



Minutes

Audit and Risk Management Committee

Wednesday 17 August 2022 5.30pm



Table of Contents

1.	Official opening, welcome and acknowledgment.....	3
2.	Attendance, apologies and leave of absence.....	3
2.1	Attendance	3
2.2	Apologies	3
2.3	Leave of absence	3
3.	Disclosures of interest by members	3
4.	Deputations	3
4.1	Special deputations.....	3
4.2	Presentations	4
5.	Confirmation of minutes.....	4
6.	Elected member communication.....	4
7.	Reports and recommendations	5
7.1	Governance and Compliance	5
	ARMC2208-1 INFORMATION TECHNOLOGY POLICIES.....	5
	ARMC2208-2 PURCHASING POLICY EXEMPTIONS – MAY to JUNE 2022	11
	ARMC2208-3 TENDERS AWARDED UNDER DELEGATION MAY TO JUNE 2022	14
7.2	Finance.....	16
	ARMC2208-4 AUDIT OF THE ANNUAL FINANCIAL STATEMENTS 30 JUNE 2021	16
	ARMC2208-5 OVERDUE DEBTORS REPORT AS AT 30 JUNE 2022.....	24
7.3	Health, Safety and Environment.....	33
7.1	Governance and Compliance	33
	ARMC2208-6 ADOPTING THE ANNUAL REPORT AND SETTING THE DATE FOR THE ANNUAL GENERAL MEETING OF ELECTORS.....	33
7.4	Legal, Reputation and Brand.....	36
	ARMC2208-7 DEVELOPMENT, IMPLEMENTATION AND COST COMPARISON OF THE KINGS SQUARE BUSINESS PLAN	36

Minutes – Audit and Risk Management Committee
17 August 2022



8. Motions of which previous notice has been given..... 57

9. Urgent business..... 57

10. Late items 57

11. Confidential business..... 57

ARMC2208-8 EMERGING ISSUES REPORT – AUGUST 2022 57

12. Closure 57



1. Official opening, welcome and acknowledgment

The Presiding Member declared the meeting open at 5.30 pm.

2. Attendance, apologies and leave of absence

2.1 Attendance

Ms Hannah Fitzhardinge	Mayor
Cr Su Groome	Presiding Member/East Ward
Cr Fedele Camarda	Deputy Presiding Member/Beaconsfield Ward
Cr Andrew Sullivan	South Ward
Cr Frank Mofflin	Deputy Mayor/Hilton Ward
Mr Ben Arnold	Independent Member (<i>attended electronically</i>)
Cr Jenny Archibald	East Ward (<i>Observing only</i>)
Mr Glen Dougall	Chief Executive Officer
Mr Ryan Abbott	A/Director Infrastructure
Ms Kylie Lamb	Manager Financial Services
Mr Joel Hurst	Manager Information Technology
Mr Paul Dunlop	Manager Communications and Events
Ms Melody Foster	Executive Assistant
Ms Anne-Marie Bartlett	Meeting Support Officer

2.2 Apologies

Nil

2.3 Leave of absence

Nil

3. Disclosures of interest by members

Mayor Hannah Fitzhardinge declared a financial interest in item number ARMC2208-2, as she received hospitality from Gage Roads.

Mayor Fitzhardinge stated that she would leave the meeting for this item.

4. Deputations

4.1 Special deputations

Nil



4.2 Presentations

Nil

5. Confirmation of minutes

COMMITTEE DECISION

Moved: Cr Su Groome

Seconded: Cr Frank Mofflin

The Audit and Risk Management Committee confirm the minutes of the Audit and Risk Management Committee meeting dated 15 June 2022.

Carried: 6/0

**Mayor Hannah Fitzhardinge, Cr Su Groome, Cr Andrew Sullivan
Cr Fedele Camarda, Cr Frank Mofflin, Mr Ben Arnold**

6. Elected member communication

Nil



7. Reports and recommendations

7.1 Governance and Compliance

ARMC2208-1 INFORMATION TECHNOLOGY POLICIES

Meeting date:	17 August 2022
Responsible officer:	Manager Information Technology
Decision making authority:	Council
Attachments:	1. Council Policy – IT Security Policy
Additional information:	Nil

SUMMARY

The purpose of this report is to introduce the Information Technology Security Management (ITSM) Policies which have been created in response to recommendations provided by the Office of the Auditor General (OAG) as part of the General Computer Controls (GCC) Audit.

This report recommends that Council adopt the attached IT Security Policy which references supporting Administration Policies listed in this report.

BACKGROUND

The OAG concluded a General Computer Controls audit on the City of Fremantle in March 2020 for the 2019/20 Financial Year. A subsequent audit was completed in December 2021 for the 2020/21 Financial Year. The City is currently engaged with the OAG in its third and final GCC audit which is expected to conclude in September 2022. The OAG also concluded a Cybersecurity audit on the City in October 2021 with a second audit underway as part of the current GCC audit.

These audits recommended that the City improve in the security and system controls for Information Technology systems, infrastructure, and security.

FINANCIAL IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

Nil.



CONSULTATION

The City has consulted with an established Perth based IT service provider, Focus Networks, to establish the ITSM policies outlined in this report. Focus Networks have assisted the City to ensure that best practices, as outlined in ISO/IEC 27001 (International standard for information security), have been adhered to.

OFFICER COMMENT

In response to the OAG Audit findings and to address the recommendations presented by the OAG, the City has created the following Information Technology Security Management documents. These documents have been developed with an overarching Council Policy – IT Security Policy, provided in attachment 1, which references the associated Administration Policies listed below.

These policies provide overarching settings to allow the City to manage risks associated with controls and security for its IT systems. By introducing The Administration Policies the City can maintain agility in providing updates to these documents as required, which is expected to occur frequently.

- Council Policy – IT Security Policy
- Administration Policy – Access and Control Policy
- Administration Policy – Backup Policy
- Administration Policy – Change Management Policy
- Administration Policy – Data Destruction and Disposal Policy
- Administration Policy – Data Disposal and Destruction Form
- Administration Policy – Incident Management Plan
- Administration Policy – Incident Management Register
- Administration Policy – Information Security Policy
- Administration Policy – IT Risk Treatment Plan
- Administration Policy – Password Policy
- Administration Policy – Training and Awareness Plan
- Administration Policy – Use of Encryption Policy
- City of Fremantle – ISMS Risk Register
- City of Fremantle – Onboarding Cyber Awareness Training

Minutes – Audit and Risk Management Committee
17 August 2022



The below table shows the index of findings and corresponding ratings from the last GCC and Cybersecurity audits. The table also references the corresponding policy listed in this report or other actions taken in the last financial year (2021 – 2022) to address the ratings provided by the OAG.

INDEX OF FINDINGS	RATING			Applicable Policy / Actions Taken
	Significant	Moderate	Minor	
Findings identified in the current audit				
1. Anti-Malware controls		✓		Introduced KnowBe4 Security Awareness Training (Software)
2. Internal Audit		✓		Introduced Nessus Pro, Security and Vulnerability scanning tool (Software)
3. Information Classification		✓		Council Policy – Information Security Policy
4. Business Continuity Planning		✓		Administration Policy – Backup Policy
Matters outstanding from prior audits				
5. Network Access Management Network	✓			Administration Policy – Access Control Policy Council Policy – IT Security Policy
6. Network Segregation and Unauthorised Network Devices	✓			Introduced Cisco ISE, Identity Security Management (Software) Administration Policy – Access Control Policy Council Policy – IT Security Policy
7. Device Secure Administration		✓		New Firewalls to be implemented September 2022. Administration Policy – Access Control Policy
8. Network Logging and Monitoring		✓		Introduced AD Audit Plus, for monitoring. (Software)
9. Management of Privileged Network Access		✓		Administration Policy – Access Control Policy
10. Remote Access Management		✓		Council Policy – IT Security Policy
11. Management of the Finance System		✓		TechOne SaaS Migration 2022/23 (Software)
12. Management of the HR Payroll System		✓		TechOne SaaS Migration 2022/23 (Software)
13. Human Resources – Staff Lifecycle Management		✓		Introduction of Recruitment Policy in July 21 by P&C
14. Management of Users with Local Administration Privileges		✓		Council Policy – IT Security Policy Administration Policy – Access Control Policy
15. Management of Software Licensing		✓		Introduction of Service Desk Plus SaaS solution (Software)
16. Database Security		✓		TechOne SaaS Migration 2022/23 (Software)

**Minutes – Audit and Risk Management Committee
17 August 2022**



17. Management of Removable Media		✓		Council Policy – IT Security Policy
18. Change Management		✓		Administration Policy – Change Management Policy
19. Management of IT Assets		✓		Council Policy – IT Security Policy Introduction of Service Desk Plus SaaS solution (Software)
20. Service Desk Management			✓	Introduction of Service Desk Plus SaaS solution (Software)
21. Server Room Management			✓	WCC Data Centre Security Controls (Hardware)
Findings from the Cyber Security Audit				
22. Cyber Security Policy		✓		Council Policy – IT Security Policy City of Fremantle – Training and Awareness Plan
23. Cyber Security Incident Detection and Response		✓		Administration Policy – Incident Management Plan Administration Policy – Incident Management Register Administration Policy – IT Risk Treatment Plan
24. Vulnerability Management		✓		Introduced KnowBe4 Security Awareness Training (Software) Introduced Nessus Pro, Security and Vulnerability scanning tool (Software) Conducted Penetration Testing Q4 21/22
25. Risk Management		✓		Administration Policy – Incident Management Plan Administration Policy – Incident Management Register Administration Policy – IT Risk Treatment Plan
26. Disaster Recovery Plan		✓		Administration Policy – Backup Policy
27. Cyber Security Awareness Training			✓	Introduced KnowBe4 Security Awareness Training (Software) City of Fremantle – Onboarding Cyber Awareness Training

The ITSM documentation that has been created is based on the recommendations of the OAG Cybersecurity and GCC audits, as referenced in this report, are intended to be the first iteration of a continuously reviewed ITSM document library.

With the Information and Technology field constantly changing, these documents will need to be reviewed and updated when the City adopts new software, systems, and IT hardware. Review will also be required if there are any changes to the existing IT procedures regarding cybersecurity and data management. The IT administration policies will be reviewed internally and approved by the CEO, and if adopted by Council, any review of the IT Security Policy will be brought to Council for consideration.



The introduction of the ITSM documentation provides clear governance over the security measures that have been put in place at the City to protect its data, systems, and users from cybersecurity threats and from vulnerabilities to existing systems as they emerge. Collectively these policies bolster the existing IT security posture of the City.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Moved: Cr Su Groome

Seconded: Cr Fedele Camarda

Council adopt the IT Security Policy as provided in Attachment 1.

AMENDMENT

Moved: Mayor Hannah Fitzhardinge Seconded: Cr Frank Mofflin

Amend paragraph 2 and 3 of the Policy (page 2) under the heading '*email and other messaging applications*', to read as follows:

Users may only send messages containing ~~true and accurate information~~ **what they believe to be accurate and factual information**. It is forbidden to send materials with ~~disturbing, unpleasant,~~ sexually explicit, rude, ~~and~~ slanderous or any other unacceptable or illegal content, **that is intended to cause offence**.

Users should refrain from ~~directly~~ sending unsolicited **bulk** emails from their corporate email account, **without prior approval of an appropriate officer**. ~~to persons with whom no business relationship has been established or to persons who did not require such information. Marketing emails should only be sent once endorsed by an appropriate officer and via the appropriate corporate email address.~~

Amendment carried: 6/0

Mayor Hannah Fitzhardinge, Cr Su Groome, Cr Andrew Sullivan
Cr Fedele Camarda, Cr Frank Mofflin, Mr Ben Arnold



Reason for change:

Paragraph 2 is amended to clarify that the clause relates to the 'intent' of sending materials rather than what is contained in a message, as some materials may be forwarded for reasons that are warranted, as long as the intent is not to cause offense. It is acknowledged that the current wording in paragraph 3 may not be practical in all instances when communicating information, and that the City is not in the business of sending spam emails, therefore, this clause is amended to clarify that bulk emails (containing relevant information or marketing materials) may be sent by the City, providing it is approved by an appropriate officer.

**COMMITTEE RECOMMENDATION ITEM ARMC2208-1
(Amended officer's recommendation)**

Moved: Cr Su Groome

Seconded: Cr Fedele Camarda

Council adopt the IT Security Policy as provided in Attachment 1, amending paragraph 2 and 3 (on page 2/7) under section 'email and other messaging applications', to read as follows:

Users may only send messages containing what they believe to be accurate and factual information. It is forbidden to send materials with sexually explicit, rude, slanderous or any other unacceptable or illegal content, that is intended to cause offence.

Users should refrain from sending unsolicited bulk emails from their corporate email account, without prior approval by an appropriate officer.

Carried: 6/0

**Mayor Hannah Fitzhardinge, Cr Su Groome, Cr Andrew Sullivan
Cr Fedele Camarda, Cr Frank Mofflin, Mr Ben Arnold**



Mayor Hannah Fitzhardinge declared a financial interest in item number ARMC2208-2, left the meeting at 6.02pm and was absent during discussion and voting of this item.

ARMC2208-2 PURCHASING POLICY EXEMPTIONS – MAY to JUNE 2022

Meeting date:	17 August 2022
Responsible officer:	Manager Financial Services
Decision making authority:	Council
Attachments:	Purchasing Policy Exemption Details – May to June 2022
Additional information:	Nil

SUMMARY

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

This report recommends that Council receive the Purchasing Policy Exemptions report for May to June 2022.

BACKGROUND

At the Ordinary Meeting of Council of 25 November 2020, Council adopted a new Purchasing Policy. The policy contains a list of tender exemptions (exempt under Regulation 11(2) of the *Local Government (Functions and General) Regulations 1996*) and policy exemptions.

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

FINANCIAL IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

Nil.

CONSULTATION

Nil.



OFFICER COMMENT

May 2022

The total value of spending exempted from the City of Fremantle Purchasing Policy was \$130,313.11 for the month of May 2022.

The value of exemptions by category is:

Exemption Category	Value
Artists Exemptions	\$ 51,000.00
Original Equipment Manufacturer	\$ 2,700.00
Subscriptions	\$ 9,763.11
Sole Source of Supply	\$ 66,850.00
Total	\$130,313.11

Details regarding individual exemptions can be found in the Attachment.

June 2022

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$202,073.00 for the month of June 2022.

The value of exemptions by category is:

Exemption Category	Value
Artists Exemptions	\$ 75,990.00
Original Equipment Manufacturer	\$ 15,000.00
Specialist Consultant Advice	\$ 9,551.00
Statutory Advertising	\$ 12,000.00
Sole Source of Supply	\$ 89,532.00
Total	\$202,073.00

Details regarding individual exemptions can be found in the Attachment.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required



COMMITTEE RECOMMENDATION ITEM ARMC2208-2
(Officer's recommendation)

Moved: Cr Su Groome

Seconded: Cr Frank Mofflin

**Council receive the information report on Purchasing Policy exemptions
for May to June 2022.**

Carried: 5/0

**Cr Su Groome, Cr Andrew Sullivan, Cr Fedele Camarda,
Cr Frank Mofflin, Mr Ben Arnold**



Mayor Hannah Fitzhardinge returned to the meeting at 6.07pm.

ARMC2208-3 TENDERS AWARDED UNDER DELEGATION MAY TO JUNE 2022

Meeting date: 17 August 2022
Responsible officer: Manager Financial Services
Decision making authority: Council
Attachments: Nil
Additional information: Nil

SUMMARY

The purpose of this report is to summarise tenders awarded under delegation by various delegated officers and committees during the period May to June 2022.

This report recommends that Council receive the report on tenders awarded under delegation between May and June 2022.

BACKGROUND

Tenders awarded by the City are awarded under the following delegations, approved at Council on 8 July 2021:

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

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

FINANCIAL IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

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

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

**Minutes – Audit and Risk Management Committee
17 August 2022**



CONSULTATION

Nil.

OFFICER COMMENT

Below is a list of tenders awarded under delegation between May and June 2022.

May 2022

Tender Description	Awarded By	Contractor(s)	Contract Term	Contract Value
FCC595/22 for 70 Parry Street – Ground and First Floor Layout Changes	FPOL	ICS Australia Pty Ltd	Completion of works	\$220,543.10

June 2022

Nil.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

**COMMITTEE RECOMMENDATION ITEM ARMC2208-3
(Officer's recommendation)**

Moved: Cr Su Groome

Seconded: Cr Fedele Camarda

Council receive the report on tenders awarded under delegation between May and June 2022.

Carried: 6/0

**Mayor Hannah Fitzhardinge, Cr Su Groome, Cr Andrew Sullivan,
Cr Fedele Camarda, Cr Frank Mofflin, Mr Ben Arnold**



7.2 Finance

ARMC2208-4 AUDIT OF THE ANNUAL FINANCIAL STATEMENTS 30 JUNE 2021

Meeting date:	17 August 2022
Responsible officer:	Manager Financial Services
Decision making authority:	Council
Attachments:	1. Independent Auditor's Report – City of Fremantle – 30 June 2021 2. Final Audited Financial Statements – City of Fremantle – 30 June 2021 3. Final Audit Management Letter – City of Fremantle – 30 June 2021 (<i>confidential attachment under separate cover</i>) 4. OAG Findings During the Interim Audit – City of Fremantle – 30 June 2021 (<i>confidential attachment under separate cover</i>)
Additional information:	1. Audit Exit Brief – City of Fremantle – 30 June 2021 (<i>confidential attachment under separate cover</i>)

SUMMARY

The audit of the City of Fremantle's Annual Financial Statements for the year ending 30 June 2021 has been completed by the Office of the Auditor General (OAG) with Council being provided with an Independent Auditor's Report.

The City has received an unqualified audit report. As indicated in the Independent Auditor's Report, in the opinion of the Auditor General the Annual Financial Statements of the City of Fremantle fairly represent the results of the operation of the City and its financial position for the year ending 30 June 2021.

This report recommends that the Independent Auditor's Report be received and the Audited Financial Statements for the financial year ending 30 June 2021 be adopted by Council.



BACKGROUND

The OAG audited the City's Annual Financial Statements for the year ending 30 June 2021 and have provided an Independent Auditor's Report as required under the relevant provisions of the *Local Government Act 1995* (the Act). The audit work was performed directly by the OAG.

The Audit Exit Meeting took place on 5 August 2022 attended by Senior Director Practice Manager from the Office of the Auditor General, as well as City of Fremantle Mayor, City of Fremantle Chair of the Audit and Risk Management Committee, Chief Executive Officer, Manager Financial Services and Finance Team Leader. At this meeting the Audit Exit Brief was discussed. The Audit Exit Brief is attached for the Committee's review as a confidential attachment. The key outcomes of the Audit Exit Brief were:

- Audit team would recommend the Auditor General issue an unqualified audit opinion on the City's financial statements for the year ended 30 June 2021.
- Five matters were identified as indicating non-compliance with Local Government (Audit) Regulations, requiring the need for enhanced financial or system controls.
- The Exit Brief included items identified in both the Interim and Final Audits.

In accordance with section 7.12A(2) of the Act and the *Local Government (Audit) Regulations 1997*, Council is required to meet with the External Auditor at least once per year. The Office of the Auditor General has confirmed that this requirement was satisfied during the Exit meeting held 5 August 2022.

FINANCIAL IMPLICATIONS

For year ending 30 June 2021, the closing balance as per the Rate Setting Statement (cash position) was a surplus of \$15,061,398. Below is a reconciliation of the allocation of the end of year surplus.

**Minutes – Audit and Risk Management Committee
17 August 2022**



Operating Result at end of year 30 June 2021	15,061,398
Project Budget to be Carried Forward into 2021/22	19,799,760
Identified Project Funding	(14,235,870)
Carried forward projects to be funded through Municipal	(5,563,890)
Net available Municipal Funds	9,497,508
less: Quarantined Items	
Pindan Insurance Settlement (net of contra-spend) - held as restricted cash	(3,677,256)
Additional WCC Insurance [funding approved by Council 22/09/21; Item #: FPOL2109-17] to be funded by carried forward Surplus	(40,000)
Allocate to the design and construction of lighting at Gilbert Fraser Reserve [funding approved by Council 27/04/22; Item #: FPOL2204-9] to be funded by carried forward Surplus	(100,000)
Allocate to annual contribution for Library Connect [funding approved by Council 22/06/22; Item #: FPOL2206-9] this budget was removed due to oversight, is required to reinstate the budget as approved by FPOL 2108-13.	(40,000)
Financial Assistance Grant (FAG) received 8/06/21 in advance for 2021-22 - Department of Local Government, Sport and Cultural Industries	(572,825)
	<u>(4,430,081)</u>
Remaining Operating Result available from 2020/21 Financial Year	<u>5,067,427</u>

Minutes – Audit and Risk Management Committee
17 August 2022



The following table provides a high-level summary of Council's financial performance for year ending 30 June 2021.

Description	Adopted Budget 2020-21 \$M	Amended Budget 2020-21 \$M	YTD Actual at 30 Jun 21 \$M	Variance (Amen.Bu to Actual) \$M
Opening Surplus	1.60	3.56	3.56	0.00
Operating				
Rate Revenue	47.05	48.14	48.24	0.10
Revenue	24.94	26.27	32.39	6.12
Expenses	(76.12)	(79.15)	(76.12)	3.03
Non-Cash Adj.	7.16	7.17	9.33	2.16
	3.03	2.42	13.84	11.41
Investing				
Capital Revenue	12.85	17.63	10.22	(7.41)
Capital Expenses	(30.25)	(40.63)	(26.46)	14.17
	(17.40)	(23.00)	(16.24)	6.76
Financing				
Repayment Loans & Leases	(2.31)	(2.31)	(2.68)	(0.37)
Reserve Transfers	15.08	19.32	16.59	(2.73)
	12.77	17.01	13.91	(3.10)
Closing Surplus	0.00	0.00	15.06	15.06

- The draft statements provide an end of year operating result of \$15.06m. The breakdown of this result is provided in commentary below and is the result of projects carried forward that were either in progress or yet to commence, cash provided through cash received from insurance bonds with the collapse of Pindan late in the financial year, balance sheet adjustments through valuations and adjustments from the Southern Metropolitan Regional Council (now known as Resource Recovery Centre) and municipal surplus.



LEGAL IMPLICATIONS

Section 7.12AD of the *Local Government Act 1995* states that,

- (1) the auditor must prepare and sign a report on a financial audit.
- (2) The auditor must give the report to -
 - a) the mayor, president or chairperson of the local government; and
 - b) the CEO of the local government; and
 - c) The Minister.

CONSULTATION

Nil

OFFICER COMMENT

The City has completed its Annual Financial Statements for the year ended 30 June 2021 and received an unqualified Independent Auditor's Report from the Office of the Auditor General.

In the opinion of the Auditor General the annual financial report of the City:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

The Independent Auditor's Report – in addition to validating that all required information and explanations were provided, audit procedures were satisfactorily completed, and key ratios were supported by verifiable information and reasonable assumptions – reported a number of issues indicating non-compliance with Regulations or applicable financial controls. These included:

- a) Insufficient oversight of a specific contract;
- b) Consistent evidence of Purchase Orders being raised after invoices are received for goods and services;
- c) Recommendation to tighten access to payroll files and introduce certification of timesheets;
- d) Occasions where accounting journals were prepared and posted by the same person; and
- e) A number of significant weaknesses in general computer controls.

Minutes – Audit and Risk Management Committee 17 August 2022



The Final Audit Management Letter documented one significant issue in relation to oversight of the Walyalup Civic Centre Capital Project Architectural Services Contract.

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Walyalup Civic Centre Capital Project Architectural Services Contract	✓		

The details of this finding, together with the City's management response, can be found in the Final Audit Management Letter, which is attached for the Committee's review as a confidential attachment

The remainder of the items were identified in the Interim Audit. The report of Interim Audit Findings, together with the City's respective management responses, is attached for the Committee's review as a confidential attachment.

Key to ratings

The Ratings in this Final Audit Management Letter are based on the Audit Team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Consideration to these potential adverse outcomes is in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.

Moderate Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor Those findings that are not of primary concern but still warrant action being taken.

Full details of the above finding – including implications and recommendations – are contained in the attached Final Audit Management Letter.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required



OFFICER'S RECOMMENDATION

Moved: Cr Su Groome

Seconded: Cr Frank Mofflin

Council:

1. Note the Independent Auditor's Report as provided in Attachment 1, issued by the Office of the Auditor General for the financial year ending 30 June 2021, which will be provided in the City of Fremantle Annual Report for 30 June 2021.
2. Note the Audited Financial Statements as provided in Attachment 2, for the City of Fremantle for the financial year ending 30 June 2021 which will be provided in the City of Fremantle Annual Report for 30 June 2021.
3. Receive the Final Audit Management Letter as provided in Attachment 3, issued by the Office of the Auditor General for year ending 30 June 2021.
4. Receive the OAG Findings During the Interim Audit as provided in Attachment 4, issued by the Office of the Auditor General for year ending 30 June 2021.

AMENDMENT

Moved: Cr Su Groome

Seconded: Cr Frank Mofflin

Add an additional part 5 to the officer's recommendation, to read as follows:

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

Amendment carried: 6/0

Mayor Hannah Fitzhardinge, Cr Su Groome, Cr Andrew Sullivan,
Cr Fedele Camarda, Cr Frank Mofflin, Mr Ben Arnold



COMMITTEE RECOMMENDATION ITEM ARMC2208-4
(Amended officer's recommendation)

Moved: Cr Su Groome

Seconded: Cr Frank Mofflin

Council:

- 1. Note the Independent Auditor's Report as provided in Attachment 1, issued by the Office of the Auditor General for the financial year ending 30 June 2021, which will be provided in the City of Fremantle Annual Report for 30 June 2021.**
- 2. Note the Audited Financial Statements as provided in Attachment 2, for the City of Fremantle for the financial year ending 30 June 2021 which will be provided in the City of Fremantle Annual Report for 30 June 2021.**
- 3. Receive the Final Audit Management Letter as provided in Attachment 3, issued by the Office of the Auditor General for year ending 30 June 2021.**
- 4. Receive the OAG Findings During the Interim Audit as provided in Attachment 4, issued by the Office of the Auditor General for year ending 30 June 2021.**
- 5. *Request the Chief Executive Officer to report to the next meeting of the Audit and Risk Committee on a prioritised and resourced action plan that considers the findings and recommendations of the OAG.***

Carried: 6/0

**Mayor Hannah Fitzhardinge, Cr Su Groome, Cr Andrew Sullivan,
Cr Fedele Camarda, Cr Frank Mofflin, Mr Ben Arnold**



ARMC2208-5 OVERDUE DEBTORS REPORT AS AT 30 JUNE 2022

Meeting date:	17 August 2022
Responsible Officer:	Manager Financial Services
Decision making authority:	Council
Attachments:	1. Summary of Overdue Debts above Threshold (Confidential attachment under separate cover)
Additional information:	Nil

SUMMARY

This Overdue Debtors Report, with confidential attachment, is provided to the Audit and Risk Management Committee to report details of overdue debts, as at 30 June 2022, and identify those where the amount owing is over 90 days with a total debt exceeding \$10,000.

This report recommends that Council receive the Overdue Debtors Report and acknowledge the overdue debts exceeding 90 days that have a combined value greater than \$10,000 as at 30 June 2022.

BACKGROUND

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

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

FINANCIAL IMPLICATIONS

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

**Minutes – Audit and Risk Management Committee
17 August 2022**



As at the year ending 30 June 2021 an amount of \$170,969 was held as an allowance for impairment of sundry receivables. As at 30 June 2022, the current allowance held as impairment is \$165,134 with three debts being written off to date in the 2021/22 financial year.

During this financial year the following reportable write-offs and waivers have been processed against this account:

Total Write-offs	\$ 5,835
Total Waivers	<u>nil</u>
Total	\$5,835

Summary of Sundry Debtors

Since the last report, one additional Sundry Debtor write-off has been processed by Officers for debts valued at \$1,000 or above as added to the table below.

Sundry Debtor debts written-off year to date:

Debtor No.	Period	Name	Amount	Business Unit	Delegated Officer or Council
2019393	Feb'22	City Tours Pty Ltd	\$ 2,034	Community Development	Manager Community Development
2000051	Jun'22	Soldon Pty Ltd t/as Men Behaving Handy	\$ 3,104	Economic Development	OCM 22.06.2022
Misc.		Items individually less than \$1,000	\$ 697		
		TOTAL	\$ 5,835		

Sundry Debtor debts waived year to date:

Nil

Summary of Rates Debtors

As at 30 June 2022 two Rates debts, relating to leased City properties, have been waived during the 2021/22 financial year.

Total Write-offs	nil
Total Waivers	<u>\$2,802</u>
Total	\$2,802

**Minutes – Audit and Risk Management Committee
17 August 2022**



Rates Debtor debts written-off year to date:

Nil

Rates Debtor debts waived year to date:

Since the last report, two waivers of Rates debts have been processed by Officers for debts valued \$1,000 or above as per the table below.

Property No.	Name	Amount	Council
1149	Rachelle Walker	\$ 1,681	OCM 22.06.2022
1019912	Soldon Pty Ltd t/as Men Behaving Handy	\$ 1,121	OCM 22.06.2022
	TOTAL	\$ 2,802	

LEGAL IMPLICATIONS

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

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

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

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

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

CONSULTATION

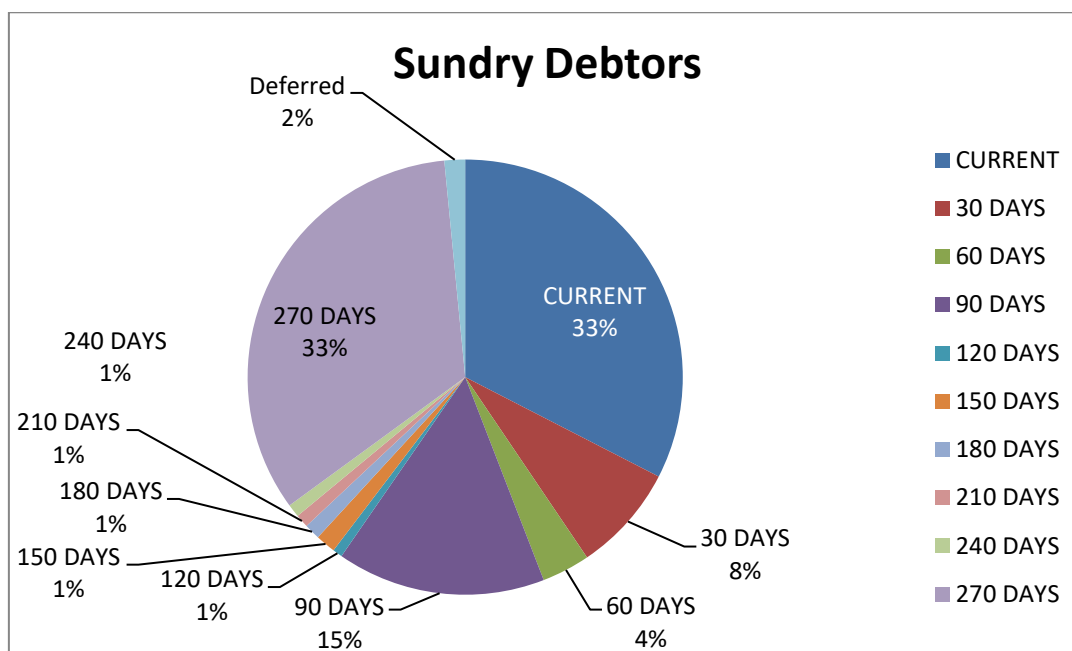
Nil.

OFFICER COMMENT

The total of debts outstanding as at 30 June 2022 was \$1,111,207. A breakdown of aged debt for the current period compared to prior year is tabled below.

Period Ending June	Current	30 Days	60 Days	90+ Days	Total
July 21 – June 22	32%	8%	4%	56%	100%
	361,754	88,741	39,811	620,901	1,111,207
July 21 – June 22 Excl. Commercial Properties	42%	9%	2%	47%	100%
	221,275	45,690	12,393	242,779	522,137
July 20 – June 21	295,306	14,010	94,099	488,640	892,055

The graph below shows the aged debt balances as at 30 June 2022:



Minutes – Audit and Risk Management Committee 17 August 2022



Compared to the report of overdue debtors as at 30 April 2022, presented to Audit and Risk Management Committee at the 15 June 2022 meeting, the total value of outstanding debts has reduced from \$1,172k to \$1,111k.

Outstanding debt over 90 days has increased from \$476k at the end of the previous reporting date to \$621k. This increase largely relates to two additional debtors crossing the 90-day threshold. Officers continue to work with debtors to explore options for improving rates of repayment.

The number of overdue debtors over 90 days, and above the total debt reporting threshold of \$10,000, has increased from seven (7) to nine (9) – with an additional two debtors meeting the reporting criteria this period. These 9 debtors have a total debt owing of \$634k, of which \$587k is over 90 days. The confidential attachment contains details of debtors comprising this balance. Of the total outstanding, \$17,035 is deferred and subject to an agreed payment arrangement to secure payment in full by 30 June 2023.

Debtors Outstanding

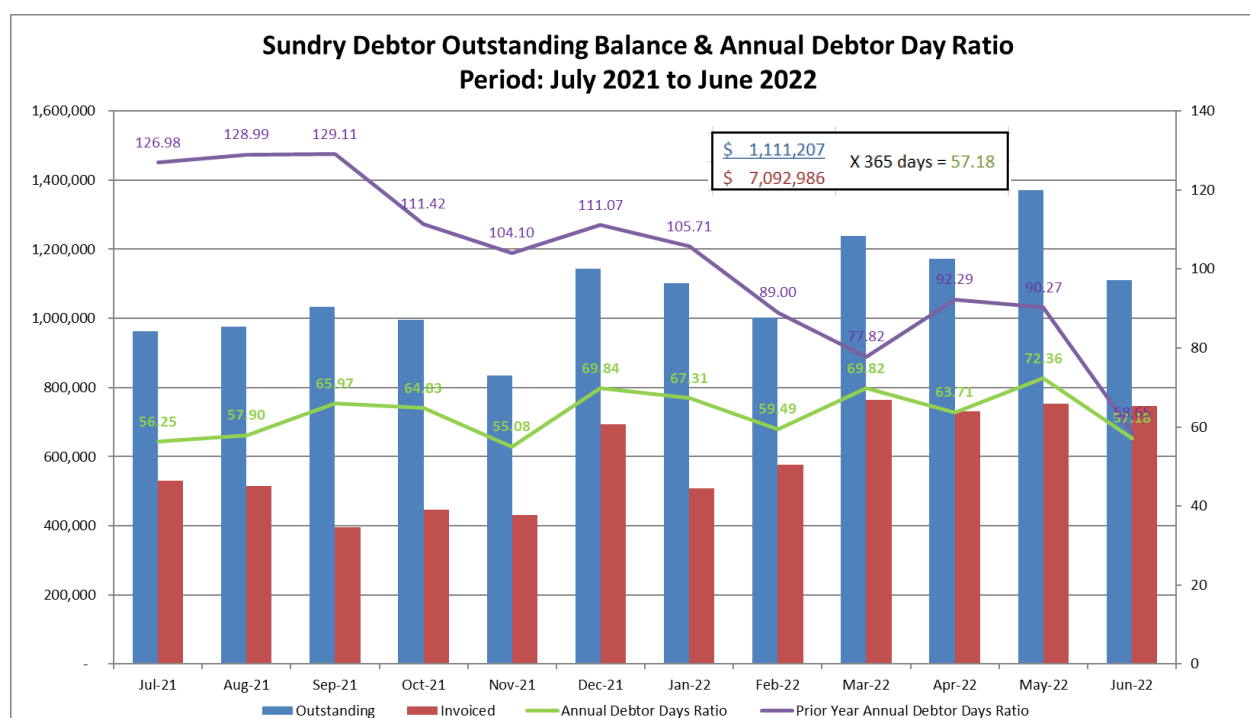
The Debtor Day Ratio measures how quickly cash is being collected from debtors. The longer it takes for an organisation to collect, the greater the number of debtor days.

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

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

At 1st July 2021, \$892,055 of invoices raised prior to 2021/22 were outstanding resulting in outstanding debt exceeding the amount invoiced during July 2021.

Minutes – Audit and Risk Management Committee 17 August 2022



As at 30 June 2022, the Debtor Day Ratio was 57.18 – being a decrease from the prior reporting period two months ago, and slightly below the Debtor Day Ratio of 58.65 at the end of the prior year. Of outstanding debt, 33% related to current invoices that were not yet due.

Key Performance Indicators

The Audit and Risk Management Committee recommended performance measures be developed to show a reporting date 'snapshot' of debt collection performance.

Internal debt management procedures have been reviewed resulting in officers engaging with debtors earlier where an amount is considered to have an increased risk of default. Upon review of debt levels over prior financial years, officers recommend the following key performance targets to show the distribution of aged debtors that the City is aiming for:

Key Performance Targets					
Age of Debt	Current	30-59 Days	60-89 Days	90 Days or more	Total
Target	80% or more	no more than 10%	no more than 5%	no more than 5%	100%

Minutes – Audit and Risk Management Committee 17 August 2022



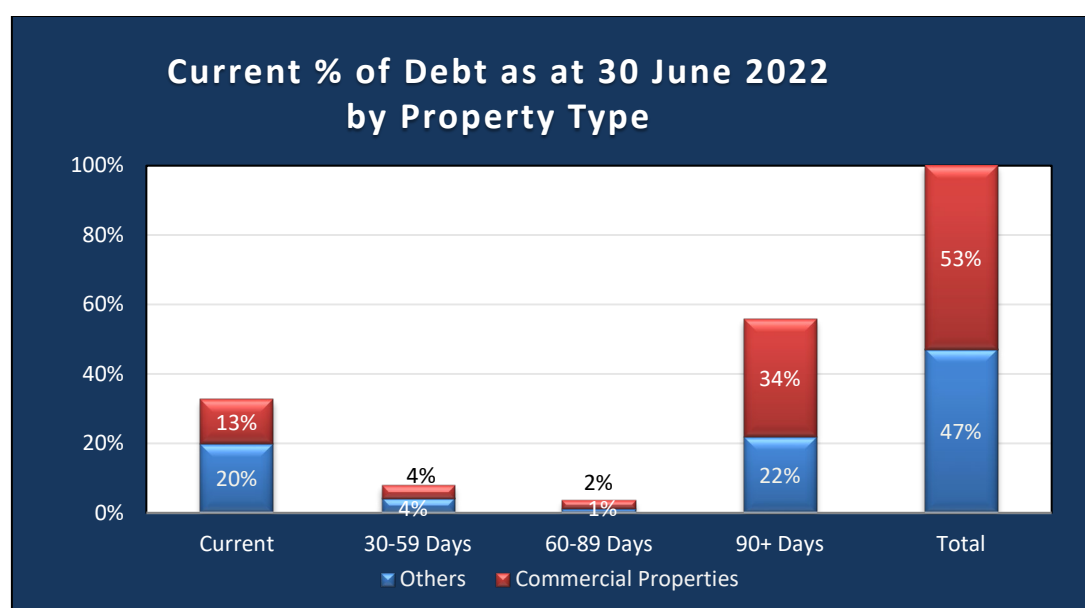
The following table reports the City's debtor portfolio against these key performance targets as at June 2022:

As at 30th June 2022					
Aged Debt Category	Current	30-59 Days	60-89 Days	90+ Days	Total
Target % of Dbt	80%	10%	5%	5%	100%
Current Value of Debt	361,754	88,741	39,811	620,901	1,111,207
Current % of Debt	32.56%	7.99%	3.58%	55.88%	100.00%
Target Met  / Not Met 					

The percentage of debt that was 'current' improved since last reporting period, up from 23% to 33%. However, while the percentage of debt in the 30-59 days and 60-89 days brackets has fallen to within target, the debt outstanding for 90+ days has increased from 41% in the last report to 56%.

Following advice from the Audit and Risk Management Committee in the meeting on 15th June, the measure and reporting of Key Performance Indicators will be reviewed to determine whether an alternative measure would be more suitable.

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





Of total overdue debt, Commercial Properties account for 53% (\$589k), and account for 61% of the debt owing 90 days or more (\$378k). Deferred payment arrangements are currently in place for \$17,035 of total overdue Commercial Property debts.

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

Impact of COVID on Commercial Property

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

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

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

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

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

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

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

To date, of the \$492,579 only **\$17,035** remains outstanding. This is a reduction from the prior reporting period of \$3,902, with all debtors currently paying their debts progressively via direct debit arrangements.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required



COMMITTEE RECOMMENDATION ITEM ARMC2208-5
(Officer's recommendation)

Moved: Cr Su Groome

Seconded: Mayor Hannah Fitzhardinge

Council receive the Overdue Debtors Report as at 30 June 2022, and the confidential attachment listing overdue debts exceeding 90 days with the combined value, by debtor, exceeding \$10,000 as at 30 June 2022.

Carried: 6/0

**Mayor Hannah Fitzhardinge, Cr Su Groome, Cr Andrew Sullivan,
Cr Fedele Camarda, Cr Frank Mofflin, Mr Ben Arnold**



7.3 Health, Safety and Environment

Nil.

7.1 Governance and Compliance

ARMC2208-6 ADOPTING THE ANNUAL REPORT AND SETTING THE DATE FOR THE ANNUAL GENERAL MEETING OF ELECTORS

Meeting date:	17 August 2022
Responsible officer:	Manager Governance
Decision making authority:	Council
Attachments:	1. Draft Annual Report 2020 - 2021
Additional information:	Nil

SUMMARY

Each year the City is required to hold a General Meeting of Electors to consider matters arising with respect to the previous financial year. In order to set a date for the 2021 General Meeting of Electors, Council is required to have both received the audit report for the prior period as well as having accepted the Annual Report.

A copy of the draft Annual Report for the year ended 30 June 2021 is attached for consideration by Council.

In addition to acceptance of the Annual Report, Council must set the date for the 2021 Annual General Meeting of Electors.

This report recommends that Council accept the City of Fremantle 2020-21 Annual Report as attached to this report, advertise the availability of the Annual Report and set the date for the 2021 Annual General Meeting of Electors.

BACKGROUND

The Annual Report, as attached to this report, is in final draft format, with minor changes to be made to correct any typographical errors.

If Council approves the adoption of the Annual Report and the setting of the date of the General Meeting of Electors 2021, statutory advertising notifying the availability of the Annual Report and meeting date will be placed in the local newspaper. Online copies of the Annual Report will be made available on the City's website with a small number of printed copies available at the Civic Centre on request.



The Annual Report will contain an abridged version of the financial report however the full version of the financial report will also be made available on the City's website as a separate document.

FINANCIAL IMPLICATIONS

The financial implications of this report are primarily the costs associated with external printing of the Annual Report as required.

LEGAL IMPLICATIONS

Section 5.27 of the Local Government Act 1995 states that the City must hold a general meeting of electors once for each financial year, within 56 days of the acceptance of the Annual Financial Report and that the matters to be discussed are as prescribed.

Section 5.53 of the Local Government Act states that the City is to prepare an Annual Report for each financial year, containing the following:

- a report from the mayor or president; and
- a report from the CEO; and
- an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year;
- the financial report for the financial year; and
- such information as may be prescribed in relation to the payments made to employees; and
- the auditor's report for the financial year; and
- a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and
- details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - o the number of complaints recorded in the register of complaints; and
 - o how the recorded complaints were dealt with; and
 - o any other details that the regulations may require; and
 - o such other information as may be prescribed.

CONSULTATION

The holding of an Annual General Meeting of Electors contributes towards the aims of the City by providing the opportunity to:

- Undertake community consultation.
- Measure the City's performance.



OFFICER COMMENT

Council has a guiding policy regarding the holding of Annual General Meeting of Electors and Special Meetings of Electors which outlines council's preference for holding the City of Fremantle's Annual General Meeting of Electors in a way that better meets the needs of its community.

This report recommends setting the date for the Annual General Meeting of Electors in consideration of both the legislation and Council's Policy.

VOTING AND OTHER SPECIAL REQUIREMENTS

Absolute majority required

COMMITTEE RECOMMENDATION ITEM ARMC2208-6 **(Officer's recommendation)**

Moved: Cr Su Groome

Seconded: Cr Fedele Camarda

Council:

- 1. Accept the City of Fremantle 2020-2021 Annual Report, as provided in Attachment 1, in accordance with Section 5.53 and 5.54(1) of the *Local Government Act 1995*, noting that:**
 - a. minor typographical amendments, that do not affect the intent of the document may be made; and**
 - b. an abridged version of the City's financial report will be included.**
- 2. Advertise the availability of the Annual Report in accordance with Section 5.55 of the *Local Government Act 1995*.**
- 3. Set the date for the 2021 Annual General Meeting of Electors as Monday 3 October 2022, to be held at the Walyalup Civic Centre, in accordance with Section 5.27 of the *Local Government Act 1995*.**

Carried: 6/0

**Mayor Hannah Fitzhardinge, Cr Su Groome, Cr Andrew Sullivan,
Cr Fedele Camarda, Cr Frank Mofflin, Mr Ben Arnold**



7.4 Legal, Reputation and Brand

ARMC2208-7 DEVELOPMENT, IMPLEMENTATION AND COST COMPARISON OF THE KINGS SQUARE BUSINESS PLAN

Meeting date: 17 August 2022
Responsible officer: Chief Executive Officer
Decision making authority: Council
Attachments: Nil
Additional information: Nil

SUMMARY

At the Ordinary meeting of Council held on 22nd June, 2022, Council adopted the following (part) resolution;

"...Request that a report be prepared and presented at the August round of meetings that provides,

- a. a chronological report on the Kings Square Business Plan 2012 and funding of the total cost of the project with columns to include budget expenses, actual expenses and funding.*
- b. indication of how the City of Fremantle has funded the total project costs of Walyalup Civic Centre beyond the business plan cost of \$45m.*
- c. the income earning commitment presented in the Kings Square Business Plan 2012 including earnings and projected earnings of the Walyalup Civic Centre.*
- d. a reconciled account with the draft Annual Financial Statements as at 30 June 2021 with the 2021 and 2022 total project costs identified and added to the total project costs."*

This report provides an overview of the implementation of the Kings Square business plan originally prepared and adopted in 2012 and 2013. The period between preparation to conclusion of the physical project was ten years, however the genesis commenced through various discussions and events for nearly a decade prior.

The project was a multi-faceted series of projects to deliver an integrated redevelopment of the Walyalup Koort civic space (formerly Kings Square precinct) as part of a strategy to revitalise Fremantle through redevelopment of adjoining properties where significant tenant vacancies had occurred. It is the largest project undertaken by the City of Fremantle.

This report outlines the budgeted and actual costs as well as the sources of funding in delivering the business plan since the adoption of the plan in 2013.



It is recommended that Council receive this report on the development and implementation of the Kings Square Business Plan (originally adopted in February 2013) including the comparison of budget and actual costs for the project and sources of funding as at June, 2022.

BACKGROUND

The City's Economic Development Strategy adopted in 2010 identified the Kings Square precinct as a priority area for redevelopment, noting that the City owned significant property holdings in the precinct. With Myer advising it intention in not renewing its lease with the private owners of the Myer building (Sirona Capital) and Hoyts indicating to the City it would not renew its lease of the Queensgate Centre, early planning commenced to find solutions to this situation. Consideration was also given to a council decision to replace the Civic Centre from 2004.

Memorandum of Understanding

Collaboration between the Myer building owners and the City led to a Memorandum of Understanding (MOU) being signed in 2011 which provided an exclusivity period for the City and Sirona to consider and develop a proposal for a whole of precinct integrated redevelopment. The properties included in the MoU were the former Myer building, Queensgate Car Park (20 Henderson Street), Queensgate commercial building (10 William Street), City administration building, the titled property in front of the former Myer building and the Spicer property (10 Henderson Street).

After 18 months of ideas, exploration and due diligence assessments. The development of the associated material under the MoU included support from independent external consultants in CBRE for the independent valuation of council properties, Cox Architects for the development of concept plans for the City's buildings, Ralph Beatie Bosworth (RBB) for quantity surveying advice, RSM Bird Cameron and Leedwell Strategic for cashflow, risk and business case development.

The City considered the Business Case report for the proposal at a Special Council meeting held for that purpose on 5 November, 2012. At this meeting the Council resolved the following;

- 1. Council receive and accept the Kings Square Development Business Case (October 2012) report provided by Leedwell Strategic providing a positive Net Present Value and the capacity for the City to implement the project,*
- 2. Council receive and accept the RSM Bird Cameron Report on the due diligence of Sirona Capital proving the capacity for Sirona Capital to implement the project, and*
- 3. Approve the development of a draft Business Plan on the proposal for the Kings Square Project to present to council for consideration.*



Business Plan

Following this decision, the City developed a comprehensive business plan that was approved for advertising by Council in late 2012.

The business plan provided the details for an integrated project that would see the sale and redevelopment of council owned properties in the Kings Square Precinct along with redevelopment of the former Myer building property for the purposes of commercial office and retail accommodation. The total floor area of the proposed developments was circa 30,000 square metres of commercial office space and 12,000 square metres of retail space. This would provide a significant boost to improve the number of workers in Fremantle and meeting the Council's economic development objectives for the revitalisation of the city.

The primary objectives of the integrated development were to achieve:

1. A civic, retail, commercial and community hub reflecting its unique place as the centre of Fremantle and creating a vibrant, active and safe place for citizens and visitors and,
2. A leading edge development demonstrating confidence in Fremantle as a place to invest.

The plan included the redevelopment of the City's library, visitors centre, and civic and administration. The total integrated project value was estimated at \$220 million.

Following an advertising of the plan in accordance with the Local Government Act 1995, the business plan was adopted by Council in February 2013.

The original implementation timeframe for the project provided for in the business plan was four years, being completed by 2017;

"The key timing milestones for the statutory process, implementation process and development processes are:-

- | | |
|--|---------------------|
| • Council decision to proceed with the Project | 5 November 2012 |
| • Business Plan Process | to End January 2013 |
| • Project Documentation | Jan to March 2013 |
| • Project Commence | July 2013 |
| • Stage 1 Development | June 2015 |
| • Other Stages | 2015-2017" |



Project Development Deed

Following the adoption of the business plan, the City entered into a formal contract (Project Development Deed or PDD) with Sirona which was signed on 10 May, 2013, satisfying the requirements of the Local Government Act to implement the Business Plan within six months of adoption by Council. The term of the PDD was for three years expiring on 9 May 2016, however, it was extended twice for periods of twelve months each.

The formal contract between the City and Sirona included a “significant progress” test for Sirona to demonstrate certain key elements of the contract had been achieved or progressed for it to be validated. If these elements were achieved it would be deemed Sirona had achieved significant progress and contract extension could be considered. The requirements to be demonstrated to achieve an automatic extension were:

- 1. Within 12 months of the date of the contract, lodged a development application for the Queensgate development for approval;*
- 2. By no later than 20 days before the sunset date procured agreement in the form of a deed, from any tenant whose lease does not contain a redevelopment clause, that the tenant agrees to vacate its leased premises within 12 months after the settlement date;*
- 3. Incurred and paid costs and expenses of at least \$300,000 in progressing the Queensgate development;*
- 4. Provided the City with information of its targeted debt to equity ratio and its progress toward obtaining unconditional finance approval for the Queensgate development.*

Sirona needed to attain an anchor tenant to achieve its part of the redevelopment requirements. In 2012 the state government had announced a policy of decentralisation for state government agencies out of the Perth CBD, where rents were very high, to strategic metropolitan centres. In 2013, the government further announced that the Department of Housing would relocate from East Perth to Fremantle. The following process for that to occur moved much more slowly than had been hoped, however that process concluded with an announcement on the preferred site for that relocation being Kings Square.

The PDD was concluded in late 2016 with the state government entering into forward heads of agreement with Sirona securing the main tenant for their project. The settlement of 20 Henderson Street and 10 William Street for \$22.9m was concluded in 2017, with these proceeds being transferred to the Investment Reserve.

The third property sold for the business plan commitment was 10 Henderson Street, the former Spicer site. This property settled in late 2018 with the proceeds of \$6.65m also placed into the Investment Reserve.



Architectural Design Competition

At the Special Council meeting on 11 February 2013, it was also resolved to prepare a report for consideration by Council on the processes and costs involved in conducting an architectural competition for the design of the City's proposed new library, civic and administration buildings, and consideration by council on the processes for developing the detailed design for the public realm spaces in the precinct. It is of interest to note that an architectural competition was also held in 1881 for the design of the Fremantle town hall and municipal chambers.

As part of the preliminary planning for the proposed redevelopment, an urban design strategy for Kings Square was adopted by Council in June 2012, specifically to guide future development of the key City owned properties in this area and as a basis for any future upgrading of the public domain of Kings Square and Queen Street. In particular when addressing potential redevelopment of the Town Hall Centre, the strategy recommended that;

"the building on the city triangle must be of the highest quality to reflect the civic importance of the square and the uses within and demonstrate a high standard of sustainable building design."

Amendment 49 to Local Planning Scheme 4 was gazetted on 18 January 2013 and established the primary planning requirements for the key development sites in and around Kings Square, including the heights of buildings and their setbacks from their road boundary.

In November, 2013, Council awarded the architectural contract to local architectural firm Kerry Hill Architects (KHA). The original contract value was for \$4.2m to be completed over a 24 month period. However, time extensions due to the delayed commencement of the project and building delays saw the final contract payments made to KHA being \$2.4m more than the original contract value.



Timeline of events

Below is a chronological snapshot of events related to the development and progress of the business plan. Whilst not an exhaustive list, it provides a comprehensive summary of the events.

2004	Council resolution for new administration and library.
2007	Hoyts advises revenue performance for its Queensgate complex is poor and worsening and that they will seek a rent reduction and will look to exit lease at first opportunity. Also advise condition of roof and air-conditioning worsening.
2008	Council considers report identifying that repairs to Queensgate cinema complex and renovations to convert to office space is between \$12m and \$14m. City unable to find a current cinema provider interested in taking over lease.
2010	Council commences Economic Development Strategy review. Hoyts exits Queensgate cinemas.
2011	Economic Development Strategy adopted, considers economic revitalisation of Fremantle as a primary centre. Looks to increase commercial office and retail space. Retail Model Plan adopted. Myer announces its intention to exit Fremantle at next possible lease opportunity. Council commences conversation with owner of Myer property regarding possible development opportunities. Council enters into MoU with Sirona Capital to consider an integrated development of both adjoining sites. RSM Bird Cameron appointed to undertake due diligence on Sirona Capital capability. Adcock Advisory appointed to undertake risk analysis, cashflow analysis and develop business case for proposed integrated development. Jackson McDonald solicitors appointed to develop legal process.
2012	Due diligence and business case drafted on the consideration for integrated development. Council draft and agree to advertise business plan for proposed integrated development of Kings Square precinct.



	State Government announces decentralisation agenda.
2013	Council adopt Kings Square business plan for integrated development. Contract (PDD) signed between CoF and Sirona Capital with 3 year term. Council resolve to undertake architectural design competition. Appoints Kerry Hill Architects. Myer exit their lease in Fremantle. State Government announce Department of Communities moving to Fremantle. Competitive process to follow.
2014	Sirona put in bid for State Government office accommodation.
2015	Kings Square announced as preferred bid for office accommodation. Council agree to extend PDD for a further 12 months to allow Sirona to secure anchor tenant and achieve substantial commencement.
2016	PDD extended for a further 12 month period in two 6 month instalments. City begins regular monthly reports to council on PDD progress. Heads of Agreement signed between Sirona and State Government, PDD requirements met. City begins exploring options for temporary office accommodation. Business Plan costs updated to reflect CPI from 2013. CoF releases tender for public realm works as per BP.
2017	10 William Street and 20 Henderson Street properties settle. CoF releases tender for demolition of administration and library building. Contract awarded to Delta Group. Timetable for project progress updated. Tender awarded to MG Group for public realm works. KHA asked to develop schematic building designs for DAC consideration. Playground upgrade and universal toilet considered. Engaged RBB to provide update of estimated building costs based on schematic design. ESD aspects finalised. Sirona concludes lease arrangements with state government.



Greater public realm works proposal provided for consideration.
Includes Queen, William Street upgrades, parking changes, tree planting and improved lighting.
CoF moves to temporary accommodation at Fremantle Oval.
Probity Auditor to oversee construction tender process appointed.
Trees around former administration building prepared for moving.

2018 CoF finalises contracts and project bank account requirements for construction of civic centre, releases tender to market.
Update of project costs based on final construction drawings, CPI and construction market provided to council.
Commences demolition of former administration building once Sirona reaches substantial commencement milestone.
Fixed price contract for construction of new civic building awarded to Pindan.

2019 Construction program for civic centre commences.
Requirements for fitout and ITC for new civic centre and library commences.
FOMO construction progress nears completion.
First stages of public realm works commences.

2020 FOMO construction completed. First group of government employees move to new Fremantle office.
Covid pandemic arrives.
Fitout and ITC contracts awarded.
Loan for new civic centre taken.
Works on upgraded playground commences.
EOI process for café released, no lease awarded.

2021 Pindan advise of administration and building work ceases.
City takes control of project bank account to ensure security of funds. Construction costs contained within original budget plus insurance bond cash payment.
City claims the \$3.7m in insurance bonds and receives cash.
CoF employs Pindan project team to complete the project.
Sub-contracts are novated to CoF.
New tender released to finalise building management. CDI Group awarded contract.



Fitout and ITC fitout implemented.

Building completed, commissioned and CoF move in.

2022 Finalisation and wrap up of issues and review of warranties and guarantees.

FINANCIAL IMPLICATIONS

Business Plan

The business case developed to support the business plan provided a base case scenario positive NPV over a 20 year period. The proposal itself required council to consider providing additional funds of up to \$15.5 million to undertake the redevelopment of City owned property which under the base case was included by way of debt funding paid back within a 10 year period. Net Present Value (NPV) was considered over a 20 year life cycle timeframe (adopting a discount rate of 5.5%, representing the City's cost of funds at 4% plus a nominal 1.5% risk margin).

The adopted business plan in 2013 contained the following financial structure;

Business Plan Original Costs 2013		\$44.75m
Sale of Land		\$29.50m
- 20 Henderson Street	\$16.5m	
- 10 William Street	\$6.35m (vacant land value)	
- 10 Henderson Street	\$6.65m (vacant land value)	
Loan Funds		\$15.25m

**Minutes – Audit and Risk Management Committee
17 August 2022**



The indicative construction costs for the City's facilities was determined by RBB at \$44.75m.

The principle funding strategy adopted by the City was to;

- a) Facilitate the strategic disposal of non-core sites (10 William St and 10 Henderson St),*
- b) The sale of 20 Henderson St where the City was satisfied that the strategic purpose of the car park had been fulfilled (to be maintained as a carpark for 10 years),*
- c) Drive the highest and best use of the City's retained assets (subject to required pre-commitment and to allow for strategic expansion),*
- d) Debt and capital funding in-line with current ROI and debt management policies.*

With the settlement of Council's property the City revised the indicative costs associated with the business plan. The original timing of the project was to commence in mid 2013, however the actual progress had been delayed by four years whilst the process and negotiations were being undertaken between the state government and Sirona to conclude the anchor lease.

An internal review of costs against CPI was undertaken to assess any implication on the original indicative costs. The estimated budget costs were updated in 2016 to \$49.7m. This was further updated in 2017 with the completion of new schematic drawings based on the design provided by Kerry Hill Architects. In an information report to Council in June, 2017 (SPD1706-1) the estimated cost for the building portion was revised to \$50m.



**Minutes – Audit and Risk Management Committee
17 August 2022**

In February, 2019 (AMRC1902-5), at the point the City was in the process of developing its final contracts for the construction of the new civic centre tender, a further review of costs was undertaken to establish budget requirements. At this time the following further costs were provided to Council as information through the Audit and Risk Committee as below;

KINGS SQUARE BUSINESS PLAN COSTS ANALYSIS (7/02/2019)									
	Urban Room	Newman Crt	Demolition	Architects	Project Management	Civic Building	Fitout	TOTAL	Variance
Original Business Plan	2,279,628	1,940,000	2,150,000	1,816,128	-	36,559,800	inc	44,745,556	
Revised BP - 2016	2,527,486	2,114,545	2,383,743	2,013,573	734,798	39,947,206	inc	49,721,351	4,975,795
2018/19 Budget	-	1,914,545	2,539,144	516,856	870,000	40,459,455	inc	46,300,000	
Likely Scenario	-	2,114,545	2,630,380	4,211,683	1,350,000	42,500,000	1,600,000	54,406,608	4,685,257
Best Scenario	-	2,114,545	2,630,380	4,211,683	1,350,000	40,500,000	1,400,000	52,206,608	2,485,257
Worst Scenario	-	2,114,545	2,630,380	4,211,683	1,350,000	46,750,000	1,800,000	58,856,608	9,135,257



**Minutes – Audit and Risk Management Committee
17 August 2022**

With the completion of the substantial construction phase project in December, 2022, these costs can now be reviewed against indicative actual costs. These indicative actual costs as at June, 2022 are below;

KINGS SQUARE BUSINESS PLAN COSTS ANALYSIS AND INDICATIVE ACTUAL COSTS (June 2022)									
	Urban Room	Newman Crt	Demolition	Architects	Project Management	Civic Building	Fitout	TOTAL	Variance
Original Business Plan	2,279,628	1,940,000	2,150,000	1,816,128	-	36,559,800	inc	44,745,556	
Revised BP - 2016	2,527,486	2,114,545	2,383,743	2,013,573	734,798	39,947,206	inc	49,721,351	4,975,795
Revised - 2019	-	2,114,545	2,630,380	4,211,683	1,350,000	42,500,000	1,600,000	54,406,608	4,685,257
Actual Costs excluding Insurance Bond works.	-	1,649,465	2,503,791	6,916,548	1,588,269	43,284,817	1,656,056	57,598,946	12,853,390
Actual Costs – with Pindan Insurance Bonds	-	1,649,465	2,503,791	6,916,548	1,588,269	46,871,672 (inc Pindan Bonds \$3.67m)	1,656,056	61,185,801	16,440,245

**Minutes – Audit and Risk Management Committee
17 August 2022**



The significant contributors to cost variances compared to the 2019 estimates were architecture fees (based on time extensions) and the additional building costs incurred after the collapse of Pindan, albeit these building costs were contained within the insurance bonds received as a result of Pindan's collapse. Internal fit-out costs for IT and audio visual infrastructure also added to the variances as they were not fully considered in the original business plan.

Funding Sources

The business plan indicative actual costs were funded from the following sources;

KINGS SQUARE BUSINESS PLAN COSTS AND FUNDING ANALYSIS (June 2022)		
	TOTAL	Variance from 2013 Business Plan
Actual Costs	61,185,801	16,440,245
Sale of Property	29,500,000	0
Reserves	6,218,714	6,218,714
Loan	20,000,000	4,750,000
Insurance Bonds	3,677,256	3,677,256
Municipal	1,794,275	1,794,275

Sale of Assets

The business plan adopted in 2013 included the sale of three City properties to be included in the integrated development. These were;

	\$
10 William Street (Former Hoyts Cinemas)	6,350,000
20 Henderson Street (Queensgate car park)	16,500,000
10 Henderson Street (former Spicer site)	<u>6,650,000</u>
TOTAL	<u>29,500,000</u>

These properties were required to be redeveloped as part of the integrated development agreement provided through the PDD. Funds from the sale of these properties were placed into the Investment Reserve fund.

The first two properties were settled in early 2017 with the former Spicer property settled in late 2018.

Borrowings

The business case provided for borrowings of \$15.25m to be repaid over 10 years at an estimated interest rate of 4%. This would have provided an overall cost of funds at \$3.347m in interest over the 10 year repayment period.



In preparation for the loan undertaking for the project the City implemented a strategy of paying down loans and not raising any new significant loans from 2017. This was to ensure sufficient capacity for repayments within current budget structures. In June 2017 (SPD1706-1) the City estimated the cost of the new building to increase to \$50m and estimated that the shortfall loan would need to increase to \$20m to cover the estimated increase in costs from those adopted four years earlier in 2013.

From this stage the market was monitored to ensure that borrowings could be achieved at the best rates possible. As market rates were falling and through discussions with lending providers it was determined that a lending facility at a fixed interest rate could be achieved for a period of up to twenty years. This was considered a strong option for the City to consider when seeking these funds.

Borrowings of \$20m were drawn down in June 2020 for the term of 20 years as this was considered to be getting close to the bottom of the market cycle. The City was able to attain an interest rate of 1.96% on these funds for the term of the loan. This will equate to a cost of funds of \$4.272m over the term of the loan.

Income Generation – Rates

The business plan also considered the effect of the development generating additional rate revenue from the developed properties. These estimates and the current actual outcomes are provided below;

	Estimated BP	Actual 2022
	\$	\$
Former Myer Site	416,678	605,280
QC Car Park	131,750	196,950
QC Retail	14,607	(as below*)
Former Hoyts Centre	267,960	263,466*
Spicer Site	123,261	33,088
Café	10,824	0
Commercial Office & Retail	78,542	(TBD)
TOTAL	<u>1,043,823</u>	<u>1,098,784</u>

Income Generation – Commercial

The commercial revenue outcomes from the completed new civic building were proposed as below;

Café (200sqm x \$550)	\$ 126,228
Commercial Office (823sqm x \$550)	\$ 519,492
Commercial Retail (490sqm x \$650)	\$ 365,486
TOTAL	<u>\$1,011,206p.a.</u>



The uptake of lease space has been slow with changing market conditions during and post Covid. Lease arrangements have been placed for ground floor retail, however the café space was not let and is currently being used for the Visitor Centre. A proposal for the café space was received as part of an earlier advertising process, but was later withdrawn.

The third floor office area will be advertised once a warm fit-out program is undertaken. The current budget includes funding for this fit-out.

Current market rates for commercial leasing range between \$290 and \$350/sqm. This would equate to an estimated revenue potential of \$420,000 to \$550,000 p.a. for the commercial lettable areas in the current market.

Temporary Office Accommodation

The business case informing the business plan estimated a cost of \$4.47m for temporary office accommodation over a two year period whilst the construction of the new civic building was being undertaken. This assumed private leasing from a commercial property in Fremantle at rates of around \$550/sqm based on market pricing for commercial office space at the time.

Post the adoption of the business plan the City was advised by Fremantle Football Club (May 2015) of its intended departure from its location at Fremantle Oval to new premises in Cockburn.

The City negotiated a settlement with the Club to surrender the remaining 36 year lease term for payment of \$1.5m. This was seen as advantageous by the City as it provided the return of the premises back to the City as well as providing an opportunity for temporary accommodation at a fixed price for as long as needed, hence took away any time pressure for paying rent whilst construction of the new civic centre was in progress.

The City redeveloped this site to make it suitable for office accommodation for a cost of approximately \$987k. This solution ended up providing a saving of \$2m from the estimated accommodation cost.

In addition, the former Fremantle Football Club site at Fremantle Oval has also now been approved by the state government for passing to the City in freehold title. The value of this property is estimated by the state government at \$7.8m. This provides a net gain to the City of \$9.8m.

Additional Projects for Walyalup Koort

Since the adoption of the original business plan in 2013, Council has also considered other capital projects in and around Walyalup Koort. These include;



	Total Cost	External Funding
	\$	\$
New Playground (January 2017 – SPD1701-1)	750,000*	500,000
Universal Accessible Change Facility (March 2017 – SPD1703-7)	180,000*	180,000
New Tree Planting (September 2016 – SPD1609-1)	250,000**	0
Greater Public Realm works (May 2017 – SPD1705-1)	5,600,000	TBD
Public Art Project (November 2018 – SPT1811-1) (estimated)	983,000	723,000

(*items completed. **Items part completed)

These greater public realm works and public art project are yet to be implemented and will be subject to further budget consideration, priority setting and forward planning.

LEGAL IMPLICATIONS

The Business Plan process and adoption was undertaken in accordance with section 3.59 of the Local Government Act 1995.

The PDD was executed within the generally accepted period of six months from adoption of the Plan (10 May 2013) and extended by resolution of council in 2015 and 2016.

The PDD placed obligations on both the City and Sirona to undertake redevelopment of properties as an integrated development.

CONSULTATION

Nil for this report.

OFFICER COMMENT

The revitalisation of the civic heart of Fremantle CBD has been a journey spanning over two decades. Whilst the Kings Square Business Plan was adopted in early 2013 the genesis of this project first commenced in 2004 with the council decision to develop new administration facilities, it then took nearly ten years to deliver. It could be said that more work is required to continue the redevelopment and revitalisation of Fremantle.

The works undertaken as part of the Kings Square business plan included many individual components and continued support to bring to fruition.



Project Development Deed (PDD)

With the adoption of the Kings Square Business Plan in February, 2013, the City engaged its solicitors to formalise the agreement through a written contract – the PDD. This contract became the formal mechanism by which to hold Sirona Capital and the City to account for the implementation of the integrated development provided within the business plan and set in place the framework and milestones for the works to be undertaken by Sirona and the City. Both parties were contractually obligated by the PDD.

The term of the PDD was three years. This was the period provided for implementation of certain criteria by Sirona Capital which, when or if achieved, would set in place the requirement for the City to formally proceed with its elements of the integrated development. These included the settlement of property, demolition of the old administration and library building and construction of the new civic centre.

This agreement was extended twice by council whilst Sirona were negotiating to settle an anchor tenant for their site. The periods of extension were twelve months on each occasion with the contract being committed and satisfied in November 2016 (SPD1611-1) with Sirona achieving a heads of agreement position with state government.

The PDD also required Sirona to reach substantial commencement on the construction of their development prior to the City being required to commence any works on the new civic centre. This occurred in mid 2018 and provided the milestone for the City to commence demolition of its former building.

Appointment of Architect

As part of the council resolution to approve the business plan, council also sought consideration to undertake a global design competition for the design of the civic centre to ensure that the facility met the requirement outlined in the urban design strategy adopted in 2012.

This process was overseen with relevant professionals from different backgrounds including the former state government architect, to ensure that the best possible design outcome could be achieved.

In November, 2013, Council awarded the architectural contract to local architectural firm Kerry Hill Architects (KHA). The original contract value was for \$4.2m and included an implementation period of 24 months. However, time extensions due to the delayed commencement of the project and building delays saw the final contract being \$2.4m more than the original contract value. The City also appointed Hassell Architects to design the interior finishings for the building at a cost of \$281k.



Demolition of former Administration and Library Building

Council entered into contract with Delta Group as it was preparing to move into temporary accommodation at Fremantle Oval (former Fremantle Football Club site). The contract value was for \$2.46m. The demolition included the removal of asbestos and some preparation works for the construction project.

The City paused the contract for while Sirona Capital was progressing their construction program to the substantial commencement milestone under the terms of the PDD. This meant the old administration building sat vacant for a period of six months until the City was satisfied the milestone had been reached.

Temporary Office Accommodation

During the demolition and construction phases of the project the City was required to vacate its old administration building and seek temporary accommodation.

In 2015 the City was advised by Fremantle Football Club that it would not continue discussion with the City for potential redevelopment of its facilities at Fremantle Oval and they had agreed terms to build a new facility at Cockburn Central.

The Club proposed to continue with the lease for Fremantle Oval and place a commercial tenant in the facility for the Club's commercial benefit. The City sought for the Club to surrender the lease. The Club considered the value of surrendering the lease to be \$7.9m.

As part of the conversation with the Club for terms to surrender its remaining lease (with 36 years of term remaining), the City considered the potential to use the facility as an interim office location. This opportunity was used to negotiate satisfactory terms with the Club to ensure the site was returned to the City and community. The eventual agreed amount was \$1.5m. This outcome provided a fixed cost option for the City's temporary accommodation needs. This would allow the City to navigate any time extensions without the problem of incurring additional accommodation costs.

The City moved into the facility in December, 2017 and remained there until December, 2021.

Construction Contract

During 2017 and into 2018 the City began developing the construction contract tender in preparation for going to tender. The draft contract was put together in consultation with council's solicitor to ensure that it was robust to current market conditions.



Besides the requirement to provide information on the construction methods to be used by the builder as part of their tender submission, the contract included provision for a Project Bank Account and the ability to novate sub-contract agreements to the City in the circumstance that the builder failed to fulfill the contract.

The contract was awarded to Pindan Constructions Pty Ltd after a competitive market process. The evaluation process was supported with advice of representatives from KHA, RBB, and the City's solicitor. An independent probity auditor was also appointed to oversee the process.

The fixed price contract was agreed at \$43.05m. Independent quantity surveyors estimate the same building contract, if awarded in the current market today, would be estimated at \$55m, a 27% increase on the contract achieved.

Unfortunately, Pindan went into administration in May, 2021, and was not able to complete the contract. Fortunately, the protections placed in the contract such as the use of a project bank account meant the City was able to ensure that all sub-contractors on the project were paid for their work and that these sub-contracts could be novated across to the City. This meant that any guarantees and warranties from these sub-contracts were maintained. This also meant that the City could continue to complete the build with minimal disruption to the program and only a need to appoint a new head contractor to oversee the completion. The new head contract was awarded to CDI Group.

The City had also required Pindan to take out insurance bonds against their ability to complete certain parts of the project as part of the initial contract negotiations. This saw the City enter into two agreements with Pindan for insurance bonds of \$3.67m. As part of the collapse of Pindan the City was able to access these insurance bonds and the City received the full value of the bonds in June, 2021. This cash was used to complete the build and resulted in no additional City funds being required to complete the construction as a consequence of the Pindan collapse.

The City considers the structure and process put in place for the construction phase of the civic centre to have been a great success and provided all necessary safeguards to protect the City from significant risks. The process put in place is being replicated and considered in other local government projects today.

Public Realm

Part of the business plan included improvements to the public realm on Newman Court. The City entered into a contract with MG Group in 2017 for the value of \$1.85m to undertake these works.



The contract of these works were progressed in phases over the term of construction for the new civic centre to provide for the completion of each element of the integrated development. These works have also been extended around the new civic centre as part of the original contract of works.

Conclusion

This report provides an overview of the implementation of the Kings Square business plan originally prepared and adopted in 2012 and 2013. The period between preparation to conclusion of the physical project was ten years, however the genesis commenced through various discussions and events for nearly a decade prior.

The project was a multi-faceted series of projects to deliver an integrated redevelopment of the Walyalup Koort civic space (formerly Kings Square precinct) as part of a strategy to revitalise Fremantle through redevelopment of adjoining properties where significant tenant vacancies had occurred. It is the largest project undertaken by the City of Fremantle.

The original implementation timeframe for the project provided for in the business plan was four years, being completed by 2017. However, progress was slow as the ability to secure an anchor tenant for Sirona was based around the process announced by state government to decentralise state government agencies out of the Perth CBD to strategic metropolitan centres.

The government further announced that the Department of Housing would relocate from East Perth to Fremantle. This was taken as an outstanding opportunity to secure an anchor tenant and bring new workers to Fremantle. The government process to choose a site was not concluded until 2016 and then negotiations took several months beyond that.

The PDD was concluded in late 2016 with the state government entering into forward heads of agreement with Sirona securing the main tenant for their project. In effect, the physical elements of the project did not commence until 2018, four to five years after the original timeframe considered in the business plan.

The project delivered outcomes in both the public and private space which contributed to improving the level of confidence for further private investment in Fremantle. In this regard it can be considered to have achieved the primary objectives originally considered by council and can be considered as a success.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required



OFFICER'S RECOMMENDATION

Moved: Cr Su Groome

Seconded: Cr Frank Mofflin

Council receive this report on the development and implementation of the Kings Square Business Plan (originally adopted in February 2013) including the comparison of budget and actual costs for the project and sources of funding as at June, 2022.

Withdrawn

COMMITTEE RECOMMENDATION ITEM ARMC2208-7 **(Alternative recommendation)**

Moved: Cr Su Groome

Seconded: Cr Fedele Camarda

Council:

- 1. Receive the Report on the development and implementation of the Kings Square Business Plan, and notes:**
 - a. That the Business Plan has been executed pending final completion of the Walyalup Civic Centre,**
 - b. The outcomes described in the Business Case and Business Plan are achieved,**
 - c. The cost of the overall project as at June 2022,**
 - d. The impact of time delays on the budget.**
- 2. Request the Administration bring a final report on costs and outcomes in relation to the Kings Square Business Plan to a meeting of the Audit and Risk Committee within three months of completion of defects liability period of the WCC contract.**
- 3. Request the Chief Executive Officer to complete a lessons management exercise for the Kings Square Business Plan for the purpose of informing the best practice management of major projects.**

Reason for alternative:

To acknowledge the outcomes of the Business Plan, impact of time delays for the implementation of the projects and ensuring the finalisation and wrap up of any final costs once the twelve month dilapidation period ends.



8. Motions of which previous notice has been given

Nil

9. Urgent business

Nil

10. Late items

Nil

11. Confidential business

ARMC2208-8 EMERGING ISSUES REPORT – AUGUST 2022

Meeting date:	17 August 2022
Responsible officer:	Director City Business
Decision making authority:	Council
Attachments:	1. Corporate Issues Summary Report (August)
Additional information:	Nil

REASON FOR CONFIDENTIALITY

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

- (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting

12. Closure

The Presiding Member declared the meeting closed at 7.24pm