Linked In and other social network platforms. During the year a small number of tenders were not advertised in newspapers due to a changeover in staffing. The City has now re-started this practice.

The City has achieved a 90% compliance rating for the period covered by the 2022 CAR, this compares with 95% compliance in the 2021 CAR. As previously reported to the Audit and Risk Management Committee, staff vacancy levels and high turnover of staff during 2022, may have contributed to the lower compliance rating for 2022.

The matters identified as non-compliant in the CAR will be reviewed by officers and appropriate action will be taken to improve compliance. In addition, the recommendations made by Quantum Assurance will be reviewed and taken into consideration when addressing the areas of non-compliance and all actions required as an outcome of this audit will be recorded in the City's Audit Register and will be monitored and reported accordingly.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required.

OFFICER'S AMENDED RECOMMENDATION

Moved: Cr Fedele Camarda **Seconded: Cr Andrew Sullivan**

1. Adopt the 2022 Compliance Audit Return as shown in Attachment 1, with an amendment to the response and comments to the following question:

Tenders for Providing Goods and Services					
No	**Reference**	**Question**	**Response**	**Comments**	**Respondent**
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, $250,000 or less or worth $250,000 or less?	~~No~~ **Yes**	~~The City is aware that there may be instances when Procurement up to $250,000 is not in line with the required tendering obligations.~~ ~~Controls are in place to~~	Procure to Pay Team Lead

				~~identify these anomalies.~~ ~~Processes to resolve this matter are being progressed by Financial Services.~~	

Reason for change:
A comment regarding purchases over $250,000 (that were approved exemptions under the policy) was incorrectly placed against this audit item, which only relates to purchases up to $250,000. As a result of this, the independent agency conducting the audit made a minor change to the wording in error which resulted in the comment reading as though it was relating to purchases up to $250,000. Officers can confirm that the City did comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, $250,000 or less or worth $250,000 or less.

COMMITTEE RECOMMENDATION ARMC2304-04
(Officer's recommendation)

Moved: Cr Fedele Camarda **Seconded: Cr Jenny Archibald**

Council:

1. **Adopt the 2022 Compliance Audit Return as shown in Attachment 1, *with an amendment to the response and comments to the following question:***

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the	*Yes*		Procure to Pay Team Lead

	contract was, or was expected to be, $250,000 or less or worth $250,000 or less?

2. Note that the 2022 Compliance Audit Return will be submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2023.

Carried: 6/0
Cr Fedele Camarda, Cr Andrew Sullivan, Cr Jenny Archibald
Cr Marija Vujcic, Cr Frank Mofflin, Mr Ben Arnold

ARMC2302-5 OAG AUDIT ACTIONS UPDATE – FEBRUARY 2023

Meeting date:	15 February 2023
Responsible officer:	Director City Business
Decision making authority:	Council
Attachments:	1. Audit Actions Register 2. Action Plan – Significant and Moderate OAG Audit Findings 3. Completed Actions OAG Audit Finding *(Confidential attachments under separate cover)*
Additional information:	Nil

SUMMARY

This report provides an update on the status of actions arising from annual audits carried out by the Office of the Auditor General (OAG) and an action plan regarding the resolution of remaining actions.

The report also requests the Audit and Risk Management Committee receives and endorses the list of audit actions that officers determined have been adequately addressed.

BACKGROUND

The Local Government Act requires the City's accounts and annual financial report to be audited annually by an independent auditor.

In October 2017, the Local Government Amendment (Auditing) Act 2017 was proclaimed, giving the Auditor General the mandate to audit Western Australia's local governments and regional councils.

The Act allowed the Auditor General to conduct performance audits from that date while financial audits transitioned to the Auditor General over four years (while existing local government audit contracts expired).

The 2020-21 financial audit was the first year the Auditor General had responsibility for all 148 local government audits, marking the end of the four-year transition provided in the Local Government Amendment (Auditing) Act 2017.

The City of Fremantle has now had its annual audit conducted by the OAG since then which has included a Financial Audit and General Computer Controls Audit, looking at both financial and information technology related compliance and controls.

Each audit results in a series of recommendations being made by OAG auditors, which the City reviews, tracks and actions accordingly. Recommendations are rated based on risk and severity and the city prioritises any remediation required on that basis.

In August 2022 officers presented the finalised OAG audit of the City's Annual Financial Statements for the year ending 30 June 2021 to the Audit and Risk Management Committee. The Committee subsequently requested the following:

Request the Chief Executive Officer to report to the next meeting of the Audit and Risk Committee on a prioritised and resourced action plan that considers the findings and recommendations of the OAG.

This report provides the information requested and background on status associated with any outstanding OAG audit actions.

FINANCIAL IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

The City considers and actions audit recommendations in line with its requirements under the local Government Act.

CONSULTATION

Audit recommendations are implemented and actioned in consultation with OAG auditors to ensure accurate interpretation and understanding of OAG recommendations.

OFFICER COMMENT

The City manages the implementation of actions arising from audits via its Audit Actions Register. The register includes the following information:

- The audit type, which identifies whether the action relates to finance or information systems.

- The audit area, which flags the process or activity being assessed.

- The officer responsible for implementing the action.

- The level of significance associated with the finding which is typically associated with the level of risk and drives the priority associated with resolving the action.

- The Auditor's recommended actions.

- Any officer response or clarification regarding the action being recommended by the Auditor. This includes the proposed change to be implemented in order to address the auditor's recommendation.

- Comments on progress made, and current status of action being taken by the City.

- Estimated completion date and actual completion date for the items that have been resolved.

The register includes all actions and recommendations requested by auditors including those that have been completed or resolved. A breakdown of current actions (those that have not been completed) have been provided to follow. There are currently 15 OAG audit actions/recommendations that are still in progress. Of these 15:

- 10 actions relate to financial systems, procedures or reporting relating to the financial audit.
- 5 actions relate to information systems, general computer controls and other more general actions.

The actions are categorised by risk rating with ratings including low, minor, medium, moderate and significant. Of the 15 OAG audit actions currently outstanding:

- 2 findings are considered to be significant
- 8 findings are considered to be moderate
- 2 findings are considered to be medium
- 2 findings are considered to be minor
- 1 findings are considered to be low

In order to progress the finalisation of audit actions, officers have prioritised the 2 significant findings and 6 moderate or medium findings that remain in progress, starting with those listed as significant. The current status and action/implementation plan for each significant and moderate finding has been provided in attachment 2.

The register also identifies 14 actions/recommendations that have now been completed or resolved since the last time the audit and risk committee was updated on progress. The items that have been completed and the actions undertaken in order to achieve the required resolution have been provided in attachment 3.

It should be noted that given timelines between audit cycles are so close, actions from previous audits that are close to being finalised (i.e. prior to the end of this calendar year) may also appear as findings in the coming audit.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM ARMC2302-5
(Officer's recommendation)

Moved: Cr Fedele Camarda **Seconded: Cr Andrew Sullivan**

Council:

1. **Receive the updated Audit Actions Register.**

2. **Receive the Audit Action Plan for Significant and Moderate Findings detailed in Attachment 2 - Action Plan – Significant and Moderate OAG Audit Findings.**

3. **Note the OAG audit action items detailed in Attachment 3 - Completed Actions OAG Audit Findings as complete.**

Carried: 6/0
Cr Fedele Camarda, Cr Andrew Sullivan, Cr Jenny Archibald
Cr Marija Vujcic, Cr Frank Mofflin, Mr Ben Arnold

ARMC2302-6 OVERDUE DEBTORS REPORT AS AT 31 DECEMBER 2022

Meeting date:	15 February 2023
Responsible Officer:	Director City Business
Decision making authority:	Council
Attachments:	1. Summary of Overdue Debts above Threshold *(Confidential attachment under separate cover)*
Additional information:	Nil

SUMMARY

This Overdue Debtors Report, with confidential attachment, is provided to the Audit and Risk Management Committee to report details of overdue debts, as at 31 December 2022, and identify those where the amount owing is over 90 days with a total debt exceeding $10,000.

This report recommends that Council receive the Overdue Debtors Report and acknowledge the overdue debts exceeding 90 days that have a combined value greater than $10,000 as at 31 December 2022.

BACKGROUND

This report provides the Audit and Risk Management Committee the following information in relation to overdue debtors:

- The amount of total debt outstanding for the period aged from current to over 90 days overdue with a comparison to the same period for the previous year.
- All records of the uses of delegated authority, to waive or write off debts valued at $1,000 or above.
- A confidential report containing the individual debtor information in relation to the outstanding debts exceeding 90 days with a combined value of debt, by debtor, exceeding $10,000.
- The Debtor Day Ratio, being the average number of days taken for the City to receive payment from its customers for invoices issued to them.

FINANCIAL IMPLICATIONS

It is a requirement that annual financial statements include an allowance for impairment of receivables owed to the local government to be recognised as a cost to the budget in the year in which the impairment is made.

As at the year ending 30 June 2022 an amount of $165,134 was held as an allowance for impairment of sundry receivables. As at 31 December 2022, the current allowance held as impairment remains at $165,134 with no debts being waived or written off to date in the 2022/23 financial year.

Summary of Sundry Debtors

As at 31 December 2022 no Sundry debts have been waived or written off during the 2022/23 financial year.

Summary of Rates Debtors

As at 31 December 2022 no Rates debts have been waived or written off during the 2022/23 financial year.

LEGAL IMPLICATIONS

Section 6.12 (1) (c) of the *Local Government Act 1995* provides authority for the Council to write off outstanding monies.

In accordance with section 5.42 and 5.44 of the *Local Government Act 1995* the following delegated authority applies:

- The Chief Executive Officer has delegated authority to write off debts (not including rates or infringement) considered unrecoverable up to $50,000 per account where, in the opinion of the Chief Executive Officer, all other reasonable avenues of recovery have been exhausted.
- Directors and Managers have various sub-delegated authority to write off debts (not including rates or infringement) considered unrecoverable up to $20,000 per account where, in the opinion of the Director or Manager, all other reasonable avenues of recovery have been exhausted.

All records of the uses of this delegated authority, to waive or write off debts valued at $1,000 or above, per debtor, must be reported to the Audit and Risk Management Committee.

Any amount more than $50,000 is to be written off by Council resolution. A Council resolution authorising the write-off of any bad debt does not prevent Council from reinstating the debt if the future circumstances change and the debt becomes collectable.

CONSULTATION

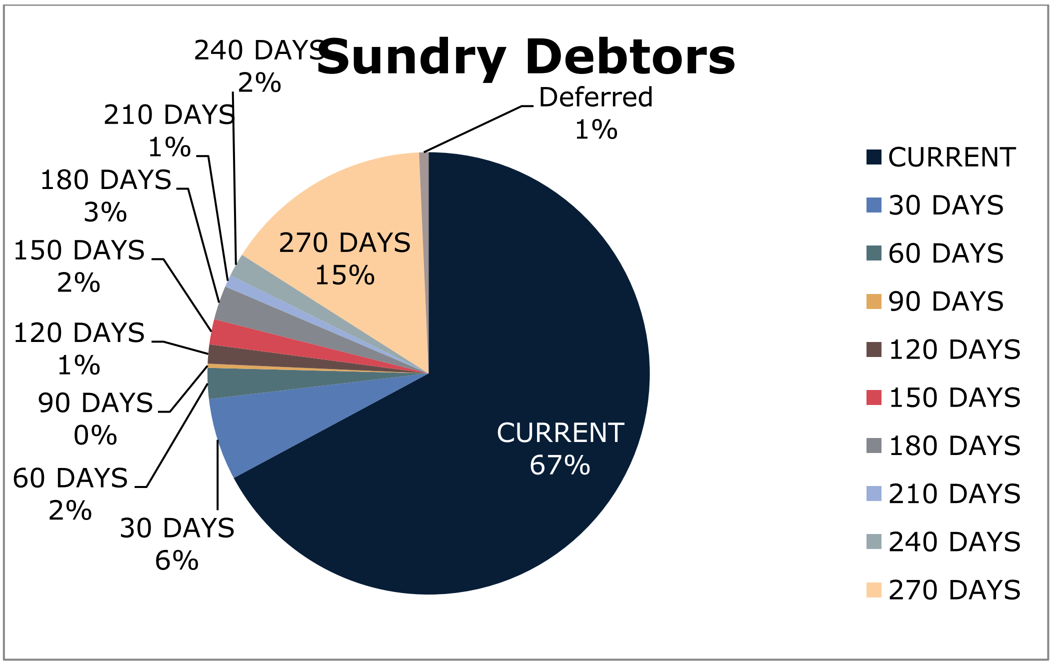
Nil.

OFFICER COMMENT

The total of debts outstanding as at 31 December 2022 was $1,575,112. A breakdown of aged debt for the current period compared to prior year is tabled below.

Period Ending December	Current	30 Days	60 Days	90+ Days	Total
July 22 – December 22	67%	6%	2%	25%	100%
	1,057,822	94,278	35,604	387,408	1,575,112
July 22 – December 22 Excl. Commercial Properties	87%	7%	1%	5%	100%
	876,556	67,584	8,266	53,337	1,005,744
July 21 – December 21	482,729	138,071	54,138	468,326	1,143,264

The graph below shows the aged debt balances as at 31 December 2022:



Compared to the report of overdue debtors at 31 August 2022, presented to Audit and Risk Management Committee at the 19 October 2022 meeting, the total value of outstanding debts has increased from $1,084,426 to $1,575,112.

The notable increase in outstanding debt during this reporting period is primarily attributable to a $500,000 invoice being provided to the Department of Transport as part of a dredging project currently being delivered. The invoice has since been paid by the department.

Total outstanding debt over 90 days has decreased from $524,311 at the end of the previous reporting date to $387,408. This reduction of $136,908 was due to a credit note being issued as per variation of a licence agreement, which was offset by an overall increase in other debtors exceeding 90 days.

The number of overdue debtors over 90 days, and above the total debt reporting threshold of $10,000, has decreased from eight to six. Of the eight reported in the previous period, two debtors were removed from the report – one debtor was removed as the debt was fully settled, and one debtor was removed as ongoing repayments meant the total debt fell below the $10,000 threshold.

These six debtors have a total debt owing of $333,036, of which $305,764 is over 90 days. The confidential attachment contains details of the debtors comprising this balance. Of the total outstanding, $10,866 is deferred and subject to an agreed payment arrangement to secure payment in full by 30 June 2023.

Key Performance Indicators

At the October 2022 meeting of the Audit and Risk management committee, it was requested that the key performance indicators currently used to report on debt collection performance are no longer used, and a more suitable approach to reporting on ageing debt is implemented prior to the next Audit and Risk Management Committee.

Officers have now removed the existing performance indicators and have been developing a more suitable approach to measuring performance with regard to management of overdue debtors.

When determining status or risk associated with outstanding debtors, officers typically consider and assess the following metrics:

- Total amount of outstanding debt
- Age of outstanding debt (and value of that debt)
- Frequency of payment of outstanding debt
- Outstanding debt per individual debtor
- Outstanding debt per type of debtor

Officers consider all of these metrics alongside each other rather than in isolation, making it challenging to establish a single and easy to interpret metric that measures overall performance with respect to outstanding debt.

Notwithstanding this challenge, officers have determined that the debtor day ratio metric may assist in providing an overarching assessment of general performance of outstanding debtors. The debtor day ratio measures how quickly cash is being collected from debtors regardless of the level of total outstanding amount of debt or the type of debt, allowing for a consistent metric that will identify periods where debtors are taking longer to pay down outstanding debt.

Officers are currently reviewing historical data to establish suitable benchmarks and thresholds in order to establish performance indicators that the debtor day ratio can be measured against. A simple and visual approach to communicating this information is also being developed and it is estimated to be incorporated in the April 2023 Audit and Risk Management Committee agenda.

In the interim, officers have provided a number of metrics that provide an initial snapshot of performance and or status of outstanding debtors to follow.

Debtor Day Ratio

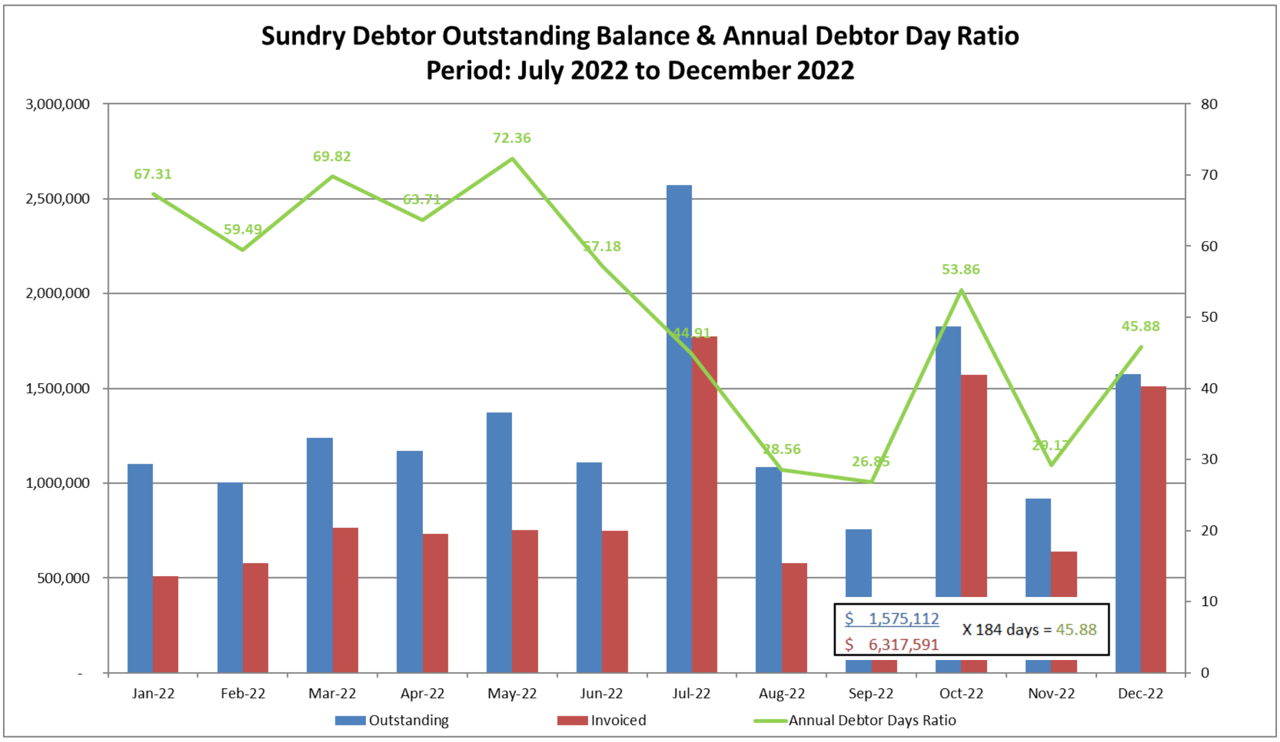
The Debtor Day Ratio measures how quickly cash is being collected from debtors. The longer it takes for an organisation to collect, the greater the number of debtor days.

The calculation of the ratio considers the total amount outstanding at the end of the period divided by the total amount invoiced to that period for the financial year. This is then multiplied by the total number of days from 1 July to the end of the period. See calculation in the graph below.

Prior financial year information is presented together with the current financial year as a comparative to demonstrate the City's ability to collect funds owed to the City when due.

As at 31 December 2022, the Debtor Day Ratio was 45.88 – being an increase from the prior reporting period as at 31 August 2022 – of 28.56. Of outstanding debt as at 31 December 2022, 67% related to current invoices that were not yet due.

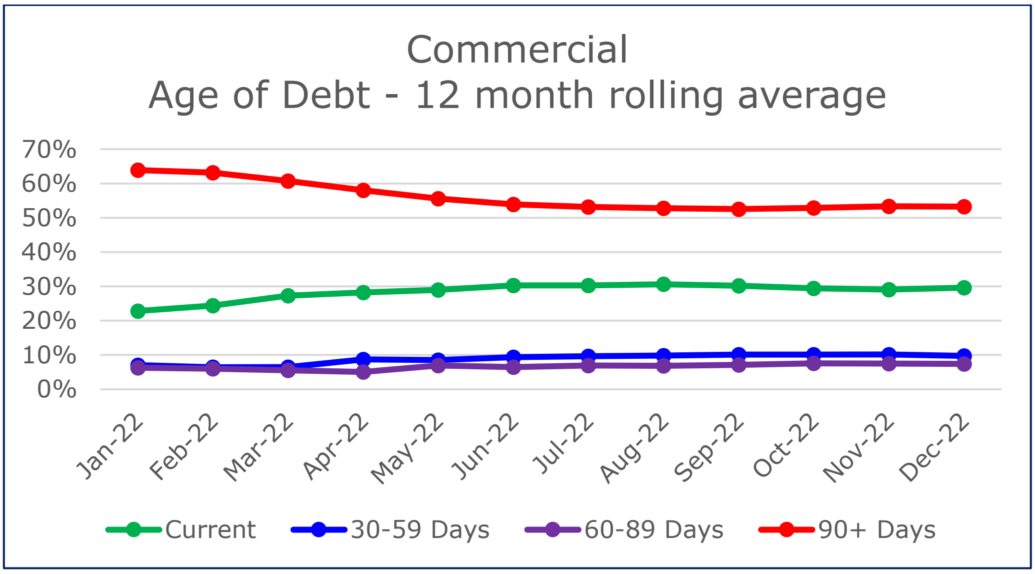
The chart indicates a positive trend since January 2022 with a notable reduction in debtor day ratio over time, indicating that on average outstanding debt is being collected more quickly. There has also been a significant reduction in total amount of outstanding debt since July 2022.



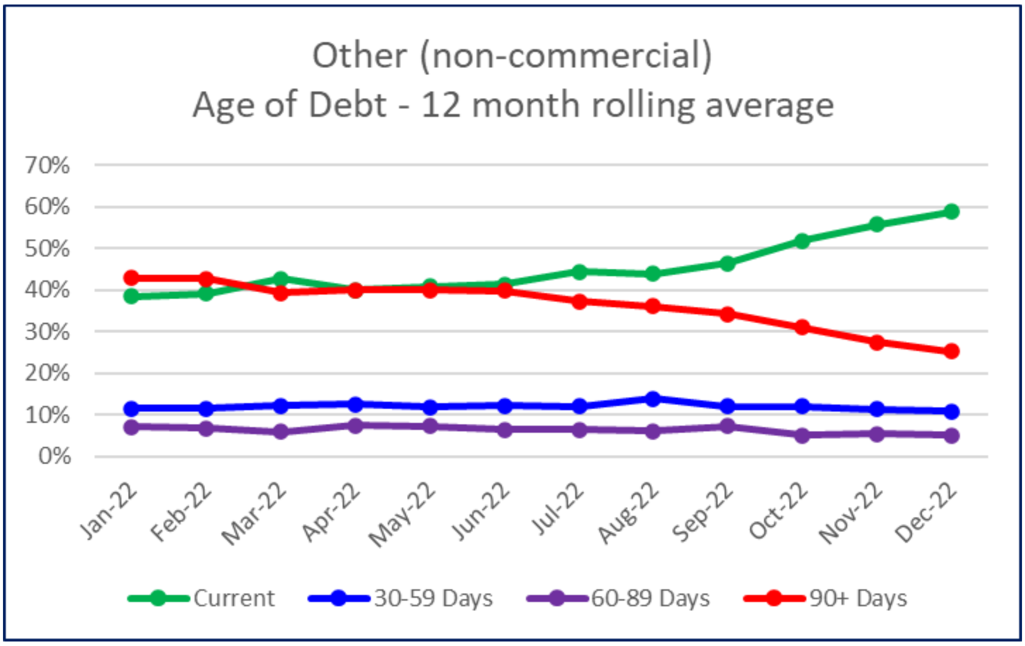
<u>Age of Debt</u>

The Rolling 12-month Average for debt in each age category is shown in the graphs below for Commercial and Other (non-commercial) debt. These graphs show the 12-month average as at each point in time, to provide a view of the trend of the City's aged debt portfolio.

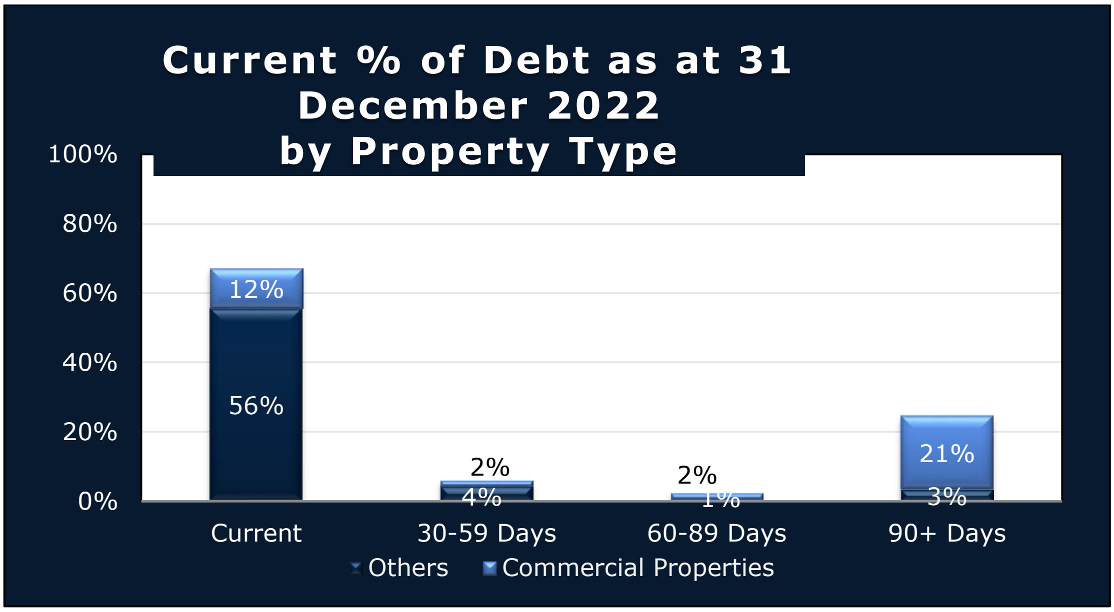
The 12-month rolling average of Commercial debt shows that the portion of debt that is current has increased and remains steady at 30% while the portion of debt that is over 90 days has similarly decreased over time and appears to be steadying. This represents a positive trend and indicates an increasing percentage of debt being paid earlier. Meanwhile the portion of debt in the 30-59 days and 60-89 days has not significantly changed.



For Other (non-commercial) debt, the trends are also positive with current debt trending to represent a larger percentage of from approximately 40% in January 2022 to almost 60% in December 2022. Debt over for more than 90 days has decreased from slightly above 40% in January 2022 to approximately 25% in December 2022. Meanwhile the portion of debt in the 30-59 days and 60-89 days has not significantly changed.



The Current Value of Debt by Age category is shown in the graph below, split between Commercial Properties and Other (non-Commercial) Property Types:



Of total debt, Commercial Properties account for 36% ($570k), and account for 21% of the debt owing 90 days or more ($334k). Deferred payment arrangements are currently in place for $10,866 of total overdue Commercial Property debts.

City officers continue to liaise with all commercial tenants to provide assistance, including payment arrangements, where appropriate.

Impact of COVID on Commercial Property

In response to COVID-19, the State Government created legislation and guidelines aimed at protecting commercial tenants who may have been subject to financial duress as a result of the pandemic.

The City adhered to the legislation and guidelines in order to support its commercial tenants and opted to provide rent waivers in cases where tenants could demonstrate financial loss as a result of COVID-19.

During the emergency period (April 2020 – September 2020) landlords were required to provide waivers of up to 100%. The waivers during this period were to be provided commensurate with any loss that could be demonstrated by the business as a result to COVID-19.

During the recovery period (October 2020 – March 2021) landlords were required to provide waivers up to 50%. The waivers during this period were to be provided commensurate with any loss that could be demonstrated by the business as a result to COVID-19.

As at 1 April 2021 all COVID-19 waiver arrangements came to an end and 100% of normal rent became payable.

The total amount waived for commercial properties relating to COVID-19 during both the emergency period and recovery period was **$656,975**.

After waivers the City invoiced a total of **$492,579** for commercial properties.

To date, of the $492,579 only **$10,866** remains outstanding. This is a reduction from the prior reporting period of $ 3,776, with all debtors currently paying their debts progressively via direct debit arrangements.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

<u>COMMITTEE RECOMMENDATION ITEM ARMC2302-6</u>
(Officer's recommendation)

Moved: Cr Fedele Camarda **Seconded: Cr Jenny Archibald**

Council receive the Overdue Debtors Report as at 31 December 2022, and the confidential attachment listing overdue debts exceeding 90 days with the combined value, by debtor, exceeding $10,000 as at 31 December 2022.

Carried: 6/0
Cr Fedele Camarda, Cr Andrew Sullivan, Cr Jenny Archibald
Cr Marija Vujcic, Cr Frank Mofflin, Mr Ben Arnold

ARMC2302-7 EMERGING ISSUES REPORT – FEBRUARY 2023

Meeting date:	15 February 2023
Responsible officer:	Director City Business
Decision making authority:	Council
Attachments:	Corporate Issues Summary Report (August) *(confidential attachment under separate cover)*
Additional information:	Nil

SUMMARY

This report highlights the relevant issues which are either current or emerging and may significantly affect the operation, financial, legal, or reputational operation of the City.

These matters are raised to inform the committee of any significant issues identified by officers and allow for any further feedback or questions on the actions currently being taken or under consideration to address and resolve them.

BACKGROUND

Part of the role of the Audit and Risk Management Committee is to be aware of the significant emerging financial, political, and corporate issues being identified by the organisation and to understand, review or advise on the possible actions to address these.

FINANCIAL IMPLICATIONS

Some of the issues and potential mitigation actions outlined in this report may include financial implications for the City. Order of magnitude estimates of financial implications based on information available at the time of the report, is included in the issues table attached.

LEGAL IMPLICATIONS

The City actively seeks legal advice and support where issues and risks identified have potential legal implications.

CONSULTATION

Nil.

OFFICER COMMENT

The confidential table attached with this agenda identifies the emerging issues which are considered significant by the organisation. Some are in action, and some are under review by the organisation and will continue to be updated to the Audit and Risk Management Committee over time.

In conjunction with the organisation's newly developed Risk Management Framework, the City's issues log will provide a consistent and effective means of tracking, managing, and resolving significant corporate and organisational issues.

It should be noted that as the City progresses through the transitional period to the new Risk Management Framework, there are a number of issues covered on both the issues log and the current Corporate Risk Register.

The City's corporate issues log is populated and maintained by officers. This document is maintained live in the City's corporate document management system and is reviewed and discussion by the Executive Leadership Team as a standing agenda item monthly.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM ARMC2302-7
(Officer's recommendation)

Moved: Cr Fedele Camarda **Seconded: Mr Ben Arnold**

Council receive the emerging issues report for February 2023.

Carried: 6/0
Cr Fedele Camarda, Cr Andrew Sullivan, Cr Jenny Archibald
Cr Marija Vujcic, Cr Frank Mofflin, Mr Ben Arnold

12. Reports and recommendations from officers

C2302-1 ASSESSMENT FOR POTENTIAL SHARK SAFE SWIMMING AREAS

Meeting date:	22 February 2023
Responsible officer:	Director Infrastructure
Decision making authority:	Council
Attachments:	1. Letter from the Minister for Regional Development; Disability Services; Fisheries; Seniors and Ageing
Additional information:	Nil

SUMMARY

This report has been prepared for Council to consider the proposed approach to engage consultancy services for assessing safe swimming opportunities in and around the City's ocean and river beaches in response to the offer from state government of funding support for shark barriers.

This report seeks Council approval for the appointment of a suitably qualified consultant to assess opportunities for safe, protected swimming areas for the public in the City of Fremantle and that a report be brought back to Council with the findings of this assessment for consideration as part of the 2023/24 draft budget process.

BACKGROUND

The City of Fremantle has a number of beaches and favoured swimming locations along its coastline and in and around the river estuary. A recent alleged shark attack in the river adjacent the Fremantle traffic bridge has raised conversation and consideration of whether protected swimming areas are required. This has been further supported with the state government offer to fund protection barriers under a state funding program.

Whilst instances of swimmers' interactions with sharks are rare, the recent incident in the swan river, which resulted in the tragic loss of Ms Stella Berry, has understandably increased public awareness, and heightened public concern in respect to the risk of shark attacks whilst swimming.

At the Ordinary Meeting of Council in August 2015, Council considered a proposal from a private company to install a shark barrier at Bathers Beach for a period of 3 years, subject to a number of conditions related to approvals, certification, budget and environment. The proposal was not supported by Council at the time.

FINANCIAL IMPLICATIONS

This proposed consultancy work will be managed within the City's existing base operating budget.

Options have yet to be assessed and developed – potential costs would be determined to follow. Any project proposal would be subject to assessment of capital and operational (maintenance / upkeep) costs, and it is intended the City will be seeking State Government funding for the implementation a potential project proposal through their Shark Hazard Mitigation Program (SHMP). Potential operational maintenance costs may need to be accommodated in the City's future budgets.

LEGAL IMPLICATIONS

Nil.

CONSULTATION

The process will require consultation with key stakeholders including City officers, industry experts and relevant government departments.

Further consultation may be required depending on the findings of this piece of work and any future council consideration.

OFFICER COMMENT

Coastal beaches are actively monitored during summer and busy periods and have provisions for shark warnings using the Apple Smart shark App, the Port Beach autonomous surveillance system shark Tower alarm, and the Leighton beach shark alarm. Ocean beaches can be closed temporarily on alert, which is monitored by the City's Community Safety Team.

The City's CCTV operators monitor the Port beach shark warning tower which provides a warning when any tagged shark passes the beacon within a 800 metre radius and from Sandtrax surf break and to the north across Port Beach. The Shark tower has an alarm and a camera which can be operated by the CCTV operators who activate the shark alarm when notified of a tagged shark within the vicinity.

The City is responsible for closing beaches when a shark sighting is confirmed and is undertaken by The Community Safety Team. Sightings are reported to Water Police immediately.

Officers will continue to explore improved effective response protocols and mitigation measures in liaison with key stakeholders and advisors.

The Minister for Regional Development; Disability Services; Fisheries; Seniors and Ageing has written to the Mayor and advised that the Department of Primary Industries and Regional Development (DPIRD) is available to provide details of the SHMP funding by State Government (attachment 1).

In addition to current arrangements and any improved response protocols, Officers propose to investigate opportunities and options to potentially create safe swimming areas in and around the City's ocean and river beaches. It is therefore proposed that a suitably qualified consultant be engaged to review and assess options in respect to this.

The final report from the consultant will advise on the following information:

- An overview of current technology – including, but not limited to, shark barriers, nets and deterrents

- Commentary in respect to pros and cons / use in other locations / including issues and considerations

- An investigation of suitable locations in and across the City of Fremantle, to include advice in respect to all (direct and indirect) physical considerations, impacts and implications

- Commentary in respect to relevant Government advice, initiatives, and specialist support available; to also reference to any appropriate legislative / environmental requirements

- A concluding summary of any potential / viable options for a safe swimming area(s) within the City of Fremantle – each to include:
    - Potential locations
    - Preferred technology
    - Access and any associated infrastructure considerations
    - Environmental considerations
    - An indicative cost summary (capital and operational)
        - Including useful life (yrs)
    - Detail of operating requirements and implications

- Funding opportunities and support packages available

Subject to findings, funding, and feedback, if a viable project was to be proposed and approved to progress - the next stage would be to engage the market to seek suitable tenders for the design and delivery of a suitable solution.

It is proposed that any findings be reported back to Council prior to the conclusion of the 2023/24 budget process to allow council to consider any funding implications and provide an outcome for the summer season.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council approve the appointment of a suitably qualified consultant to assess opportunities for safe, protected swimming areas for the public in the City of Fremantle and that a report be brought back to Council with the findings of this assessment for consideration as part of the 2023/24 draft budget process.

C2302-2 MONTHLY FINANCIAL REPORT - JANUARY 2023

Meeting date:	22 February 2023
Responsible officer:	Director City Business
Decision making authority:	Council
Attachments:	1. Monthly Financial Report – January 2023
Additional information:	Nil

SUMMARY

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

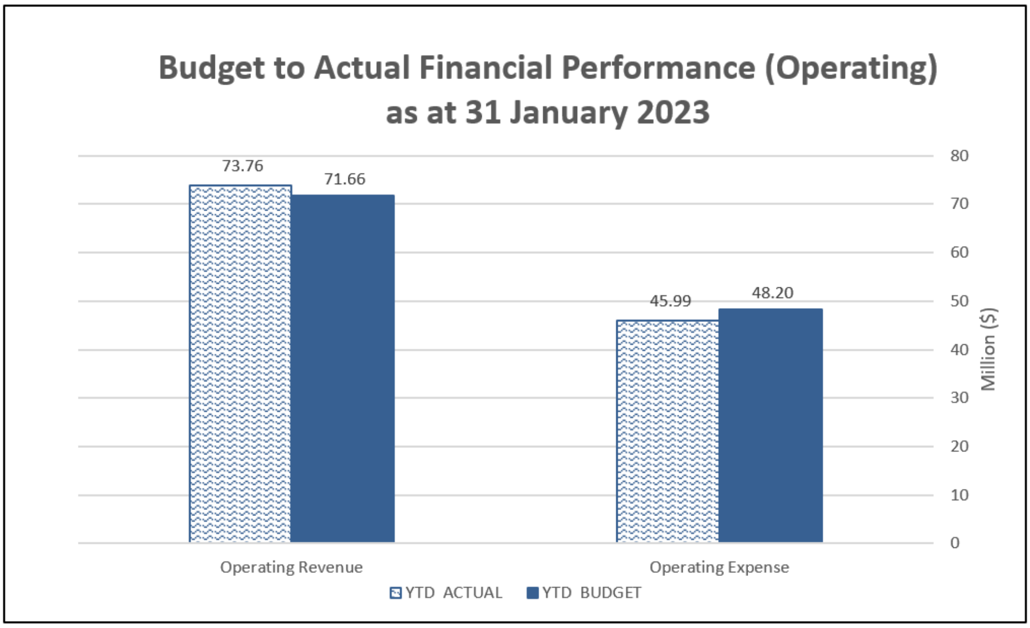
This report provides an analysis of financial performance up to January 2023 based on the following statements:

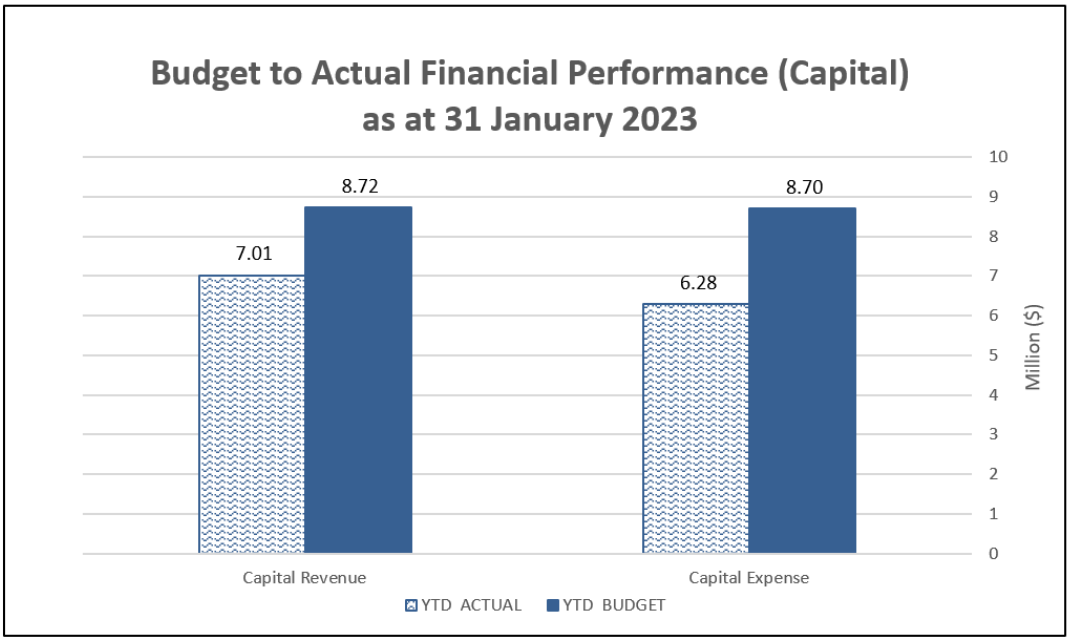
- **Statement of Comprehensive Income by Nature & Type and by Program;**
- **Rate Setting Statement by Nature & Type and by Directorate; and**
- **Statement of Financial Position with Net Current Assets.**

This financial report for the period ending 31 January 2023 is prepared considering accrued interest on borrowings (loans) and prepaid insurance premiums, also including budget amendments and carry forward adjustments adopted by Council until 31 December 2022. Please note figures reported for 30 June 2022 in this report may be subject to minor change with the end-of-year audit in phase of being finalised.

BACKGROUND

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


Budget to Actual Financial Performance (Operating)
as at 31 January 2023
73.76
71.66
45.99
48.20
80
70
60
50
40
30
20
10
0
Million ($)
Operating Revenue
Operating Expense
YTD ACTUAL
YTD BUDGET


Budget to Actual Financial Performance (Capital)
as at 31 January 2023
7.01
8.72
6.28
8.70
10
9
8
7
6
5
4
3
2
1
0
Million ($)
Capital Revenue
Capital Expense
YTD ACTUAL
YTD BUDGET

RATE SETTING STATEMENT – BY NATURE AND TYPE
FOR THE PERIOD TO 31 January 2023

Below is a summary of the year-to-date Rate Setting Statement, by Nature and Type, to 31 January 2023. The detailed Statement can be found in the attached Financial Report.

Description	YTD Amended Budget $M	YTD Actual $M	Variance $M	Variance %
Opening Surplus	**14.40**	**14.82**	**0.42**	**2.92%**
Operating				
Rate Revenue	52.59	53.14	0.55	1.04%
Revenue	19.07	20.62	1.55	8.15%
Expenses	(48.20)	(45.99)	2.21	4.58%
Non-Cash Adj.	6.64	6.19	(0.45)	(6.78%)
	30.10	**33.96**	**3.86**	**12.82%**
Investing				
Capital Revenue	8.72	7.01	(1.71)	(19.65%)
Capital Expenses	(8.70)	(6.28)	2.42	27.82%
	0.02	**0.73**	**0.71**	**(2838.39%)**
Financing				
Repayment Loans & Leases	(1.54)	(1.85)	(0.31)	20.42%
Reserve Transfers	(0.12)	(2.70)	(2.58)	2090.70%
	(1.66)	**(4.55)**	**(2.89)**	**173.94%**
Closing Surplus	**42.86**	**44.96**	**2.10**	**4.91%**

STATEMENT OF COMPREHENSIVE INCOME – BY NATURE AND TYPE FOR THE PERIOD TO 31 January 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 Amended Budget $	YTD Actual $	Variance $	Variance %
Operating Income				
Rates (including Annual Levy)	52,775,534	53,324,621	549,087	1.04%
Service Charges	758,804	765,053	6,249	0.82%
Op. Grants, Subsidies & Contributions	1,940,222	1,650,081	(290,141)	(14.95%)
Fees and Charges	14,604,717	15,493,829	889,112	6.09%
Interest Earnings	610,473	1,153,361	542,888	88.93%
Reimbursement Income	712,572	815,770	103,198	14.48%
Other Income	258,695	561,008	302,313	116.86%
Total	**71,661,017**	**73,763,723**	**2,102,705**	2.93%
Operating Expenses				
Employee Costs	(23,662,826)	(21,280,113)	2,382,713	10.07%
Employee costs - Agency Labour	(280,120)	(1,071,235)	(791,115)	(282.42%)
Materials and Contracts	(14,314,957)	(14,098,644)	216,313	1.51%
Depreciation – Non-Curr. Assets	(6,636,049)	(6,878,516)	(242,467)	(3.65%)
Interest Expenses	(292,061)	(308,391)	(16,330)	(5.59%)
Utility Charges	(1,133,797)	(1,000,074)	133,723	11.79%
Insurance Expenses	(619,614)	(581,317)	38,297	6.18%
Other Expenditure	(1,258,633)	(771,131)	487,502	38.73%
Total	**(48,198,057)**	**(45,989,421)**	**2,208,636**	**4.58%**

Further explanation of material variances can be found under Officer's Comments below.

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

<u>Summary of financial performance</u>

As at the end of January 2023, as was the case with December, operating income was ahead of budget primarily due to interim processing and rates revenue, fees and charges and interest earnings. Parking revenue was the primary contributor to greater than expected fees and charges revenue.

A notable underspend remains in the area of employee costs which is coupled with an overspend in agency labour as a result vacancies resulting from labour market challenges. The project and maintenance delivery areas of the organisation remain the primary users of agency labour.

Expenditure on materials & contracts and utilities has fallen behind budget slightly as compared to December.

In summary, year to date, as at the end of January 2023, the City of Fremantle is carrying an additional surplus of $2,103,501 over anticipated budget, which is mainly due to:

Favourable variances against the year-to-date budget:

- Additional carry forward funds from the 2021-22 financial year of $421,000 compared to the amended budget.
    - Note: This reported opening position as presented at the time of preparation of this report may be subject to minor adjustments as the City's external audit for 2021-22 is in the final stages of completion.

- Increased Fees and Charges revenue of $889,112;
- Increased Interest Earnings of $542,888;
- Increased Reimbursement and Other Income of $405,511;
- Below-budget operating expenditure of $2.21m; and
- Below-budget capital expenditure of $2.42m.

These favourable variances were partially offset by:

- Above-budget Reserve Transfers (Capital and operating) of $2.58m;
- Below-budget Operating Grants, Subsidies and Contributions of $290k: and
- Below-budget Capital Grants and Subsidies/ Contributions for the development of Assets of $1.7m.

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.

As part of ongoing continuous improvement activities, the City always seeks ways to improve financial reporting methods in order to enable greater understanding of the City's financial performance by elected members and the broader community. As reported in January, the City will be engaging with elected members in the coming months to seek feedback on the method of reporting best suited to achieving this for council and the community.

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 in the 2022-23 financial year for reporting material variances as 10% together with the minimum value of $100,000 (Refer Item C2201-1 from Council meeting on 20 July 2022).

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 Rate Setting Statement by Nature and Type.

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 Rate Setting Statement as at 31 January 2023:

Description	Variance Amount ($)	Comment
Operating Grants, Subsidies and Contributions	**(290,141)**	**(14.95%)**
Major Variances:		
Operate Fremantle arts centre	(390,556)	Timing Variance : Department of Local Government, Sport and Cultural Industries (DLGSC) grant will be received once the audited financial statements are received and submitted to DLGSC.
Provide general practice community law advice	52,000	Timing variance : Second instalment of the grant was received in advance.
Interest Earnings	**542,888**	**88.93%**
Major Variances:		
Receive investment income	555,800	Favourable variance: City is earning a higher investment income compared to budget as current investment interest rates are higher than forecast.
Reimbursement Income	**103,198**	**14.48%**
Major Variances:		
Refer unpaid fines to fines enforcement	60,102	Favourable variance: refund received from Fines Enforcement Registry, for the cancellation and relodging of fines due to a system error. Largely offsets expenditure incurred in prior financial year. Budget will be updated at Mid Year Review (MYR) accordingly.
Containers for change incomes	41,997	Favourable variance: higher than anticipated income from recyclable containers.

Description	Variance Amount ($)	Comment
Other Revenue	**302,313**	▲ **116.86%**
Major Variances:		
Walyalup Civic Centre (WCC) Flood Damage	115,904	Receipt of part payment in relation to the insurance claim for the WCC flood damage.
Miscellaneous Revenue – Monitor financial accounting processes	100,494	Favourable variance: unclaimed funds that have been held in the Trust Fund for more than 10 years have been transferred to the Municipal Fund – as authorised under LG Act 1995 S6.9 (4). Note: requirement to retain sufficient information to enable repayment if and when claimed.
Employee Costs	**1,591,598**	▲ **6.65%**
Major Variances:		
Employee Workers' Compensation Premiums	215,121	Timing variance: budget forecast based upon prior year actual and phased across the financial year to recognise amortisation of the premium and contingency for performance adjustments relating to the current and prior years. Budget phasing to be adjusted to reflect revised timing.
Employee Costs	1,862,474	Timing variance: vacancies in staff positions partially offset by agency labour.
Agency Labour	(791,115)	Unfavourable variance: use of Agency Labour to provide relief for vacant positions offset by variance in employee costs.
Utility Charges	**133,723**	▲ **11.79%**
Major Variances:		
Electricity Charges	133,700	Timing variance: delay in processing invoices for the month of January mainly related to street lighting invoice.
Other Expenditure	**487,502**	▲ **38.73%**

Description	Variance Amount ($)	Comment
Major Variances:		
Sponsorship/support South Fremantle Football Club	275,000	Timing Variance: City's sponsorship contribution is to be processed post-execution of the lease agreement which is anticipated to occur prior to the end of FY 2022/23.
Contribute to the operations of Regional Resource Recovery Centre	36,175	Timing variance: invoices received quarterly therefore, budget phasing is to be adjusted at MYR.
Support the mayor and councillors	33,693	Timing variance : actual sponsorship expenses were lower than anticipated.
Support CAT bus service	27,514	Timing variance: delay in receipt of January invoice.
Capital Revenue - Capital Grants and Subsidies/ Contributions for the development of Assets	**(1,713,215)**	▼ **19.65%**
Major Variances:		
P-12066 Design and construct - Naval Store	(920,000)	This project is funded by the tenant, however the project has now been delayed.Project will be removed from the capital project list at MYR. Associated expenditure will also be removed.
P-12058 Design and construct - Booyeembara Park - Bike trail	(806,825)	Timing variance: project is in progress with progress claim to be submitted for acquittal in Feburary. Budget will be re-phased accordingly at MYR.
P-12138 Design and construct - John St Riverwall Replacement	(89,904)	Accounting variance: grant funds received in FY 2021-22, therefore the budget to be transferred to Unspent Grants from prior years at MYR.
Capital Expense - Purchase Community Lands and Buildings	**1,012,045**	▲ **29.24%**
Major Variances:		

Description	Variance Amount ($)	Comment
P-12066 Design and construct - Naval Store	920,000	This project is funded by the tenant, however the project has now been delayed.Project will be removed from the capital project list at MYR. Associated grant will also be removed.
Capital Expense - Purchase Infrastructure - Roads	**369,608**	▲ **47.35%**
Major Variances:		
P-12093 Resurface - MRRG - South Tce and Wray Ave	228,891	Initial investigation and design works were carried out and the tender advertised however, tender submissions exceeded budget therefore grant funds received will be returned and the project removed for 2022-23 to be reconsidered for 2024-25.
P-12001 Resurface - MRRG - Hampton Rd (NB)	43,425	Favourable variance: project complete and under budget.
P-12111 Resurface - R2R - Edmund St (Samson to Watkins St)	31,696	Timing variance: invoices yet to be received. Aniticpate savings due to the change of delivery method.
Capital Expense - Purchase Infrastructure - Parks	**1,029,142**	▲ **56.58%**
Major Variances:		
P-12058 Design and construct - Booyeembara Park - Bike trail	357,275	Timing variance – contract has been awarded and works have commenced. Project is expected to be completed in April.
P-10077 Program-Parks-Infrastructure	163,688	Timing variance - various infrastructure renewal projects are in the design and procurement phases and have experienced delays due to resource availability. All works are expected to be complete this financial year.
P-12096 Design and construct - Pioneer Park - Bore	125,000	Timing variance - project in design phase and works are due to be completed by May.

Description	Variance Amount ($)	Comment
P-12127 Design and construct - Hilton Bowling Club - Green	119,704	Timing variance - contract has been awarded and works programmed for April 2023 following the lead time for materials. The budget will be re-phased at MYR.
P-12027 Design and construct - Griffiths Park - Upgrade	100,643	Timing variance – practical completion of the project has been achieved. Variance is due to delay in receiving invoices.
Financing Activities	**(314,335)**	**(20.42)%**
Major Variances:		
Repayment of Operating Lease	(206,690)	Accounting variance: requiring an internal correction to allocate costs against budget in relation the operating lease for IT equipment.
Reserve Transfers	**(2,577,353)**	**2090.70%**
Major Variances:		
Transfer to Reserve (Restricted) – Capital	(3,006,250)	Timing variance : as approved by council resolution FPOL2211-12 funds were transferred from Retained Surplus B/Fwd to the below Reserves, - Hilton Park Sports Reserve - $1m - Investment Fund Reserve - $1m - Fleet Reserve - $0.5m - South Beach Reserve - $0.5m. Budget phasing to be adjusted to reflect the same.
Transfer from Reserve (Restricted) – Capital	463,695	Timing variance: variance is primarily attributed to an underspend on capital works, therefore, the required funding from Reserves is less than budgeted year to date.

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 January 2023.

C2302-3 STATEMENT OF INVESTMENTS – JANUARY 2023

Meeting date:	22 February 2023
Responsible officer:	Director City Business
Decision making authority:	Council
Attachments:	1. Statement of Investments – January 2023
Additional information:	Nil

SUMMARY

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

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

The investment report provides a snapshot of the City's investment portfolio and includes information as at 31 January 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 has committed to carbon neutrality and therefore seeks to ensure its financial investments consider the City's One Planet Fremantle Strategy. The City therefore seeks to limit investments in financial institutions which support, either directly or indirectly, fossil fuel companies, while balancing compliance with the Investment Policy.

FINANCIAL IMPLICATIONS

Investment interest earned year to date is $762,773 against a YTD budget of $206,973 and a full year adopted budget of $310,950. Interest earnings year to date are substantially higher than budget, with $163,054 being earned in January with investment opportunities continuing to offer attractive interest rates.
The budget for interest earnings will be updated at mid-year review to better reflect improving 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 3.28% for the month of January 2023. The City's actual portfolio return in the last 12 months is 1.40%, which compares on par with the benchmark Bloomberg AusBond Bill Index reference rate of 1.52% (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 January 2023 which can be viewed in the Attachment. A summary of the investment report is provided below.

1. Portfolio Details

As at 31 January 2023, the City's investment portfolio totalled $52.05m. The market value of this investment was $52.39m at that time, which takes into account accrued interest.

The investment portfolio is made up of:

Cash Investments (<= 3 months)	$ 12.55m
Term Deposits (> 3 months)	$ 39.50m
TOTAL	$ 52.05m

Of which:

Unrestricted cash	$ 42.72m
Restricted cash (Reserve Funds)	$ 9.33m
TOTAL	$ 52.05m

The current amount of $42.72m held as unrestricted cash represents 51.30% of the total adopted budget for operating revenue ($83.31m)

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 January 2023, is outlined below, and shows that the distribution of the City's investments across the four Tiers is compliant.

Tier	Allocation	Allocation %	Maximum Allocation %	% Used of Maximum Allocation	% Available of Maximum Allocation	% Exceeded of Maximum Allocation
Tier 1	16,429,084.19	31.57%	100.00%	31.57%	68.43%	0.00%
Tier 2	28,118,532.18	54.02%	60.00%	90.03%	9.97%	0.00%
Tier 3	7,500,000.00	14.41%	35.00%	41.17%	58.83%	0.00%
Tier 4	0.00	0.00%	15.00%	0.00%	100.00%	0.00%
	52,047,616.37					

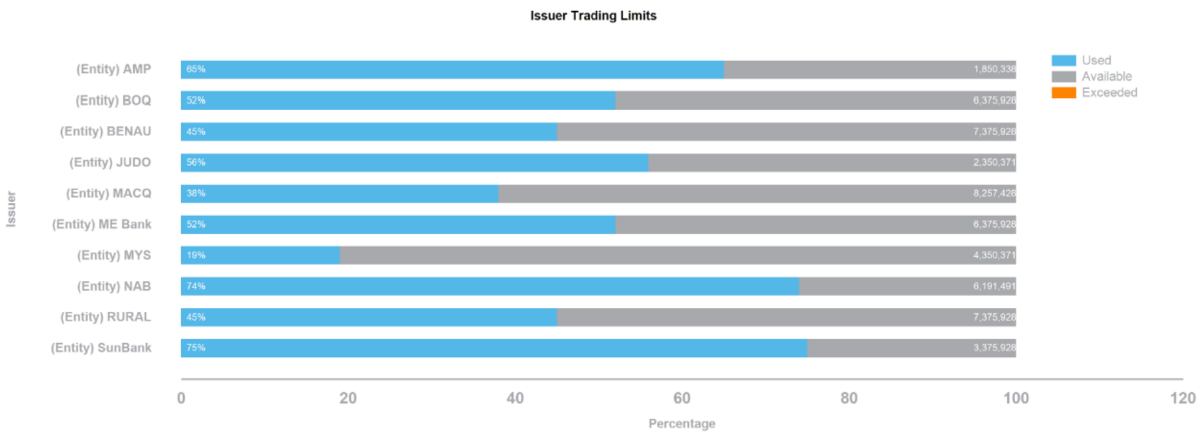
Values used in the above calculations exclude interest for term deposits and other simple intereest securities.

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 January 2023, relative to the Counterparty Credit Framework limits were as follows:

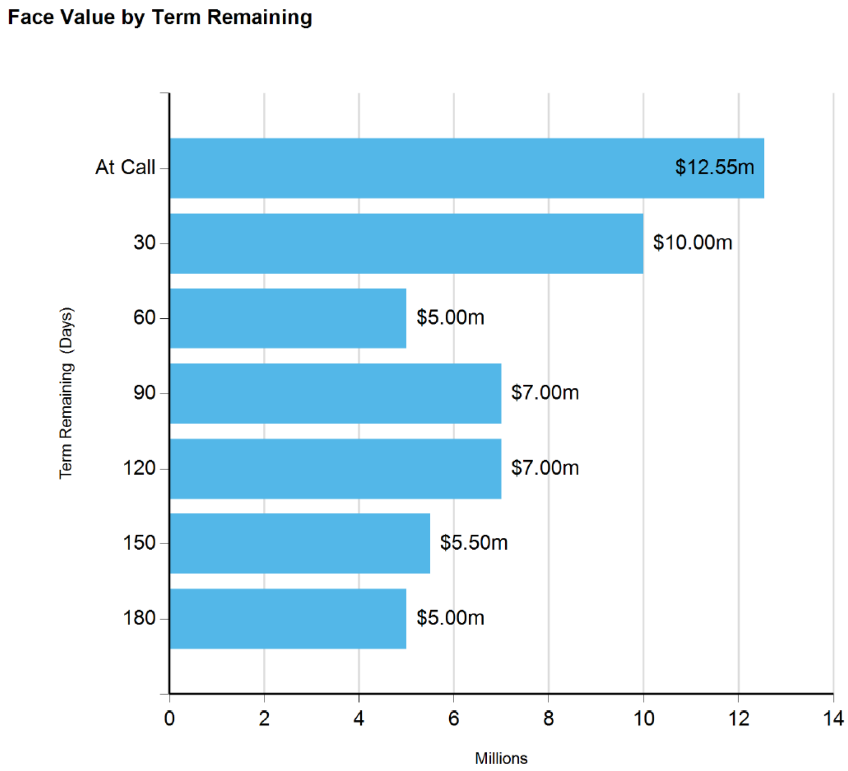


As highlighted in the chart above, the City's portfolio of investments as at 31 January 2023 is compliant with the City's investment policy.

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 January 2023. Currently, all investments will mature in one year or less.



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 January 2023, $20m, (38.4%) of the City's portfolio was invested in "Green Investments".

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

5. Interest Income for Matured Investments

Per Attachment 1 (Note 9), interest income earned during January 2023 from matured investments was $86,442.

6. Investing Activities

In January 2023, seven term deposits totalling $9.0m, matured and out of a total of $3.0m were reinvested across 3 term deposits.

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

C2302-4 SCHEDULE OF PAYMENTS – JANUARY 2023

Meeting date:	22 February 2023
Responsible officer:	Procure to Pay Team Lead
Decision making authority:	Council
Attachments:	1. Schedule of Payments and Listings 2. Purchase Card Transactions *Attachments viewed electronically*
Additional information:	Nil

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 January 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 January 2023, is provided within Attachments 1 and 2.

FINANCIAL IMPLICATIONS

A total of $7,250,424.82 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 January 2023 by payment type:

Payment Type	Amount ($)
Cheque / EFT / Direct Debit	$ 4,912,729.09
Purchase card transactions	$ 31,932.82
Salary / Wages / Superannuation	$ 2,305,762.91
Other payments	$ 0.00
Total	$ 7,250,424.82

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 30 January 2023.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council:

1. **Accept the list of payments made under delegated authority, totalling $7,250,424.82 for the month ending 31 January 2023, as contained within Attachment 1.**

2. **Accept the detailed transaction listing of Purchase Card expenditure, totalling $31,932.82 for the month ending 31 January 2023, as contained within Attachment 2.**

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.

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.

17. Closure