



Meeting Attachments

Finance, Policy, Operations and Legislations Committee

Wednesday 9 March 2022 - 6pm



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FPOL2203-3 DRAFT ANNUAL FINANCIAL STATEMENTS 2021-21

**CITY OF FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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COMMUNITY VISION

Vision for the Future

Fremantle: A Destination City

Vision for the future Fremantle: a destination city

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

Principal place of business:
Walyalup Civic Centre
151 High Street
Fremantle WA 6160



CITY OF FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	28(a)	48,407,177	47,209,568	46,963,336
Operating grants, subsidies and contributions	2(a)	3,705,485	3,201,209	3,538,758
Fees and charges	2(a)	21,370,671	19,216,009	18,479,788
Service charges	28(c)	7,192	11,919	8,596
Interest earnings	2(a)	840,585	793,686	1,297,001
Other revenue	2(a)	5,041,678	806,511	1,639,742
		79,372,788	71,238,902	71,927,221
Expenses				
Employee costs		(36,337,958)	(38,637,915)	(35,956,430)
Materials and contracts		(24,377,265)	(23,681,082)	(23,754,055)
Utility charges		(1,749,249)	(2,049,150)	(1,693,259)
Depreciation on non-current assets	11(b)	(9,852,650)	(7,850,958)	(6,895,565)
Interest expenses	2(b)	(615,207)	(760,713)	(351,141)
Insurance expenses		(893,720)	(882,734)	(793,870)
Other expenditure		(2,030,174)	(2,198,354)	(3,321,751)
		(75,856,223)	(76,060,906)	(72,766,071)
		3,516,565	(4,822,004)	(838,850)
Non-operating grants, subsidies and contributions	2(a)	6,035,222	7,771,822	4,389,469
Profit on asset disposals	11(a)	15,679	757,000	43,901
(Loss) on asset disposals	11(a)	(429,591)	(63,265)	(6,843,638)
Impairment loss on revalued assets		(240,104)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	5	6,464	0	2,882
Fair value adjustments to investment property	14	0	0	(6,391,253)
Share of net profit of associates accounted for using the equity method	26(a)	1,638,961	0	1,154,491
Value adjustment to vested land due to change of accounting policy		0	0	(122)
		7,026,631	8,465,557	(7,644,270)
Net result for the period		10,543,195	3,643,553	(8,483,120)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(110,521)	0	(24,403,166)
Total other comprehensive income for the period		(110,521)	0	(24,403,166)
Total comprehensive income for the period		10,432,674	3,643,553	(32,886,286)

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



CITY OF FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue			
2(a)			
Governance	4,215,864	407,750	863,764
General purpose funding	50,341,844	48,613,273	49,386,330
Law, order, public safety	2,155,955	2,147,799	1,726,314
Health	579,330	438,220	442,225
Education and welfare	984,441	787,375	916,233
Community amenities	2,264,843	1,763,807	1,795,058
Recreation and culture	8,120,151	7,130,598	7,092,113
Transport	9,079,134	8,628,059	7,626,827
Economic services	412,916	574,628	907,187
Other property and services	1,218,310	747,393	1,171,170
	79,372,788	71,238,902	71,927,221
Expenses			
2(b)			
Governance	(5,869,759)	(6,499,497)	(6,671,305)
General purpose funding	(963,670)	(823,682)	(1,522,606)
Law, order, public safety	(4,126,926)	(4,426,351)	(4,063,358)
Health	(770,244)	(827,752)	(977,384)
Education and welfare	(2,598,885)	(2,823,962)	(2,436,064)
Housing	(537,037)	(476,250)	(525,784)
Community amenities	(12,600,033)	(12,244,543)	(12,862,940)
Recreation and culture	(25,194,418)	(24,580,957)	(22,429,854)
Transport	(15,075,971)	(15,527,182)	(13,691,499)
Economic services	(2,134,768)	(2,596,666)	(2,561,568)
Other property and services	(5,369,304)	(4,473,351)	(4,672,568)
	(75,241,016)	(75,300,193)	(72,414,930)
Finance Costs			
2(b)			
Governance	(396,372)	(542,571)	(32,507)
Recreation and culture	(52,965)	(57,655)	(72,549)
Transport	(160,666)	(154,086)	(233,895)
Economic services	(5,205)	(6,401)	(12,190)
	(615,208)	(760,713)	(351,141)
	3,516,564	(4,822,004)	(838,850)
Non-operating grants, subsidies and contributions	2(a)		
Profit on disposal of assets	11(a)		
(Loss) on disposal of assets	11(a)		
Impairment loss on revalued assets			
Fair value adjustments to financial assets at fair value through profit or loss	5		
Fair value adjustments to investment property	14		
Share of net profit of associates accounted for using the equity method			
Value adjustment to vested land due to change of accounting policy	26(a)		
	7,026,631	8,465,557	(7,644,270)
Net result for the period	10,543,195	3,643,553	(8,483,120)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus	13		
	(110,521)	0	(24,403,166)
Total other comprehensive income for the period	(110,521)	0	(24,403,166)
Total comprehensive income for the period	10,432,674	3,643,553	(32,886,286)

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



CITY OF FREMANTLE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	12,622,903	18,651,646
Trade and other receivables	6	2,570,636	2,270,979
Other financial assets	5(a)	27,414,360	31,482,521
Inventories	7	133,134	107,628
Contract assets	2(a)	0	13,787
Other assets	8	28,464	112,981
Assets classified as held for sale	8	4,243,000	4,243,000
TOTAL CURRENT ASSETS		47,012,497	56,882,542
NON-CURRENT ASSETS			
Trade and other receivables	6	632,110	584,884
Other financial assets	5(b)	184,517	178,053
Investment in associate	26(a)	5,761,799	4,528,576
Property, plant and equipment	9	255,824,043	240,553,017
Infrastructure	10	158,385,055	157,358,915
Investment property	14	22,658,363	22,654,000
Right-of-use assets	12(a)	1,790,691	1,646,151
TOTAL NON-CURRENT ASSETS		445,236,578	427,503,596
TOTAL ASSETS		492,249,074	484,386,138
CURRENT LIABILITIES			
Trade and other payables	15	6,501,336	7,335,056
Other liabilities	16	6,081,475	6,495,967
Lease liabilities	17(a)	389,950	396,717
Borrowings	18(a)	2,807,434	3,033,905
Employee related provisions	19	6,112,265	6,024,824
TOTAL CURRENT LIABILITIES		21,892,460	23,286,469
NON-CURRENT LIABILITIES			
Lease liabilities	17(a)	1,425,450	1,147,288
Borrowings	18(a)	22,325,236	24,335,744
Employee related provisions	19	924,100	978,923
Trade and other payables - non current	15	55,422	68,386
TOTAL NON-CURRENT LIABILITIES		24,730,208	26,530,341
TOTAL LIABILITIES		46,622,668	49,816,810
NET ASSETS		445,626,406	434,569,328
EQUITY			
Retained surplus		166,632,534	138,875,536
Reserves - cash/financial asset backed	4	12,631,619	29,221,018
Revaluation surplus	13	266,362,253	266,472,774
TOTAL EQUITY		445,626,406	434,569,328

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



CITY OF FREMANTLE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

		RETAINED SURPLUS	RESERVES CASH/FINANCIAL ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
	NOTE	\$	\$	\$	\$
Balance as at 1 July 2019		147,244,729	29,334,823	290,875,940	467,455,491
Change in accounting policy		0	0	0	0
Correction of error	32	0	0	0	0
Restated balance at the beginning of the financial year		147,244,729	29,334,823	290,875,940	467,455,491
Comprehensive income					
Net result for the period		(8,483,120)	0	0	(8,483,120)
Loss on value adjustment to vested land		122			122
Other comprehensive income	13	0	0	(24,403,166)	(24,403,166)
Total comprehensive income		(8,482,998)	0	(24,403,166)	(32,886,164)
Transfers from reserves	4	2,608,650	(2,608,650)	0	0
Transfers to reserves	4	(2,494,845)	2,494,845	0	0
Balance as at 30 June 2020		138,875,536	29,221,018	266,472,774	434,569,328
Change in accounting policies	32	0	0	0	0
Correction of error	32	0	0	0	0
Restated balance at 1 July 2020		138,875,536	29,221,018	266,472,774	434,569,328
Comprehensive income					
Net result for the period		10,543,195	0	0	10,543,195
Change in accounting policies		624,404	0	0	624,404
Other comprehensive income	13	0	0	(110,521)	(110,521)
Total comprehensive income		11,167,599	0	(110,521)	11,057,078
Transfers from reserves	4	17,291,925	(17,291,925)	0	0
Transfers to reserves	4	(702,525)	702,525	0	0
Balance as at 30 June 2021		166,632,534	12,631,619	266,362,253	445,626,406

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



CITY OF FREMANTLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	48,235,998	47,209,568	46,481,415
Operating grants, subsidies and contributions	3,676,698	2,756,716	8,647,197
Fees and charges	20,970,752	19,216,009	18,392,176
Service charges	7,192	11,919	8,596
Interest received	840,585	793,686	1,595,815
Goods and services tax received	203,155	4,039,301	4,886,304
Other revenue	5,041,678	806,511	1,654,074
	78,976,058	74,833,710	81,665,577
Payments			
Employee costs	(36,312,285)	(38,639,597)	(35,674,419)
Materials and contracts	(25,544,192)	(23,681,081)	(24,686,991)
Utility charges	(1,749,249)	(2,049,150)	(1,693,259)
Interest expenses	(579,867)	(760,713)	(351,141)
Insurance paid	(893,720)	(882,734)	(793,869)
Goods and services tax paid	0	(4,039,304)	(5,137,605)
Other expenditure	(1,679,550)	(2,198,354)	(3,806,166)
	(66,758,863)	(72,250,933)	(72,143,450)
Net cash provided by (used in) operating activities	20 12,217,196	2,582,777	9,522,127
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost - Term deposits	0	0	(3,182,489)
Payments for purchase of property, plant & equipment	9(a) (20,383,581)	(25,764,215)	(24,841,917)
Payments for construction of infrastructure	10(a) (6,076,020)	(4,461,833)	(3,319,615)
Payments for investment property	14 (4,363)	(25,000)	(93,171)
Non-operating grants, subsidies and contributions	2(a) 6,035,222	1,962,729	4,389,469
Proceeds from financial assets at amortised cost - term deposits	4,068,161	17,080,078	0
Proceeds from financial assets at fair values through profit and loss	(0)	0	0
Proceeds from sale of investment property	0	0	2,386,736
Written down value of impairment assets	(350,625)	0	0
Proceeds from Trust (POS)	624,404	0	0
Proceeds from sale of property, plant & equipment	11(a) 115,990	5,080,000	49,906
Net cash provided by (used in) investment activities	(15,970,812)	(6,128,241)	(24,611,081)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	18(b) (2,331,241)	(2,331,239)	(1,689,564)
Payments for principal portion of lease liabilities	17(b) (443,888)	(474,720)	(716,813)
Proceeds from new borrowings	18(b) 500,000	500,000	20,000,000
Net cash provided by (used in) financing activities	(2,275,128)	(2,305,959)	17,593,623
Net increase (decrease) in cash held	(6,028,744)	(5,851,423)	2,504,669
Cash at beginning of year	18,651,646	6,828,332	16,146,977
Cash and cash equivalents at the end of the year	20 12,622,903	976,909	18,651,646

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



CITY OF FREMANTLE
RATE SETTING STATEMENT - BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	29(b)	3,562,678	1,596,153	3,756,496
		3,562,678	1,596,153	3,756,496
Revenue from operating activities (excluding rates)				
Rates - Specified Area		169,239	158,429	162,157
Service Charges (Underground Power)		7,192	11,919	8,596
Operating Grants, Subsidies and Contributions		3,705,485	3,201,209	3,538,758
Fees and Charges		21,370,671	19,216,009	18,479,788
Interest Earnings		840,585	793,686	1,297,001
Profit on Sale of Assets		15,679	757,000	43,901
Other Revenue		6,687,103	806,511	2,797,115
		32,795,954	24,944,763	26,327,316
Expenditure from operating activities				
Employee Costs		(36,337,958)	(38,637,915)	(35,956,430)
Materials and Contracts		(24,377,265)	(23,681,082)	(23,754,055)
Depreciation on Non Current Assets		(9,852,650)	(7,850,958)	(6,895,565)
Interest Expenses		(615,207)	(760,713)	(351,141)
Utility Charges (gas, electricity, water)		(1,749,249)	(2,049,150)	(1,693,259)
Loss on Sale of Assets		(669,695)	(63,265)	(6,843,638)
Insurance Expenses		(893,720)	(882,734)	(793,870)
Other Expenditure		(2,030,174)	(2,198,354)	(9,713,125)
		(76,525,919)	(76,124,171)	(86,001,083)
Non-cash amounts excluded from operating activities	29(a)	9,161,173	7,157,224	18,871,980
Amount attributable to operating activities		(31,006,115)	(42,426,032)	(37,045,291)
INVESTING ACTIVITIES				
Capital Revenue				
Non-operating grants, subsidies and contributions	2(a)	6,035,222	7,771,822	4,389,469
Proceeds from disposal of assets	11(a)	4,184,151	5,080,000	2,436,642
		10,219,373	12,851,822	6,826,111
Capital Expense				
Purchase of property, plant and equipment	9(a)	(20,383,581)	(25,764,215)	(27,313,964)
Purchase and construction of infrastructure	10(a)	(6,076,020)	(4,486,833)	(3,319,615)
Impairment loss on revalued assets		(240,104)	0	0
Purchase of investment property	14	(4,363)	0	(93,171)
		(26,704,068)	(30,251,048)	(30,726,750)
Amount attributable to investing activities		(16,484,695)	(17,399,226)	(23,900,639)
FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(2,331,241)	(2,331,239)	(1,689,564)
Proceeds from borrowings	18(c)	500,000	500,000	20,000,000
Payments for principal portion of lease liabilities	17(b)	(443,888)	(474,720)	(716,813)
		(2,275,128)	(2,305,959)	17,593,623
Reserve Transfers				
Transfer to Reserves (Restricted Assets) - Capital		(640,082)	(5,000,000)	(2,430,626)
Transfer to Reserves (Restricted Assets) - Operating		(62,443)	(63,965)	(64,219)
	4	(702,525)	(5,063,965)	(2,494,845)
Transfer from Reserves (Restricted Assets) - Capital		17,184,821	20,087,124	2,565,952
Transfer from Reserves (Restricted Assets) - Operating		107,104	56,919	42,698
	4	17,291,925	20,144,043	2,608,650
Amount attributable to financing activities		14,314,271	12,774,119	17,707,428
Surplus/(deficit) before imposition of general rates		(33,176,539)	(47,051,139)	(43,238,502)
Total amount raised from general rates	28(a)	48,237,938	47,051,139	46,801,179
Surplus/(deficit) after imposition of general rates	29(b)	15,061,399	0	3,562,677

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



CITY OF FREMANTLE
RATE SETTING STATEMENT - BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	29 (b)	3,562,678	1,596,153	3,756,496
		3,562,678	1,596,153	3,756,496
Revenue from operating activities (excluding rates)				
Governance		4,222,328	407,750	866,646
General purpose funding		2,103,906	1,562,134	2,585,151
Law, order, public safety		2,155,955	2,147,799	1,726,314
Health		579,330	438,220	442,236
Education and welfare		984,441	787,375	916,233
Community amenities		2,264,843	1,763,807	1,795,058
Recreation and culture		8,120,151	7,130,598	7,092,113
Transport		9,079,134	8,628,059	7,670,717
Economic services		2,051,877	574,628	2,061,678
Other property and services		1,233,989	1,504,393	1,171,170
		32,795,954	24,944,763	26,327,316
Expenditure from operating activities				
Governance		(6,266,130)	(7,042,068)	(6,703,812)
General purpose funding		(963,670)	(823,682)	(1,522,606)
Law, order, public safety		(4,126,926)	(4,426,351)	(4,063,358)
Health		(770,244)	(827,752)	(977,384)
Education and welfare		(2,598,885)	(2,823,962)	(3,282,850)
Housing		(537,037)	(476,250)	(525,784)
Community amenities		(12,600,033)	(12,244,543)	(12,862,940)
Recreation and culture		(25,850,012)	(24,638,612)	(28,334,395)
Transport		(15,236,637)	(15,681,268)	(13,925,394)
Economic services		(2,139,973)	(2,603,067)	(8,965,133)
Other property and services		(5,436,371)	(4,536,616)	(4,837,428)
		(76,525,919)	(76,124,171)	(86,001,084)
Non-cash amounts excluded from operating activities	29(a)	9,161,173	7,157,223	18,871,980
Amount attributable to operating activities		(31,006,115)	(42,426,032)	(37,045,292)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	6,035,222	7,771,822	4,389,469
Proceeds from disposal of assets	11(a)	115,990	5,080,000	49,906
Proceeds on disposal of financial assets at amortised cost		4,068,161	0	2,386,736
Impairment		(240,104)	0	0
Purchase of property, plant and equipment	9(a)	(20,383,581)	(25,764,215)	(27,313,964)
Purchase and construction of infrastructure	10(a)	(6,076,020)	(4,486,833)	(3,319,615)
Purchase of investment property	14	(4,363)	0	(93,171)
		(16,484,695)	(17,399,226)	(23,900,639)
Amount attributable to investing activities		(16,484,695)	(17,399,226)	(23,900,639)
FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(2,331,241)	(2,331,239)	(1,689,564)
Proceeds from borrowings	18(c)	500,000	500,000	20,000,000
Payments for principal portion of lease liabilities	17(b)	(443,888)	(474,720)	(716,813)
Transfers to reserves (restricted assets)	4	(702,525)	(5,063,965)	(2,494,844)
Transfers from reserves (restricted assets)	4	17,291,925	20,144,043	2,608,650
Amount attributable to financing activities		14,314,271	12,774,119	17,707,429
Surplus/(deficit) before imposition of general rates		(33,176,539)	(47,051,139)	(43,238,502)
Total amount raised from general rates	28(a)	48,237,938	47,051,139	46,801,179
Surplus/(deficit) after imposition of general rates	29(b)	15,061,399	0	3,562,677

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



CITY OF FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2021

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CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

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

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 33 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The impact of adoption of these standards is described at Note 32.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

CRITICAL ACCOUNTING ESTIMATES

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

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	367,558	367,000	0
General purpose funding	1,076,038	494,947	1,067,688
Law, order, public safety	0	0	180
Education and welfare	659,266	628,641	625,210
Community amenities	5,140	61,307	225,367
Recreation and culture	1,354,177	1,385,849	1,364,645
Transport	159,932	147,835	148,118
Economic services	(7,845)	82,630	51,500
Other property and services	91,220	33,000	56,050
	3,705,485	3,201,209	3,538,758
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	0	755,800
Education and welfare	54,502	0	0
Community amenities	153,485	232,647	164,075
Recreation and culture	5,420,352	7,288,619	2,547,836
Transport	358,403	250,556	896,750
Economic services	48,480	0	0
Other property and services	0	0	25,008
	6,035,222	7,771,822	4,389,469
Total grants, subsidies and contributions	9,740,707	10,973,031	7,928,227
Fees and charges			
Governance	42,050	40,750	42,467
General purpose funding	186,969	218,500	218,602
Law, order, public safety	1,897,906	1,912,782	1,487,024
Health	579,330	438,220	441,396
Education and welfare	302,351	140,670	267,364
Community amenities	1,752,294	1,615,500	1,482,690
Recreation and culture	6,352,280	5,363,878	5,271,844
Transport	8,902,029	8,474,224	7,446,078
Economic services	369,189	457,508	835,029
Other property and services	986,274	553,977	987,294
	21,370,671	19,216,009	18,479,788

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**Contracts with customers and transfers
for recognisable non-financial assets**

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	2,478,349	0	2,322,952
Fees and charges	18,205,301	15,855,109	16,094,392
Other revenue	4,158,468	91,751	225,863
Non-operating grants, subsidies and contributions	6,035,222	7,771,822	4,389,469
	30,877,341	23,718,682	23,032,676

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

Revenue from contracts with customers included as a contract liability at the start of the period	212,733	0	413,732
Revenue from contracts with customers recognised during the year	24,629,386	15,946,860	15,906,523
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	0	0	828,522
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	6,035,222	7,771,822	5,883,899
	30,877,341	23,718,682	23,032,676

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

Trade and other receivables from contracts with customers	921,427		1,307,132
Contract assets	0		13,787
Contract liabilities from contracts with customers	(6,081,475)		(212,733)
Financial assets held from transfers for recognisable financial assets	0		6,283,234
Grant liabilities from transfers for recognisable non financial assets	0		(6,283,234)

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2021. Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	48,237,938	47,051,139	46,801,179
Specified area rates	169,239	158,429	162,157
Service charges	7,192	11,919	8,596
Statutory permits and licences	1,292,128	1,267,300	958,126
Fines	1,873,241	2,093,600	1,427,270
	51,579,739	50,582,387	49,357,328
Other revenue			
Reimbursements and recoveries	883,210	714,760	873,247
Bond - Pindan	3,677,256	0	0
Other	481,213	91,751	766,495
	5,041,678	806,511	1,639,742
Interest earnings			
Interest on reserve funds	117,063	170,539	468,447
Rates instalment and penalty interest (refer Note 28(d))	469,542	344,000	399,933
Other interest earnings	253,980	279,147	428,621
	840,585	793,686	1,297,001

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Auditors remuneration				
- Audit of the Annual Financial Report		82,000	75,000	67,000
- Grant Acquittals		26,835	22,660	16,070
		108,835	97,660	83,070
Interest expenses (finance costs)				
Borrowings	18(b)	569,278	752,084	315,977
Lease liabilities	17(b)	45,929	8,629	35,164
		615,207	760,713	351,141
Other expenditure				
Impairment loss on trade and other receivables from contracts with customers		0	0	584,675
Write Offs		0	5,000	0
Sundry expenses		2,030,174	2,193,354	2,737,076
		2,030,174	2,198,354	3,321,751

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		8,594,012	13,651,646
Term deposits		4,028,891	5,000,000
Total cash and cash equivalents		12,622,903	18,651,646
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used.			
- Cash and cash equivalents		7,341,961	8,238,886
- Financial assets at amortised cost		12,631,618	29,221,018
		19,973,579	37,459,904
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	12,631,618	29,221,018
Contract liabilities from contracts with customers	16	1,452,543	212,733
Contract liabilities from transfers for recognisable non financial assets		4,628,932	6,283,234
Bonds and Deposits Held		1,260,486	1,151,093
Unspent loans	18(d)	0	591,826
Total restricted assets		19,973,579	37,459,904

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

Meeting Attachments – Finance, Policy, Operations and Legislations Committee

9 March 2022



CITY OF FREMANTLE NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH/FINANCIAL ASSET BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Cantonment Hill Master Plan Reserve	167,746	0	(49,879)	117,867	167,746	0	(50,000)	117,746	167,746	0	0	167,746
(b) Community Care Programs Reserve	6,386	0	0	6,386	6,386	0	0	6,386	6,386	0	0	6,386
(c) Fremantle Markets Conservation Reserve	265,215	0	(187,183)	78,033	264,015	0	(222,600)	41,415	271,415	0	(6,200)	265,215
(d) Fremantle Oval Reserve	250,000	0	(11,625)	238,375	250,000	0	0	250,000	250,000	0	0	250,000
(e) Investment Fund Reserve	21,832,412	15,679	(16,926,720)	4,921,371	17,244,504	5,000,000	(19,241,779)	3,002,725	21,361,254	2,430,626	(1,959,468)	21,832,412
(f) Leighton Precinct Maintenance Reserve	226,042	55,251	(87,791)	193,502	226,130	52,046	(45,000)	233,176	213,117	55,623	(42,698)	226,042
(g) Leisure Centre Upgrade Reserve	91,199	0	(21,040)	70,159	53,134	0	(19,535)	33,599	123,599	0	(32,400)	91,199
(h) Parking Dividend Equalisation Reserve	6,208,565	0	0	6,208,565	6,208,565	0	(493,700)	5,714,865	6,260,718	0	(52,153)	6,208,565
(i) Parks Recreation and Facilities Reserve	97,771	0	0	97,771	97,771	0	0	97,771	97,771	0	0	97,771
(j) Renewable Energy Investment Reserve	59,510	0	0	59,510	59,510	0	(59,510)	0	575,241	0	(515,731)	59,510
(k) White Gum Valley Precinct Community Bore Reserve	16,172	7,192	(7,688)	15,676	16,172	11,919	(11,919)	16,172	7,576	8,596	0	16,172
(l) Public Open Space Reserve	0	624,404	0	624,404	0	0	0	0	0	0	0	0
	29,221,017	702,525	(17,291,925)	12,631,618	24,583,933	5,063,965	(20,144,043)	9,513,855	29,334,823	2,494,845	(2,608,650)	29,221,018

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Cantonment Hill Master Plan Reserve	Ongoing	To fund capital works at Cantonment Hill in accordance with the Cantonment Hill Master Plan.
(b) Community Care Programs Reserve	Ongoing	To fund Community Care Programs.
(c) Fremantle Markets Conservation Reserve	Ongoing	To fund conservation works to the Fremantle Markets.
(d) Fremantle Oval Reserve	Ongoing	To fund capital and business planning costs associated with the redevelopment of the Fremantle Oval precinct.
(e) Investment Fund Reserve	Ongoing	To realise and make investments in income producing assets. A specified list of investment properties forms part of the investments. Funds will not be withdrawn from the reserve to subsidise operating or recurrent expenditure, nor shall funds be withdrawn for the purpose of providing community facilities that do not provide a commercial rate of return, unless specifically decided otherwise by the Council.
(f) Leighton Precinct Maintenance Reserve	Ongoing	To hold any specified area rate income raised during the financial year that were unspent at 30 June in relation to Leighton Precinct maintenance. To fund the above normal costs associated with maintaining the higher standard of the landscaping of the Leighton residential area.
(g) Leisure Centre Upgrade Reserve	Ongoing	To provide funds for major upgrading and refurbishment works at the Fremantle Leisure Centre.
(h) Parking Dividend Equalisation Reserve	Ongoing	To provide a smoothing out of revenue contributions to municipal operations from commercial parking activities. That is to be achieved as follows (a) by transferring net profits in excess of budget to the reserve and (b) if required, when there is a material (i.e. plus 1%) net loss, transferring funds from the reserve to municipal fund to compensate the loss. Fund commercial parking capital equipment and facilities or parking infringement capital equipment and facilities to the extent the funds available in the reserve exceed 2.5% of budgeted gross parking revenue. Provide temporary funding to the City for its initial contribution to the Hilton Underground Power project. This funding will be returned to the Reserve annually via a service levy on residential consumers within the Hilton Underground Power project.
(i) Parks Recreation and Facilities Reserve	Ongoing	To fund improvements within the South Fremantle Tip Site Reserve. To Finance improvements within the Kings Square Reserve. To Finance tourism projects within the City. To finance facilities for sporting clubs on a self supporting loan basis in accordance with Council guidelines for such advances to clubs. To Finance improvements within the Port and Leighton Beach Reserve. To finance capital works and improvements at Fremantle Oval. To Finance improvements or major refurbishments to other parks and recreation facilities within the municipality.
(j) Renewable Energy Investment Reserve	Ongoing	To purchase sufficient carbon offsets to maintain the City's carbon neutral status. Remaining funds will then be used to invest in projects that promote positive renewable energy outcomes. If no renewable energy projects can be identified, the fund will accumulate that year's contribution.
(k) White Gum Valley Precinct Community Bore Reserve	Ongoing	To fund the associated costs required to maintain the community bore within the WGV development.
(l) Public Open Space Reserve	Ongoing	To hold any monies received for the payment of cash in lieu for public open space.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

2021	2020
\$	\$
27,414,360	31,482,521
27,414,360	31,482,521
27,414,360	31,482,521
27,414,360	31,482,521
184,517	178,053
184,517	178,053
184,517	178,053
184,517	178,053

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 30.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	1,470,308	982,533
Trade and other receivables	921,427	1,307,132
GST receivable	349,870	565,989
Allowance for impairment of receivables	(170,969)	(584,675)
	2,570,636	2,270,979

Non-current

Pensioner's rates and ESL deferred	632,110	584,884
	632,110	584,884

2021	2020
\$	\$
1,470,308	982,533
921,427	1,307,132
349,870	565,989
(170,969)	(584,675)
2,570,636	2,270,979
632,110	584,884
632,110	584,884

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 30.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

7. INVENTORIES

Current

Consumables
 Goods for sale

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

2021	2020
\$	\$
61,763	43,730
71,371	63,898
133,134	107,628
107,628	105,106
(248,499)	(583,719)
274,005	586,241
133,134	107,628

SIGNIFICANT ACCOUNTING POLICIES

General

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

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



CITY OF FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2021

8. OTHER ASSETS

Other assets - current

Accrued income

2021	2020
\$	\$
28,464	112,981
28,464	112,981
4,243,000	4,243,000
4,243,000	4,243,000

Non-current assets held for sale

Land and buildings: 7 - 15 Quarry Street

Land and buildings classified as held for sale

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Non-current assets held for sale

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

Non-current assets held for sale (Continued)

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

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

CITY OF FREMANTLE
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9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non-specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress (WIP)	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	135,722,011	91,525,472	227,247,483	3,877,676	3,955,844	12,418,261	247,499,265
Additions	0	13,340,594	13,340,594	205,537	1,264,616	25,144,520	39,955,267
Asset Disposals	0	(9,205,298)	(9,205,298)	0	(7,777)	0	(9,213,075)
Asset Revaluation (increment)	0	75,245,958	75,245,958	0	0	0	75,245,958
Revaluation increments / (decrements) transferred to revaluation surplus	(59,528,111)	35,124,945	(24,403,166)	0	0	0	(24,403,166)
Depreciation (expense for the year) 1	0	(1,526,812)	(1,526,812)	(177,571)	(436,475)	0	(2,140,858)
Depreciation write back on assets disposed/demolished	0	2,363,420	2,363,420	0	0	0	2,363,420
Depreciation write back following revaluation	0	(87,887,260)	(87,887,260)	0	0	0	(87,887,260)
Depreciation (expense for the year) 2	0	772,467	772,467	0	0	0	772,467
Transfer to assets held for sale	(4,243,000)	0	(4,243,000)	0	0	0	(4,243,000)
Transfer from investment property	2,604,000	0	2,604,000	0	0	0	2,604,000
Balance at 30 June 2020	74,554,900	119,753,485	194,308,385	3,905,642	4,776,208	37,562,781	240,553,017
Comprises:							
Gross balance amount at 30 June 2020	74,554,900	227,580,937	302,135,837	5,736,665	11,664,477	37,562,781	357,099,761
Accumulated depreciation at 30 June 2020	0	(107,827,452)	(107,827,452)	(1,831,023)	(6,888,269)	0	(116,546,744)
Balance at 30 June 2020	74,554,900	119,753,485	194,308,385	3,905,642	4,776,208	37,562,781	240,553,017
Additions	7,610	3,851,207	3,858,817	1,887,150	46,923	14,590,691	20,383,581
Asset Disposals	0	(959,300)	(959,300)	0	(820,470)	0	(1,779,770)
Impairment (losses) / reversals	0	(350,624)	(350,624)	0	0	0	(350,624)
Depreciation (expense for the year)	0	(3,631,760)	(3,631,760)	(142,292)	(457,975)	0	(4,232,028)
Depreciation write back on assets disposed/demolished	0	574,375	574,375	0	675,492	0	1,249,867
Balance at 30 June 2021	74,562,510	119,237,383	193,799,893	5,650,499	4,220,178	52,153,472	255,824,043
Comprises:							
Gross balance amount at 30 June 2021	74,562,510	230,122,220	304,684,730	7,623,815	10,890,930	52,153,472	375,352,947
Accumulated depreciation at 30 June 2021	0	(110,884,837)	(110,884,837)	(1,973,316)	(6,670,752)	0	(119,528,905)
Balance at 30 June 2021	74,562,510	119,237,383	193,799,893	5,650,499	4,220,178	52,153,472	255,824,043



CITY OF FREMANTLE
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9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	Level 2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2020	Price per hectare
Land	Level 3	Market approach using estimated data for similar properties	Independent registered valuers	June 2020	Estimated price per hectare
Buildings - non-specialised	Level 2/3	Market approach using recent observable data for similar properties or cost approach using depreciated replacement cost.	Independent registered valuers / Management valuation	June 2020	Average cost of construction by component (Level 2), current condition, residual values and remaining useful life assessment (Level 3) inputs.

Level 3 inputs are based on assumptions with regard to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied they have the potential to result in a significantly higher or lower fair value measurement

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

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



CITY OF FREMANTLE
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10. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year

	Infrastructure - roads	Infrastructure - paths	Infrastructure - drainage	Infrastructure - parks	Infrastructure - other	Work in Progress (WIP)	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	77,916,638	30,396,789	32,179,022	11,186,413	7,082,938	190,006	158,951,806
Additions	883,058	37,931	51,004	303,497	3,968	2,040,157	3,319,615
Asset Disposals	0	0	0	0	0	0	0
Transfers from Work in Progress	0	0	0	82,679	0	(82,679)	0
Depreciation (expense)	(1,992,341)	(901,465)	(537,243)	(1,207,079)	(274,378)	0	(4,912,506)
Balance at 30 June 2020	76,807,354	29,533,255	31,692,783	10,365,510	6,812,528	2,147,485	157,358,915
Comprises:							
Gross balance at 30 June 2020	118,748,534	46,915,018	51,603,177	21,881,490	13,270,019	2,147,485	254,565,723
Accumulated depreciation at 30 June 2020	(41,941,180)	(17,381,763)	(19,910,394)	(11,515,980)	(6,457,491)	0	(97,206,808)
Balance at 30 June 2020	76,807,354	29,533,255	31,692,783	10,365,510	6,812,528	2,147,485	157,358,915
Additions	1,127,336	179,392	89,331	548,576	11,188	4,120,197	6,076,020
Asset Disposals	0	0	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0
Depreciation (expense)	(2,063,880)	(905,025)	(562,497)	(1,243,859)	(274,618)	0	(5,049,879)
Balance at 30 June 2021	75,870,810	28,807,622	31,219,617	9,670,227	6,549,098	6,267,682	158,385,055
Comprises:							
Gross balance at 30 June 2021	119,875,870	47,094,410	51,692,508	22,430,066	13,281,207	6,267,682	260,641,742
Accumulated depreciation at 30 June 2021	(44,005,060)	(18,286,788)	(20,472,891)	(12,759,839)	(6,732,109)	0	(102,256,687)
Balance at 30 June 2021	75,870,810	28,807,622	31,219,617	9,670,227	6,549,098	6,267,682	158,385,055



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10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	The unit rates (Level 2), asset condition, residual values, pattern of consumption and remaining useful life assessments (Level 3) inputs.
Infrastructure - paths	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	The unit rates (Level 2), asset condition, residual values, pattern of consumption and remaining useful life assessments (Level 3) inputs.
Infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	The unit rates (Level 2), asset condition, residual values, pattern of consumption and remaining useful life assessments (Level 3) inputs.
Infrastructure - parks	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	The unit rates (Level 2), asset condition, residual values, pattern of consumption and remaining useful life assessments (Level 3) inputs.
Infrastructure - other	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	The unit rates (Level 2), asset condition, residual values, pattern of consumption and remaining useful life assessments (Level 3) inputs.

Level 3 inputs are based on assumptions with regard to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.



CITY OF FREMANTLE
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11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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



CITY OF FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land Held for Sale	0	0	0	0	0	0	0	0	2,386,725	2,386,736	11	0
Land - freehold land	0	0	0	0	4,243,000	5,000,000	757,000	0	0	0	0	0
Buildings - non-specialised	384,925	0	(384,925)		0	0	0	0	6,841,877	0	0	(6,841,877)
Plant and equipment	144,979	115,990	15,679	(44,667)	143,265	80,000	0	(63,265)	7,777	49,906	43,890	(1,761)
	529,903	115,990	15,679	(429,592)	4,386,265	5,080,000	757,000	(63,265)	9,236,379	2,436,642	43,901	(6,843,638)

The following assets were disposed of during the year

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment				
Other property and services				
International Acco Truck	0	15,679	15,679	0
Scarab Mistral Road Sweeper	144,979	100,311	0	(44,667)
	144,979	115,990	15,679	(44,667)
Buildings				
Recreation and Culture				
Demolished Assets - Golf Course Clubhouse	362,525	0	0	(362,525)
Ferry Ticket Office	22,400	0	0	(22,400)
	384,925	0	0	(384,925)
	529,903	115,990	15,679	(429,592)

CITY OF FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	3,631,760	2,015,420	754,346
Furniture and equipment	142,292	156,398	177,571
Plant and equipment	457,975	704,305	436,475
Infrastructure - roads	2,063,880	2,033,618	1,992,341
Infrastructure - paths	905,025	901,280	901,465
Infrastructure - drainage	562,497	560,204	537,243
Infrastructure - parks	1,243,859	1,206,103	1,207,079
Infrastructure - other	274,618	273,630	274,378
Right-of-use assets - plant and equipment	570,744	0	614,667
	9,852,650	7,850,958	6,895,565

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life in Years
Property Plant & Equipment	
Community Buildings	0 - 188
Plant & Equipment	5 - 40
Furniture & Fittings	5 - 50
Investment Property	
Buildings	100
Infrastructure	
Paths	11 - 61
Drainage	81 - 100
Roads	11 - 91
Road Structure	Not depreciated
Road Formation	Not depreciated
Parks	10 - 50
Other	21 - 83
Art collection	Not depreciated

Depreciation on revaluation

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

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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

CITY OF FREMANTLE
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12. LEASES

(a) Right-of-Use Assets

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

	Right-of-use assets - plant and equipment	Right-of-use assets Total
	\$	
Balance at 1 July 2019	1,287,918	1,287,918
Additions	972,900	972,900
Depreciation (expense)	(614,667)	(614,667)
Balance at 30 June 2020	1,646,151	1,646,151
Additions	715,283	715,283
Depreciation (expense)	(570,744)	(570,744)
Balance at 30 June 2021	1,790,691	1,790,691

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	570,744	614,667
Interest expense on lease liabilities	45,929	35,164
Short-term lease payments recognised as expense	30,510	9,697
Expenses for variable lease payment not recognised as a liability	314	20,975
Total amount recognised in the statement of comprehensive income	647,497	680,503
Total cash outflow from leases	(489,817)	(751,977)

The City has 14 leases relating to plant and equipment, car parks and rental properties with various terms (Note 17). The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the City is committed.

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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



CITY OF FREMANTLE
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12. LEASES (CONTINUED)

(b) Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year
1 to 2 years
2 to 3 years
3 to 4 years
4 to 5 years
> 5 years

2021 Actual
\$
0
2,613,980
2,310,863
1,933,601
1,602,931
2,998,231
11,459,606

SIGNIFICANT ACCOUNTING POLICIES

The City as Lessor

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (e.g. legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Entity applies AASB 15 to allocate the consideration under the contract to each component.



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13. REVALUATION SURPLUS

	2021 Opening Balance	2021 Change in Accounting Policy	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	83,244,847	0	0	0	0	83,244,847	142,772,958	0	0	(59,528,111)	(59,528,111)	83,244,847
Revaluation surplus - Land - vested in and under the control of Council	0	0	0	0	0	0	5,285,777	(5,285,777)	0	0	0	0
Revaluation surplus - Buildings - non-specialised	92,044,734	0	0	(110,521)	(110,521)	91,934,213	56,919,789	0	35,124,945	0	35,124,945	92,044,734
Revaluation surplus - Furniture and equipment	0	0	0	0	0	0	1,570,771	(1,570,771)	0	0	0	0
Revaluation surplus - Plant and equipment	0	0	0	0	0	0	241,025	(241,025)	0	0	0	0
Revaluation surplus - Infrastructure - roads	49,110,388	0	0	0	0	49,110,388	49,110,388	0	0	0	0	49,110,388
Revaluation surplus - Infrastructure - paths	10,533,151	0	0	0	0	10,533,151	10,533,151	0	0	0	0	10,533,151
Revaluation surplus - Infrastructure - drainage	24,401,607	0	0	0	0	24,401,607	24,401,607	0	0	0	0	24,401,607
Revaluation surplus - Infrastructure - parks	826,391	0	0	0	0	826,391	826,391	0	0	0	0	826,391
Revaluation surplus - Infrastructure - other	6,311,656	0	0	0	0	6,311,656	6,311,656	0	0	0	0	6,311,656
	266,472,774	0	0	(110,521)	(110,521)	266,362,253	297,913,515	(7,097,573)	35,124,945	(59,528,111)	(24,403,166)	266,472,774



CITY OF FREMANTLE
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14. INVESTMENT PROPERTY

Non-current assets - at fair value

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Carrying balance at 1 July	22,654,000		31,556,082
Acquisitions	4,363		0
Capitalised subsequent expenditure	0		93,171
Transfer to freehold land	0		(2,604,000)
Net gain/(loss) from fair value adjustment	0		(6,391,253)
Closing balance at 30 June	22,658,363		22,654,000

Amounts recognised in profit or loss for investment properties

Rental income	880,215	477,186	863,483
Reimbursement income	10,297	18,400	12,386
Direct operating expenses from property that generated rental income	(11,023)	(18,400)	(12,394)

Leasing arrangements

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

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

Within one year	858,570		973,278
Later than one year but not later than 5 years	3,565,012		3,014,084
Later than 5 years			0
	4,423,582		3,987,362

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

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

Fair value of investment properties

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

15. TRADE AND OTHER PAYABLES

Current

Sundry creditors	2,495,241	1,172,487
Prepaid rates	766,892	403,070
Accrued salaries and wages	572,207	579,152
Bonds and deposits held	1,260,486	1,151,093
Accrued interest on long term borrowings	124,429	89,089
Debtors invoiced in advance	191,374	163,501
Deferred income	12,964	12,964
Accrued Expenses	1,077,742	3,763,700
	6,501,336	7,335,056

Non-Current

Prepaid Lease - Fremantle Markets	55,422	68,386
	9,223,753	12,583,789

2021	2020
\$	\$
2,495,241	1,172,487
766,892	403,070
572,207	579,152
1,260,486	1,151,093
124,429	89,089
191,374	163,501
12,964	12,964
1,077,742	3,763,700
6,501,336	7,335,056
55,422	68,386
9,223,753	12,583,789

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

16. OTHER LIABILITIES

Current

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

2021	2020
\$	\$
1,452,543	212,733
4,628,932	6,283,234
6,081,475	6,495,967

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
6,081,475	0
6,081,475	0

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the City's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

Service concession liabilities

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the City. They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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17. LEASE LIABILITIES

(a) Lease Liabilities

	2021	2020
	\$	\$
Current	303,950	356,717
Non-current	1,425,450	1,147,288
	1,815,080	1,544,005

(b) Movements in Carrying Amounts

Movements in Carrying Amounts																			
Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual					Budget					Actual				
					Lease Principal 1 July 2020	Actual New Leases	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Lease Interest Repayments	30 June 2021 Budget Lease Principal Repayments	30 June 2021 Budget Lease Principal Repayments	30 June 2021 Budget Lease Principal Repayments	30 June 2021 Budget Lease Interest Repayments	Actual Lease Principal 1 July 2021	Actual New Leases	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Lease Interest Repayments	
Governance																			
Lease - 01 NetApp - Cisco	01	Capital Finance	3.00%	48 months	5,168	0	(5,168)	(0)	(78)	140,396	(140,396)	0	(1,402)	140,118	0	(139,945)	5,168	(1,541)	
Lease - 02 EMC Isilon	02	Capital Finance	3.00%	60 months	0	185,016	(14,794)	90,222	(2,171)	5,451	(5,451)	0	(101)	0	0	0	0	0	
Lease - 03 Folding Machine	03	Papco Boxes	3.00%	60 months	3,291	0	(5,291)	0	(40)	3,291	(3,291)	0	(40)	7,543	0	(4,262)	3,291	(166)	
Lease - 04 Printer	04	Ricon Finance	3.00%	24 months	21,595	0	(21,695)	0	(164)	21,595	(21,695)	0	(164)	77,359	0	(31,464)	21,595	(1,477)	
Lease - 05 MS Surface	05	Capital Finance	3.00%	36 months	96,195	0	(95,195)	1	(1,955)	271,236	(271,236)	0	(6,764)	402,299	0	(214,022)	96,195	(5,979)	
Lease - 10 Data Centre	10	Rosemount Investments	3.00%	60 months	32,642	0	(34,361)	8,261	(639)	0	0	0	0	56,395	0	(23,653)	32,642	(1,347)	
Lease - 13 IT - Server	13	Yestone Capital Pty Ltd	4.66%	60 months	0	599,418	(25,875)	519,545	(2,255)	0	0	0	0	0	0	0	0	0	
Law, order, public safety																			
Lease - 09 Legal Centre	09	Rosemount Investments	3.00%	60 months	61,801	0	(35,691)	23,110	(1,309)	0	0	0	0	96,359	0	(37,555)	61,801	(2,442)	
Recreation and culture																			
Lease - 06 Pool Cleaver	06	John Shenton Pu	3.00%	24 months	16,274	0	(3,662)	6,006	(362)	16,274	(9,666)	6,608	(562)	0	19,495	(3,161)	16,274	(179)	
Lease - 07 Gym Equipment	07	Capital Finance	3.00%	48 months	71,508	0	(23,132)	48,371	(1,806)	71,508	(23,132)	48,371	(1,806)	89,868	0	(22,462)	71,508	(2,478)	
Lease - 08 Playground - Galt	08	Department of Planning	3.00%	120 months	155,345	0	(27,301)	128,044	(5,959)	0	0	0	0	193,637	0	(25,252)	155,345	(6,848)	
Lease - 11 Car Park 12A+B	11	Burgess Pawson	3.00%	120 months	157,203	0	(11,382)	89,958	(3,495)	0	0	0	0	226,430	0	(69,252)	157,203	(5,768)	
Lease - 12 Car Park 15	12	Burgess Pawson	3.00%	120 months	832,804	0	(63,780)	649,018	(25,144)	0	0	0	0	0	963,466	(20,661)	832,804	(6,939)	
Lease - 14 RPD Library	14	Marquette Bank - Vesta	3.96%	60 months	0	70,849	(6,504)	64,345	(1,295)	0	0	0	0	0	0	0	0	0	
					1,544,005	715,293	(447,685)	1,615,401	(45,925)	529,597	(474,720)	54,877	(6,625)	1,287,910	972,900	(715,613)	1,544,005	(35,164)	

Meeting Attachments – Finance, Policy, Operations and Legislations Committee

9 March 2022



CITY OF FREMANTLE NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

18. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
Current	2,807,431	3,033,805
Non-current	27,335,236	24,335,744
	25,142,876	27,369,549

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual Principal 1 July 2020	30 June 2021 Actual New Loans	30 June 2021 Actual Principal repayments	30 June 2021 Actual Interest repayments	30 June 2021 Actual Principal outstanding	Budget Principal 1 July 2020	30 June 2021 Budget New Loans	30 June 2021 Budget Principal repayments	30 June 2021 Budget Interest repayments	30 June 2021 Budget Principal outstanding	Actual Principal 1 July 2019	30 June 2020 Actual New Loans	30 June 2020 Actual Principal repayments	30 June 2020 Actual Interest repayments	30 June 2020 Actual Principal outstanding
Governance																		
Wyalup Civic Centre & Library	307	VIA Treasury Corp	1.80%	20,000,000	0	(825,845)	(387,802)	19,174,155	20,000,000	0	(825,845)	(536,100)	19,174,155	0	20,000,000	0	(17,454)	20,000,000
Recreation and culture																		
Heritage Rehabilitation Projects	269	VIA Treasury Corp	6.10%	0	0	0	0	0	0	0	0	0	0	20,172	0	(20,172)	0	0
Leighton Beach Kiosk & Changerooms	280	VIA Treasury Corp	3.44%	808,171	0	(140,945)	(24,741)	667,226	808,171	0	(140,945)	(28,778)	667,226	845,903	0	(138,132)	(35,837)	608,171
Leighton Beach Kiosk	301	VIA Treasury Corp	3.15%	241,138	0	(35,476)	(6,000)	205,662	241,138	0	(35,476)	(8,434)	205,662	275,619	0	(34,381)	(3,785)	241,138
Fremantle Boys School	303	VIA Treasury Corp	2.80%	510,530	0	(66,347)	(13,573)	443,973	510,530	0	(66,347)	(17,284)	443,973	475,489	0	(34,668)	(19,815)	510,530
Arthur Head - Wall Stabilisation	308	VIA Treasury Corp	1.87%	0	500,000	0	0	500,000	0	500,000	0	0	500,000	0	0	0	0	0
Transport																		
Streetscape Programme	223	VIA Treasury Corp	7.23%	0	0	0	0	0	0	0	0	0	0	12,478	0	(12,478)	0	0
Streets Ahead Programme (1)	225	VIA Treasury Corp	6.90%	23,023	0	(23,023)	0	0	23,023	0	(23,023)	0	0	111,191	0	(88,160)	(4,335)	23,023
Streets Ahead Programme (2)	232	VIA Treasury Corp	6.50%	138,294	0	(65,755)	(3,091)	22,559	138,295	0	(65,755)	(3,091)	22,549	183,369	0	(80,274)	(10,067)	108,994
Streets Ahead Programme (3)	236	VIA Treasury Corp	6.50%	150,585	0	(64,216)	(7,274)	85,476	150,583	0	(64,216)	(8,552)	85,476	210,028	0	(80,114)	(12,604)	150,585
Road Asset Program	271	VIA Treasury Corp	5.83%	32,880	0	(22,881)	0	0	32,882	0	(22,881)	0	1	159,671	0	(126,791)	(5,825)	32,880
Footpath Asset Program	272	VIA Treasury Corp	5.83%	19,185	0	(19,184)	0	0	19,184	0	(19,184)	0	0	81,920	0	(65,735)	(3,222)	19,185
Road Asset Program	277	VIA Treasury Corp	5.56%	157,255	0	(124,930)	(4,422)	32,325	157,255	0	(124,930)	(5,472)	32,325	275,473	0	(118,179)	(13,014)	157,255
Footpath Asset Program	278	VIA Treasury Corp	5.56%	77,136	0	(61,303)	(2,174)	15,759	77,141	0	(61,303)	(2,194)	15,759	135,130	0	(57,841)	(3,384)	77,136
Road Rehabilitation & Improvement Prog	280	VIA Treasury Corp	3.89%	156,210	0	(67,753)	(6,486)	88,477	155,211	0	(67,753)	(5,498)	88,478	221,345	0	(85,195)	(9,624)	156,210
Footpath Rehabilitation Program	281	VIA Treasury Corp	3.89%	91,208	0	(39,461)	(2,512)	51,547	91,208	0	(39,461)	(3,203)	51,547	129,655	0	(37,848)	(4,965)	91,208
Road Asset Program	284	VIA Treasury Corp	4.811%	240,422	0	(70,587)	(1,579)	169,745	240,423	0	(70,587)	(9,415)	160,749	289,354	0	(87,522)	(12,625)	240,422
Road Asset Program	289	VIA Treasury Corp	3.99%	638,384	0	(164,286)	(28,788)	452,398	638,384	0	(164,286)	(34,109)	452,398	1,013,617	0	(177,123)	(42,453)	638,384
Footpath Asset Program	290	VIA Treasury Corp	3.99%	188,705	0	(37,173)	(5,598)	131,522	188,705	0	(37,173)	(6,589)	131,522	204,421	0	(35,725)	(3,584)	188,705
Drainage Asset Program	291	VIA Treasury Corp	3.99%	147,567	0	(31,143)	(4,588)	111,153	147,557	0	(31,143)	(5,814)	111,153	172,763	0	(30,181)	(7,237)	147,567
Road Asset Program	295	VIA Treasury Corp	3.44%	511,501	0	(90,472)	(1,559)	421,029	511,501	0	(90,472)	(18,549)	421,029	599,925	0	(87,425)	(2,555)	511,501
Footpath Asset Program	296	VIA Treasury Corp	3.44%	146,517	0	(25,808)	(1,488)	120,709	146,517	0	(25,808)	(5,403)	120,709	171,712	0	(25,655)	(3,465)	146,517
Drainage Asset Program	297	VIA Treasury Corp	3.44%	170,501	0	(30,157)	(4,220)	140,344	170,501	0	(30,157)	(6,283)	140,344	199,645	0	(28,142)	(7,519)	170,501
Road Asset Program	300	VIA Treasury Corp	3.15%	559,767	0	(82,386)	(16,010)	477,431	559,768	0	(82,386)	(18,509)	477,431	639,639	0	(79,012)	(22,724)	559,767
Acquisition 73 Hampton Road	294B	VIA Treasury Corp	4.60%	159,384	0	(25,588)	(5,544)	124,239	159,384	0	(25,588)	(6,509)	124,239	193,101	0	(33,177)	(3,145)	159,384
Heavy Vehicles	305	VIA Treasury Corp	2.80%	364,857	0	(47,748)	(11,553)	316,908	364,858	0	(47,748)	(12,348)	316,908	411,063	0	(48,036)	(14,014)	364,857
Economic Services																		
Fremantle Markets Upgrade	279	VIA Treasury Corp	5.98%	78,827	0	(62,465)	(2,716)	16,152	78,827	0	(62,465)	(2,736)	16,162	137,735	0	(59,100)	(5,587)	78,827
Fremantle Markets Upgrade	283	VIA Treasury Corp	3.83%	124,141	0	(45,155)	(2,589)	58,896	124,141	0	(45,155)	(3,655)	58,896	147,604	0	(43,423)	(5,693)	124,141
Share of South Metropolitan Regional Council (SMRC) Loans				25,857,551	500,000	(4,231,241)	(559,270)	24,067,041	25,857,552	500,000	(4,231,239)	(152,084)	24,025,223	7,547,125	20,000,000	(1,689,594)	(159,177)	25,857,561
				1,512,038	0	(45,730)	0	1,557,268	1,512,038	0	0	0	0	1,706,405	0	(39,417)	0	1,512,038
				27,369,549	500,000	(4,276,970)	(559,270)	25,142,879	27,369,590	500,000	(4,231,239)	(152,084)	24,025,223	8,253,530	20,000,000	(1,729,011)	(159,177)	27,369,599

* VIA Treasury Corporation

CITY OF FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2021

18. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed	Amount (Used)	Total	Actual
					2021 Actual \$	2021 Budget \$	Interest & Charges \$	Balance Unspent \$
Arthur Hall - Wall Stabilisation	WATC*	Debenture	10	1.62%	500,000	500,000	500,000	500,000
* WA Treasury Corporation					500,000	500,000	500,000	500,000

(d) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2020 \$	Borrowed During Year \$	Expended During Year \$	Unspent Balance 30 June 2021 \$
307 Walyalup Civic Centre and Lit	WATC*	19/06/2020	591,826	0	(591,826)	0
* WA Treasury Corporation			591,826	0	(591,826)	0

(e) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2021 \$	2020 \$
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	450,000	450,000
Credit card balance at balance date	(20,132)	(22,629)
Total amount of credit unused	429,868	427,371

Loan facilities

Loan facilities - current	2,807,434	3,033,905
Loan facilities - non-current	22,325,236	24,335,744
Lease liabilities - current	389,950	396,717
Lease liabilities - non-current	1,425,450	1,147,288
Total facilities in use at balance date	26,948,070	28,913,654

Unused loan facilities at balance date

NIL NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 30.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

19. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	3,160,133	2,864,691	6,024,824
Non-current provisions	0	978,923	978,923
	3,160,133	3,843,614	7,003,747
Additional provision	2,773,972	549,832	3,323,803
Amounts used	(2,860,217)	(430,969)	(3,291,185)
Balance at 30 June 2021	3,073,888	3,962,477	7,036,365
Comprises			
Current	3,073,888	3,038,377	6,112,265
Non-current	0	924,100	924,100
	3,073,888	3,962,477	7,036,365
Amounts are expected to be settled on the following basis:	2021	2020	
	\$	\$	
Less than 12 months after the reporting date	6,112,265	3,137,669	
More than 12 months from reporting date	1,155,663	4,175,710	
Expected reimbursements from other WVA local governments	(231,563)	(309,632)	
	7,036,365	7,003,747	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees.

Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

20. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	12,622,903	976,909	18,651,646
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	10,543,195	3,643,553	(8,483,120)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(6,464)	0	(2,882)
Adjustments to fair value of investment property	0	0	6,391,253
Change of accounting policy - Adjustments to vested land	0	0	122
Depreciation on non-current assets	9,852,650	7,850,958	6,895,565
(Profit)/loss on sale of asset	413,912	(693,735)	6,799,737
Impairment loss on revalued assets	240,104	0	0
Share of profits of associates	(1,638,961)	0	(1,154,491)
Written down value of impairment assets	350,625	0	
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(346,883)	450,000	(905,640)
(Increase)/decrease in other assets	71,553	0	313,146
(Increase)/decrease in inventories	(25,506)	0	(2,522)
(Increase)/decrease in contract assets	13,787	(6,253,588)	(13,787)
Increase/(decrease) in payables	(833,720)	(630,000)	(1,394,004)
Increase/(decrease) in employee provisions	32,618	178,318	214,505
Increase/(decrease) in other liabilities	(414,492)	0	5,253,713
Non-operating grants, subsidies and contributions	(6,035,222)	(1,962,729)	(4,389,469)
Net cash from operating activities	12,217,196	2,582,777	9,522,126



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	91,687,623	74,281,467
General purpose funding	43,268,473	51,814,565
Law, order, public safety	2,296,889	2,533,994
Education and welfare	8,181,667	8,215,874
Community amenities	6,537,436	5,585,419
Recreation and culture	113,509,990	110,711,294
Transport	150,669,662	153,651,894
Other property and services	76,097,333	77,591,631
	492,249,073	484,386,138



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

22. CONTINGENT LIABILITIES

The City did not have any contingent liabilities as at 30 June 2021.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

23. CAPITAL COMMITMENTS

Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	11,764,357	22,930,107
- plant & equipment purchases	0	0
	<u>11,764,357</u>	<u>22,930,107</u>

Payable:

- not later than one year	11,764,357	22,930,107
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The capital expenditure projects outstanding at the end of the current reporting period mainly represent:

- (i) Construction costs of Walyalup Civic Centre & Library;
- (ii) Construction costs of Arthur Head Wall Stabilisation;
- (iii) Town Hall Fire Upgrades;
- (iv) Construction costs for Fremantle Golf Course;
- (v) Construction costs for the King Square Public Realm;
- (vi) Project management fees associated with the Walyalup Civic Centre & Library;
- (vii) Construction costs associated with the Port Beach coastal adaptation;
- (viii) Construction costs associated with the Kings Square Play space;
- (ix) Fitout costs associated with the Walyalup Civic Centre & Library;
- (x) Audio visual equipment and installation Walyalup Civic Centre & Library; and
- (xi) Fremantle Market building construction costs.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<u>Mayor</u>			
Mayor's annual allowance	68,841	89,753	85,265
Mayor's Meeting attendance fees	36,445	47,516	45,141
Vehicle Expenses	0	6,500	2,245
Other expenses	2,685	3,535	3,535
	107,971	147,304	136,186
<u>Councillor 1</u>			
Deputy Mayor's annual allowance	30,711	22,438	13,837
Deputy Mayor's Meeting attendance fees	31,424	31,678	19,535
Meeting attendance fees	0	0	10,559
Other expenses	3,496	3,535	3,535
Mayor's annual allowance	7,377	0	0
Mayor's Meeting attendance fees	3,905	0	0
	76,914	57,651	47,466
<u>Councillor 2</u>			
Meeting attendance fees	31,678	31,678	30,683
Other expenses	3,500	3,535	2,946
	35,178	35,213	33,629
<u>Councillor 3</u>			
Meeting attendance fees	31,678	31,678	30,094
Other expenses	3,500	3,535	3,535
	35,178	35,213	33,629
<u>Councillor 4</u>			
Meeting attendance fees	31,678	31,678	19,535
Other expenses	2,625	3,535	3,535
	34,303	35,213	23,070
<u>Councillor 5</u>			
Meeting attendance fees	31,678	31,678	19,535
Other expenses	3,500	3,535	2,357
	35,178	35,213	21,892
<u>Councillor 6</u>			
Meeting attendance fees	0	0	9,537
Other expenses	0	0	1,064
	0	0	10,601
<u>Councillor 7</u>			
Meeting attendance fees	31,678	31,678	7,745
Other expenses	3,500	3,535	884
	35,178	35,213	8,629
<u>Councillor 8</u>			
Meeting attendance fees	31,678	31,678	30,094
Other expenses	3,500	3,535	3,535
	35,178	35,213	33,629
<u>Councillor 9</u>			
Meeting attendance fees	0	0	9,537
Other expenses	0	0	1,064
	0	0	10,601



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. ELECTED MEMBERS REMUNERATION

Councillor 10

Meeting attendance fees
Other expenses

Councillor 11

Meeting attendance fees
Other expenses

Councillor 12

Meeting attendance fees
Other expenses

Councillor 13

Meeting attendance fees
Other expenses

Councillor 14

Meeting attendance fees
Other expenses

Councillor 15

Meeting attendance fees
Other expenses

Councillor 16

Deputy Mayor's annual allowance
Deputy Mayor's Meeting attendance fees
Other expenses
Meeting attendance fees

Fees, expenses and allowances to be paid or
reimbursed to elected council members.

Mayor's allowance
Deputy Mayor's allowance
Vehicle Expenses
Meeting attendance fees
Other expenses

	2021 Actual \$	2021 Budget \$	2020 Actual \$
	31,678	31,678	19,535
	3,500	3,535	2,357
	35,178	35,213	21,892
	31,678	31,678	30,094
	3,500	3,535	3,535
	35,178	35,213	33,629
	0	0	9,537
	0	0	1,064
	0	0	10,601
	31,678	31,678	30,094
	3,500	3,535	3,535
	35,178	35,213	33,629
	31,678	31,678	19,535
	3,500	3,535	3,535
	35,178	35,213	23,070
	31,678	31,678	30,094
	3,500	3,535	3,535
	35,178	35,213	33,629
	0	0	6,756
	0	0	9,535
	0	0	1,359
	0	0	24,466
	0	0	42,116
	570,967	592,298	557,896
	76,218	89,753	85,265
	30,711	22,438	20,593
	0	6,500	2,245
	420,232	427,652	404,884
	43,806	45,955	44,910
	570,967	592,298	557,896



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

25. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the City during the year are as follows:	\$	\$
Short-term employee benefits	1,238,677	1,159,766
Post-employment benefits	116,990	111,802
Other long-term benefits	84,626	219,056
	1,440,293	1,490,624

Short-term employee benefits

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

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the City's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

25. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties and the City are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

	2021 Actual	2020 Actual
	\$	\$
The following transactions occurred with related parties:		
Sale of goods and services	642	0
Purchase of goods and services	605	126,109
Amounts outstanding from related parties:		
Trade and other receivables	0	537

Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

iii. Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

26. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

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

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

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

There are two core projects, being:

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

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

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

(a) Existing Undertakings

The historical annual contributions made by Participants to the Existing Undertakings are used to determine the proportional contribution percentage of each Participant to the Existing Undertakings. The Council's share as on 30 June 2021:

SMRC Existing Undertakings Proportional Equity Share: **17.02%**

(b) Regional Resource Recovery Centre (RRRC) Project

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

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

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

The Council's share as on 30 June 2021:

RRRC Project Proportional Equity Share: **20.74%**



CITY OF FREMANTLE

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021**

26. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS (Continued)

RRRC - Lending Facility

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

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

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

As at 30 June 2021, the balance outstanding against the lending facility stood at:	\$	6,629,191
with the Council's share of this liability being:	\$	806,110
using the current cost/profit sharing percentage of:		12.16%

(c) Office Accommodation Project

The Office Project pertains to SMRC's office located at 9 Aldous Place, Booragoon, Western Australia.

The Council's equity share of the project is based on their proportional populations.

The Council's share as on 30 June 2021:

Office Accommodation Project Proportional Equity Share:	16.94%
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Office Accommodation - Lending Facility

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

As at 30 June 2021, the balance outstanding against the lending facility stood at:	\$	1,800,000
with the Council's share of this liability being:	\$	300,240
using the current cost/profit sharing percentage of:		16.68%



CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

26. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS (Continued)

(a) Balance of investment in associate

Carrying amount of investment in associates

The City's share in the net assets of the SMRC (excluding equity)
Equity Ratio.
Represented by Share of Joint Venture entity's Financial Position

	2021 \$	2020 \$
Current assets	3,758,630	3,664,885
Non current assets	5,155,135	6,222,368
Total assets	8,913,765	9,887,253
Current liabilities	1,098,396	1,904,782
Non current liabilities	2,053,570	3,453,895
Total liabilities	3,151,966	5,358,677
Net assets	5,761,799	4,528,576
Net increase/(decrease) in share of associate entity's net assets	1,233,223	870,173
- Share of associates profit/(loss) from ordinary activities	1,192,551	325,537
- Share of associates other comprehensive income arising during the period	40,672	544,636
- Share of associates total comprehensive income arising during the period	1,233,223	870,173
Balance at 1 July	4,528,576	3,658,403
- Share of associates total comprehensive income arising during the period	1,233,223	870,173
Balance at 30 June	5,761,799	4,528,576

(b) Share of joint operations

Share in Net assets	1,233,223	870,173
Share in SMRC Loans (Note 18b)	405,738	284,317
	1,638,961	1,154,490

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

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

Interests in joint arrangements (Continued)

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

27. MAJOR LAND TRANSACTIONS

(a) Details

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

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

The 12 Josephson Street land and 12 Holdsworth Street land was settled in 2019/20 financial year with sales proceeds of \$2,386,736. The sales proceeds were transferred to Investment Reserve to fund Kings Square project.

The 7 and 9 Quarry Street land is re-budgeted for sale in 2021/22 financial year with sale proceeds of \$5,000,000.

The \$3,677,256 is related to bonds received from the Insurer due to the head contractor of the Civic Building (Walyalup Civic Centre) construction project entering into voluntary administration in June 2021.

(b) Current year transactions

Cash inflows

	2021 Actual \$	2021 Budget \$	2020 Actual \$
- Loan proceeds	0	0	20,000,000
- Bond Recalled	3,677,256	0	0
- Sale proceeds			
7 Quarry Street Fremantle	0	2,750,000	0
12 Josephson Street	0	0	1,301,850
9 Quarry Street Fremantle	0	2,250,000	0
12 Holdsworth Street	0	0	1,084,886
	3,677,256	5,000,000	22,386,736

Cash outflows

- Transfer to Reserve - Sale Proceeds	0	(5,000,000)	(2,386,736)
- Civic and Library Building construction	(16,091,774)	0	(19,408,174)
- Transfer to unspent loan	0	0	(591,826)
	(16,091,774)	(5,000,000)	(22,386,736)

Net cash flows

	(12,414,518)	0	0
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(c) Expected future cash flows

	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	Total \$
Cash outflows					
- Development costs	(3,000,000)	0	0	0	(3,000,000)
	(3,000,000)	0	0	0	(3,000,000)
Cash inflows					
- Sale proceeds					0
7 Quarry Street Fremantle	2,750,000	0	0	0	2,750,000
9 Quarry Street Fremantle	2,250,000	0	0	0	2,250,000
	5,000,000	0	0	0	5,000,000
Net cash flows	2,000,000	0	0	0	2,000,000

(d) Assets and liabilities

Land held for resale included within Note 7

Current Inventory

Land held for resale - cost

7 - 15 Quarry Street

	2021 \$	2020 \$
	4,243,000	4,243,000
	4,243,000	4,243,000



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

28. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Residential Improved	0.081939	9,547	239,565,272	19,652,815	216,335	0	19,869,150	19,629,690	200,000	0	19,829,690	19,495,402
Commercial and Industrial General	0.087061	1,442	142,544,206	12,410,034	635,880	0	13,045,914	12,410,034	0	0	12,410,034	12,429,232
City Centre Commercial	0.064840	378	77,273,458	7,328,613	611,377	0	7,939,990	7,328,613	0	0	7,328,613	7,314,519
Nightclubs	0.112295	3	1,848,615	207,613	0	0	207,613	207,613	0	0	207,613	304,425
Residential Short Term Accommodation	0.091503	115	2,684,150	245,807	2,788	0	248,595	245,607	0	0	245,607	257,553
Unimproved valuations												
Vacant Residential	0.120632	151	4,897,860	590,838	(63,134)	0	527,705	590,838	0	0	590,838	516,612
Vacant Commercial and Industrial Vacant	0.157568	50	2,214,450	348,926	(1,049)	0	347,877	348,926	0	0	348,926	341,894
Sub-Total		11,686	471,028,211	40,784,446	1,402,197	0	42,186,643	40,761,321	200,000	0	40,961,321	40,659,637
Minimum payment												
Gross rental valuations												
Residential Improved	1,344	4,111	58,617,073	5,525,184	0	0	5,525,184	5,525,184	0	0	5,525,184	5,634,048
Commercial and Industrial General	1,344	325	3,518,061	436,800	0	0	436,800	436,800	0	0	436,800	408,576
City Centre Commercial	1,344	54	520,779	72,576	0	0	72,576	72,576	0	0	72,576	76,608
Residential Short Term Accommodation	1,344	45	568,724	60,480	0	0	60,480	60,480	0	0	60,480	56,448
Unimproved valuations												
Vacant Residential	1,302	144	1,085,005	187,488	0	0	187,488	187,488	0	0	187,488	187,488
Vacant Commercial and Industrial Vacant	1,344	5	32,020	6,720	0	0	6,720	6,720	0	0	6,720	12,096
Sub-Total		4,684	64,341,662	6,289,248	0	0	6,289,248	6,289,248	0	0	6,289,248	6,375,264
		16,370	535,369,873	47,073,694	1,402,197	0	48,475,891	47,050,569	200,000	0	47,250,569	47,034,901
Discounts/concessions (Note 28(d))							(237,953)				(199,430)	(233,722)
Total amount raised from general rate							48,237,938				47,051,139	46,801,179
Specified Area Rate (Note 28(b))							169,239				158,429	162,157
Totals							48,407,177				47,209,568	46,963,336

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

28. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2020/21 Rateable Value	2020/21 Rate Revenue	2020/21 Interim Rate Revenue	2020/21 Back Rate Revenue	2020/21 Total Specified Area Rate Revenue	2020/21 Budget Rate Revenue	2020/21 Budget Back Rate Revenue	2020/21 Budget Interim Rate Revenue	2020/21 Total Budget Revenue	2019/20 Total Actual Revenue
CBD Security Levy	GRV	0.001170	90,930,373	113,988	0	0	113,988	106,383	0	0	106,383	106,534
Leighton Maintenance	GRV	0.005022	10,363,507	55,251	0	0	55,251	52,046	0	0	52,046	55,623
			101,293,880	169,239	0	0	169,239	158,429	0	0	158,429	162,157

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2020/21 Actual Rate Applied to Costs	2020/21 Actual Rate Set Aside to Reserve	2020/21 Actual Reserve Applied to Costs	2020/21 Budget Rate Applied to Costs	2020/21 Budget Rate Set Aside to Reserve	2020/21 Budget Reserve Applied to Costs
CBD Security Levy	A safety and security strategy for a specified area of the Fremantle CBD.	Bounded by Parry Street, South Terrace, Suffolk Street, Fishing Boat Harbour (West of Mews Road) and along the coast to Bathers Beach, Fleet Street, Phillimore Street and Elder Place.	113,988	0	0	106,383	0	0
Leighton Maintenance	To fund the above normal costs associated with maintaining the higher standard of landscaping of the Leighton Residential Area.	All properties within the Leighton Beach area and that as this time are located on Port Beach Road, Leighton Beach Boulevard and Freeman Loop.	0	55,251	87,791	0	52,046	45,000
			113,988	55,251	87,791	106,383	52,046	45,000

(c) Service Charges

Service Charges	Amount of Charge	2020/21 Actual Revenue Raised	2020/21 Actual Charges Applied to Costs	2020/21 Actual Charges Set Aside to Reserve	2020/21 Actual Reserve Applied to Costs	2020/21 Budget Revenue	2020/21 Budget Charges Applied to Costs	2020/21 Budget Charges Set Aside to Reserve	2020/21 Budget Reserve Applied to Costs	2019/20 Total Actual Revenue
Community Bore	124	7,192	0	7,192	7,192	11,919	0	11,919	11,919	8,596
		7,192	0	7,192	7,192	11,919	0	11,919	11,919	8,596

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

28. RATING INFORMATION (Continued)

Waivers or Concessions

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

Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
Nightclubs	Concession		43,891	43,892	63,726
Sporting Clubs	Waiver		181,441	142,916	155,347
Pensioners - 253 High Street, Fremantle	Concession		1,172	1,172	1,172
Gross Lease	Concession		7,571	7,572	7,025
Crown Land Lease	Concession		2,221	2,221	2,342
Planning Restricted Land	Concession		1,657	1,657	1,610
Pensioner - 7A Watkins Street	Concession		0	0	2,500
			237,953	199,430	233,722
Total discounts/concessions (Note 28(a))			237,953	199,430	233,722

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

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

Objects of the Waiver
or Concession

Reasons for the Waiver
or Concession

Nightclubs	GRV - Nightclubs	Annual rates are adjusted to provide a concession for areas of the property which are not used as a night club.	Due to higher rate in the dollar for Night Club GRV differential which only occupies a portion of the property.
Sporting Clubs	Sporting Clubs - Rates	Assisting sporting clubs due to the community benefits provided by the clubs.	Due to sporting clubs being rateable under the Local Government Act 1995. Rating of the sporting clubs commenced in May 2006.
Pensioners - 253 High Street, Fremantle	Eligible pensioners at 253 High Street, Fremantle	Assist occupants with eligible pension concession cards to receive calculated concession.	Annual rates effective 01/07/2001 have been recalculated and a concession applied. The concession is the net difference between the amount of the minimum payment less the amount of rates that would apply if they were calculated using the units gross rental value.
Gross Lease	Gross Up Leases	Annual rates and levies are included within the grossed up lease agreement.	Due to annual rates and levies are included within the grossed up lease agreement.
Crown Land Lease	Lessee prohibited development	Annual rates adjusted to provide a concession for the portion of the property that cannot be developed.	Main Roads WA ownership of property prohibits its development.
Planning Restricted Land	Owner of re-zoned land	Development of the property is limited by the current zoning status.	Any proposed development must be approved by WAPC who have indicated that approval would not be forthcoming.
Pensioner - 7A Watkins Street	Inter Vivos Tenant	Assistance provided to pensioner upon multiple prior year annual rates recalculation and deferred amounts transferred to current.	An historic administrative interpretation of Inter Vivos agreement resulted in the allowance of a state government rebate and deferral of rates in error.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

28. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	28/08/2020	0.00	0.00%	8.00%
Option Two				
First instalment	28/08/2020	0.00	5.50%	8.00%
Second instalment	13/11/2020	13.40	5.50%	8.00%
Option Three				
First instalment	28/08/2020	0.00	5.50%	8.00%
Second instalment	13/11/2020	13.40	5.50%	8.00%
Third instalment	15/01/2021	13.40	5.50%	8.00%
Fourth instalment	12/03/2021	13.40	5.50%	8.00%
Option Four				
Weekly by direct debit of 40 payments*	28/08/2020	30.00	5.50%	8.00%
*Weekly payments on Friday commencing 28 August 2020 with final payment on 28 May 2021 (40 repayments)				
Option Five				
Fortnightly by direct debit of 20 payments**	28/08/2020	30.00	5.50%	8.00%
**Fortnightly payments on Friday commencing 28 August 2020 with final payment on 21 May 2021 (20 repayment)				

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	190,069	84,000	145,610
Interest on instalment plan	279,473	260,000	254,323
Charges on instalment plan	138,848	188,500	175,996
	608,390	532,500	575,929

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

29. RATE SETTING STATEMENT INFORMATION

		2020/21 (30 June 2021 Carried Forward)	2020/21 Budget (30 June 2021 Carried Forward)	2020/21 (1 July 2020 Brought Forward)	2019/20 (30 June 2020 Carried Forward)
Note		\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities					
	The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
	Adjustments to operating activities				
	Less: Profit on asset disposals	11(a)	(15,679)	(757,000)	(43,901)
	Less: Value adjustments to vested land through profit and loss		0	122	122
	Less: Impairment asset		350,625	0	0
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(6,464)	(2,882)	(2,882)
	Less: Share of net profit of associates and joint ventures accounted for using the equity method		(1,638,961)	0	(1,154,491)
	Movement in investment property (non-current)	14	(4,363)	0	6,391,253
	Movement in pensioner deferred rates (non-current)		(47,226)	0	(29,005)
	Movement in employee benefit provisions (non-current)		(54,823)	0	(15,355)
	Add: Loss on disposal of assets	11(a)	429,591	63,265	6,843,638
	Add: Impairment through profit and loss		240,104	0	0
	Add: Amortisation		55,718	(12,964)	(12,964)
	Add: Depreciation on non-current assets	11(b)	9,852,650	7,850,958	6,895,565
	Non cash amounts excluded from operating activities		9,161,173	7,157,223	18,871,980
(b) Surplus/(deficit) after imposition of general rates					
	The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
	Adjustments to net current assets				
	Less: Reserves - cash/financial asset backed	4	(12,631,619)	(9,513,855)	(29,221,018)
	Less: Current assets not expected to be received at end of year				
	- Land held for resale	8	0	0	(4,243,000)
	- Funds held in trust transferred to Reserve		(624,404)	0	0
	Add: Current liabilities not expected to be cleared at end of year				
	- Current portion of borrowings	18(a)	2,807,434	2,067,938	3,033,905
	- Current portion of lease liabilities		389,950	30,435	396,717
	- Current portion of loan - associate funded		0	389,698	0
	Total adjustments to net current assets		(10,058,639)	(7,025,784)	(30,033,396)
	Net current assets used in the Rate Setting Statement				
	Total current assets		47,012,497	27,013,812	56,882,542
	Less: Total current liabilities		(21,892,460)	(19,988,028)	(23,286,469)
	Less: Total adjustments to net current assets		(10,058,639)	(7,025,784)	(30,033,396)
	Net current assets used in the Rate Setting Statement		15,061,399	0	3,562,678



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

30. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2021					
Cash and cash equivalents	0.51%	12,622,903	4,028,891	7,766,373	827,639
Financial assets at amortised cost - term deposits	0.27%	27,414,360	27,414,360	0	0
2020					
Cash and cash equivalents	0.75%	18,651,646	5,000,000	13,171,455	480,191
Financial assets at amortised cost	1.20%	31,482,521	31,482,521	0	0

Sensitivity

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

	2021 \$	2020 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	126,229	186,516

* Holding all other variables constant

Borrowings

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The City's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. Whilst the City was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	36.91%	
Gross carrying amount	1,138,253	268,236	25,315	28,124	1,459,928
Loss allowance	0	0	0	10,381	10,381
29 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	814,196	109,453	20,978	27,525	972,152
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	2.39%	3.69%	10.52%	17.53%	
Gross carrying amount	295,306	14,010	94,099	488,640	892,054
Loss allowance	7,062	516	9,897	85,672	103,147
29 June 2020					
Trade and other receivables					
Expected credit loss	5.34%	5.44%	26.17%	38.88%	
Gross carrying amount	314,423	202,330	131,585	550,918	1,199,256
Loss allowance	16,790	11,004	34,442	214,181	276,417



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

30. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(e).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	6,501,336	0	0	6,501,336	6,501,336
Borrowings	2,114,380	8,940,962	14,077,329	25,132,670	25,132,670
Contract liabilities	6,081,475	0	0	6,081,475	6,081,475
Lease liabilities	378,041	1,113,989	290,847	1,782,878	1,815,400
	15,075,232	10,054,951	14,368,176	39,498,358	39,530,881
2020					
Payables	7,335,054	68,386	0	7,403,440	7,403,441
Borrowings	3,070,471	9,523,711	19,636,694	32,230,876	27,369,650
Contract liabilities	6,495,967	0	0	6,495,967	6,495,967
Lease liabilities	436,947	130,004	0	566,951	1,544,005
	17,338,439	9,722,101	19,636,694	46,697,234	42,813,063



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

31. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no significant transactions or events of a material and unusual nature that have arisen since the end of the reporting date, likely to affect the operations, the results of operations or state of affairs of the City.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

32. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1059 Service Concession Arrangements: Grantors

The City adopted AASB 1059 Service Concession Arrangements: Grantors for the year ended 30 June 2021 resulting in changes in accounting policies.

This standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity.

It applies to arrangements that involve a third-party operator providing public services related to a service concession asset on behalf of a public grantor (in this case, local government) for the specific period of time and managing at least some of those services.

The adoption of AASB 1059 had no impact on the financial statements of the City.



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

33. TRUST FUNDS

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Cash in Lieu of Public Open Space				
37 Strang Street subdivision	85,673	0	0	85,673
Christian Brothers site	131,830	0	(131,830)	0
Lot 502 Lefroy Road	61,600	0	(61,600)	0
Swan Hardware	26,899	0	(26,899)	0
Knutsford/Blinco subdivision	404,075	0	(404,075)	0
Cash in Lieu of Parking	469,360	0	0	469,360
Bequests				
Gweneth Ewens	27,091	485	(1,024)	26,552
John Francis Boyd	2,700	0	0	2,700
Victor Felstead	11,305	0	0	11,305
Unclaimed Funds - Debtors	3,741	0	0	3,741
Unclaimed Funds - Stale Cheques	40,352	0	0	40,352
Miscellaneous	7,310	0	0	7,310
Trust Interest	56,145	0	0	56,145
	1,328,081	485	(625,428)	703,139

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

34. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

Market approach

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

i) Impairment of assets

In accordance with Australian Accounting Standards the City's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

35. ACTIVITIES/PROGRAMS

City operations as disclosed in these financial statements encompass the following service orientated activities/programs

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



CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

36. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.86	1.29	1.34
Asset consumption ratio	0.61	0.60	0.69
Asset renewal funding ratio	1.22	0.96	1.82
Asset sustainability ratio	1.88	3.66	1.06
Debt service cover ratio	4.53	(2.46)	0.99
Operating surplus ratio	0.06	(0.19)	(0.08)
Own source revenue coverage ratio	0.94	0.85	0.90

The above ratios are calculated as follows:

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





CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

36. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.86	1.29	1.34
Asset consumption ratio	0.61	0.60	0.69
Asset renewal funding ratio	1.22	0.96	1.82
Asset sustainability ratio	1.88	3.66	1.06
Debt service cover ratio	4.53	(2.46)	0.99
Operating surplus ratio	0.06	(0.19)	(0.08)
Own source revenue coverage ratio	0.94	0.85	0.90

The above ratios are calculated as follows:

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

**FPOL2203-4 DELEGATION SOURCE OF SUPPLY – DARWIN ABORIGINAL
ARTS FAIR FOUNDATION LTD**



Department of
**Local Government, Sport
and Cultural Industries**

Our ref DLGSC029102019
Enquiries Poppy Efthymou
Telephone 08 6551 1659

Mr J Cathcart
Director
Fremantle Arts Centre, City of Fremantle
PO Box 891
FREMANTLE WA 6959

Dear Mr Cathcart

**ADVICE OF ACCEPTANCE OF OFFER FOR REQUEST DLGSC029102019 FOR
COORDINATION OF REVEALED PROGRAM: EMERGING ABORIGINAL ARTISTS
FROM WA 2020**

The Department of Local Government, Sport and Cultural Industries is pleased to accept your Offer for the above Request. Acceptance of this Offer constitutes an agreement between Fremantle Arts Centre, City of Fremantle [ABN: 74 680 272 485] (the 'Contractor') and the Director General, Department of Local Government, Sport and Cultural Industries.

The agreement is for the provision of coordination of *Revealed: Emerging Aboriginal Artists from Western Australia 2020*. The agreement is for a period of one (1) year from 16 September 2019 to 15 September 2020. There is one (1), one-year extension option, exercisable at the absolute discretion of the Department of Local Government, Sport and Cultural Industries.

The following details have been accepted:

Price: \$275,000 per annum (incl. GST)

Refer to **Appendix A – Pricing**.

Price Basis: The Price is fixed for the first year of the Term.

On each anniversary of the Commencement Date, variations in the Contract Price will be permitted for annual changes in the Perth Consumer Price Index, Australia (Cat No 6401.0): 1 All Groups, Index Numbers – Perth

Terms & Conditions: The Contract invokes the terms and conditions contained within the following documents:

- The Request DLGSC029102019 - Coordination of Revealed Program: Emerging Aboriginal Artists From WA 2020;
- The Request Conditions and General Conditions of Contract (October 2018);
- The Offer tendered by Fremantle Arts Centre, City of Fremantle in response to DLGSC029102019 - Coordination of Revealed Program: Emerging Aboriginal Artists From WA 2020;



- 2 -

- Email correspondent between Erin Coats, Fremantle Arts Centre, City of Fremantle and Poppy Efthymou, Department of Finance between 21 August 2019 to 22 August 2019 with regards to certificates of currency for requested insurances and certification of competitive neutrality; and
- This Award letter.

Management Issues:

- (a) The Customer's Representative for this agreement is Jade Balfour (phone (08) 6552 1450). Jade is responsible for the following contract management issues:
- performance monitoring of Contractor;
 - minor dispute resolution issues;
 - day-to-day Contractor arrangements such as security issues;
 - statutory compliance issues such as occupational health and safety, environmental, industrial and human resource management issues;
 - payments and remuneration arrangements including invoice processing; and
 - monitoring of the currency of relevant insurance coverage.
- (b) Payment of Accounts:
- Invoices must be sent to:
- Culture and Arts
Department of Local Government, Sport and Cultural Industries
GPO Box R1250
PERTH WA 6844
jade.balfour@dlgsc.wa.gov.au
- (c) As the Customer, the Department of Local Government, Sport and Cultural Industries is also responsible for major dispute resolution, extensions, variations and termination.

For further information please contact Poppy Efthymou on (08) 6551 1659.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Duncan Ord'.

DUNCAN ORD
DIRECTOR GENERAL
12 September 2019



Department of
Local Government, Sport
and Cultural Industries

Appendix A – Pricing

Service Description	hrs	rate	total inc GST
Maintain regular communications with all key partners	40	150	\$ 6,000.00
Establish scope of project	20	150	\$ 3,000.00
Selection of exhibition artworks, exhibition installation and coordination (including d	120	70	\$ 8,400.00
Freight works to FAC	10	70	\$ 700.00
Catalogue development	20	70	\$ 1,400.00
Marketing and Promotion	100	70	\$ 7,000.00
Develop and deliver Stream 1 - coordination of 2 day PDP	60	70	\$ 4,200.00
Develop and deliver Stream 2 - Arts worker Mentorship Program	70	70	\$ 4,900.00
Develop and Deliver Symposium Program	50	70	\$ 3,500.00
Travel Assistance Coordination and Payment Liaison	40	70	\$ 2,800.00
Marketplace preparation including cultural program	100	70	\$ 7,000.00
Post Exhibition Sales and Freight	30	70	\$ 2,100.00
Reporting	40	150	\$ 6,000.00
Subtotal	700		\$ 57,000.00
Additional Costs - hire, sundry materials, contracted services, travel			
Structure and facility hire for outdoor onsite events (marketplace and symposium)			\$ 15,500.00
Audio visual equipment hire for all events			\$ 8,500.00
Catering for all onsite events, PD, symposium			\$ 14,000.00
Flights for PD and symposium speakers			\$ 6,700.00
Fees for WTC, PD and symposium speakers and artist participating in cultural prog			\$ 10,500.00
Accommodation for PD and symposium speakers			\$ 8,000.00
Artwork preparation: canvas stretching and unstretching			\$ 15,000.00
Sundry materials for exhibition install			\$ 2,000.00
Material costs for Professional Development workshops			\$ 2,300.00
Subscontracted tutor fees for PD			\$ 10,000.00
Advertising and printing costs			\$ 40,000.00
Travel costs for Art Centres			\$ 80,000.00
On site security for all events			\$ 3,000.00
Sundries for PD and all events			\$ 2,500.00
Subtotal			\$ 218,000.00
Total			\$ 275,000.00



CHANGE ORDER

If the proposed changes will vary the Specification, the Contract Details or any other technical requirements of the Customer, the following form must be completed

The Contract is changed in accordance with the terms of this Change Order and its attachments

Change order number	CO 02 DLGSC029102019
Date proposed	15 th September 2021
Name of party instigating the change	Department of Local Government, Sport and Cultural Industries
Implementation date of change	On approval of this Change Order
Details of change proposal	Inclusion of the Aboriginal Art Market, delivered by FAC via an online platform into the scope of Contract DLGSC029102019.
Clauses affected by the proposal are as follows	Schedule 2 – Specification/Statement of Requirements
New charges payable to the Contractor or Customer affected by this change proposal	No changes to the total Contract Value of DLGSC029102019. <i>NB: total funding amount payable \$320,000 ex GST D.R.</i>
Plan for implementing the change	To include presentation of the 2022 Revealed market, online, within the scope of deliverables by the FAC, specifically procurement of an online sales platform.
The responsibilities of the parties for implementing the change	On approval of this Change Order Fremantle Arts Centre will deliver the changes identified above and DLGSC will manage delivery through current Contract Management activities. FAC will be responsible for delivering and managing online services to deliver the Revealed market.
The new date for the acceptance testing of the system	N/A
Effect of change on performance	Nil
Effect on documentation	This Change Order will be added to Contract DLGSC029102019 as an Appendix.
Effect on training	N/A



Effect on the users of the system	N/A
Any other matters which the parties consider are important	Nil

Execution – Signed for and on behalf of the
Customer's representative

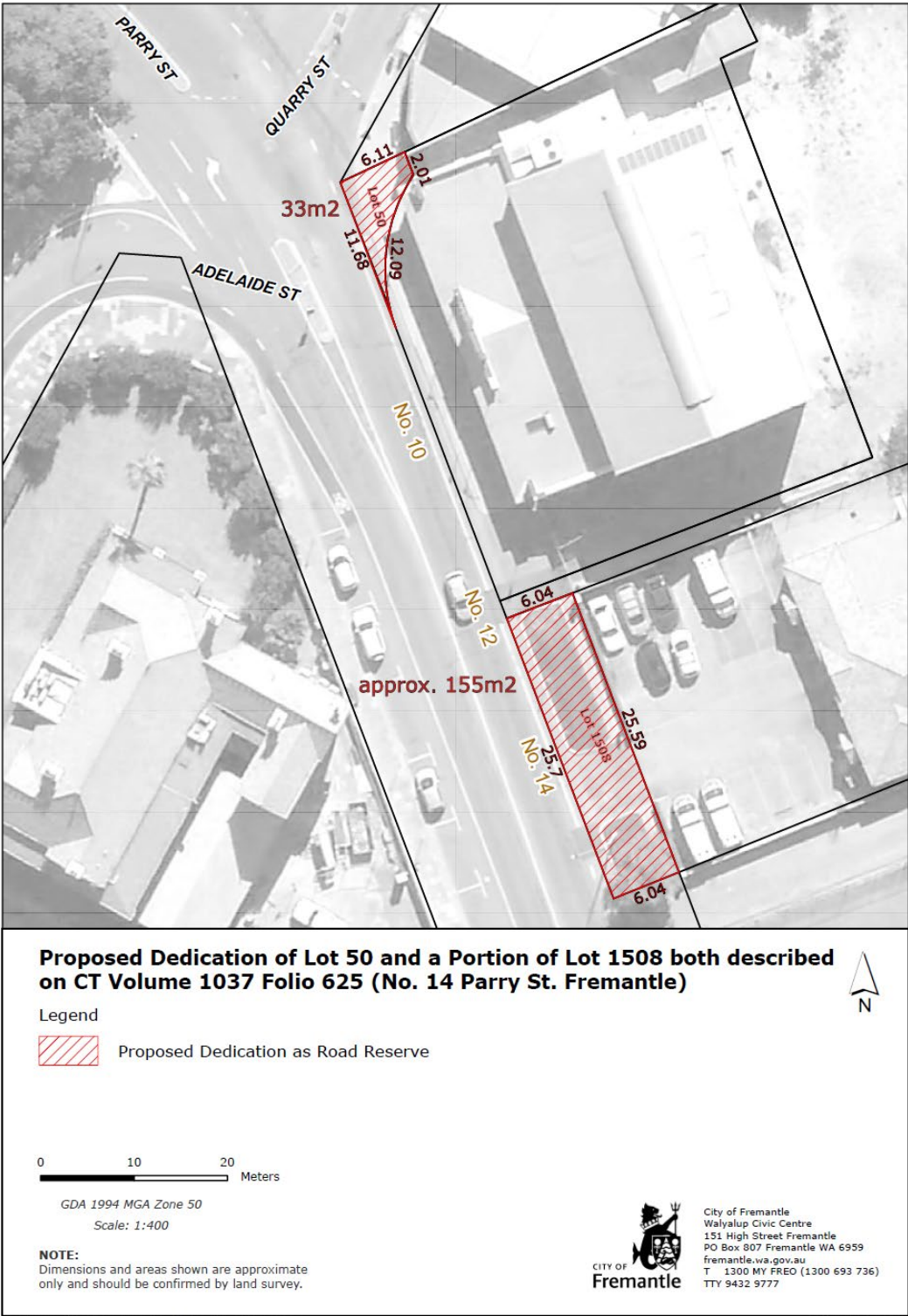
Name (print) Anna Reece
Position Director
Signature and date A. Reece 30 / November / 2021

Contractor's representative

Name (print) _____
Position _____
Signature and date _____ / _____ / _____



**FPOL2203-10 DEDICATION OF SETBACK AREAS – 14 PARRY STREET, FREMANTLE
AND THE WHOLE OF LOT 50 PARRY STREET, FREMANTLE**



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24/01/2022 3:11 PM



604/34
Application
Transfer 662 Vol.
19.5.12

304, Fol. 22

ORIGINAL

REGISTER BOOK.
Vol. 1037 Fol. 625.

WESTERN AUSTRALIA.

Certificate of Title
under "The Transfer of Land Act, 1893" (Sch. 3, 56 Vic., 14).

ET 1037 0625 F

City of Fremantle of Town Hall William Street
Fremantle

as now the sole proprietor

of an estate in fee simple in possession subject to the easements and encumbrances notified hereunder in the natural
surface and so much as is below the natural surface to a depth of two hundred feet of all
these piece of land delineated and coloured green on the map hereon,
containing together one road and fourteen and five tenths perches
or thereabouts, being portions of Fremantle Town Lot 1508 and, separately, portions of
Fremantle Town Lot 1508 and being lot 50 in Diagram 9418
to be used and held upon trust to hold for the purposes of Corporation Parks

931
50
1508
1A 132A
1517
PARRY
5A
5A

Scale 1 chain to an inch
2 1/2" = 1" = 20
Total Area = 12.14 SA

Land Parcel identifier amended -
Registration 6 of Transfer of Land
(Survey) Regulation 1995
Corr. 1775-2000-01
Date: 11.4.2001

Dated the twenty fourth day of April 2020 thousand nine hundred and thirty four

Robert Smith
Assistant Registrar of Titles

For encumbrances and other matters affecting the land see back.

LANDMADE COPY OF ORIGINAL NOT TO SCALE. The File # 12-0145 2007 R30 2791277

www.landgate.wa.gov.au

