



CITY OF ROCKINGHAM

# ANNUAL REPORT

2016/2017



[www.rockingham.wa.gov.au](http://www.rockingham.wa.gov.au)



where the coast comes to life



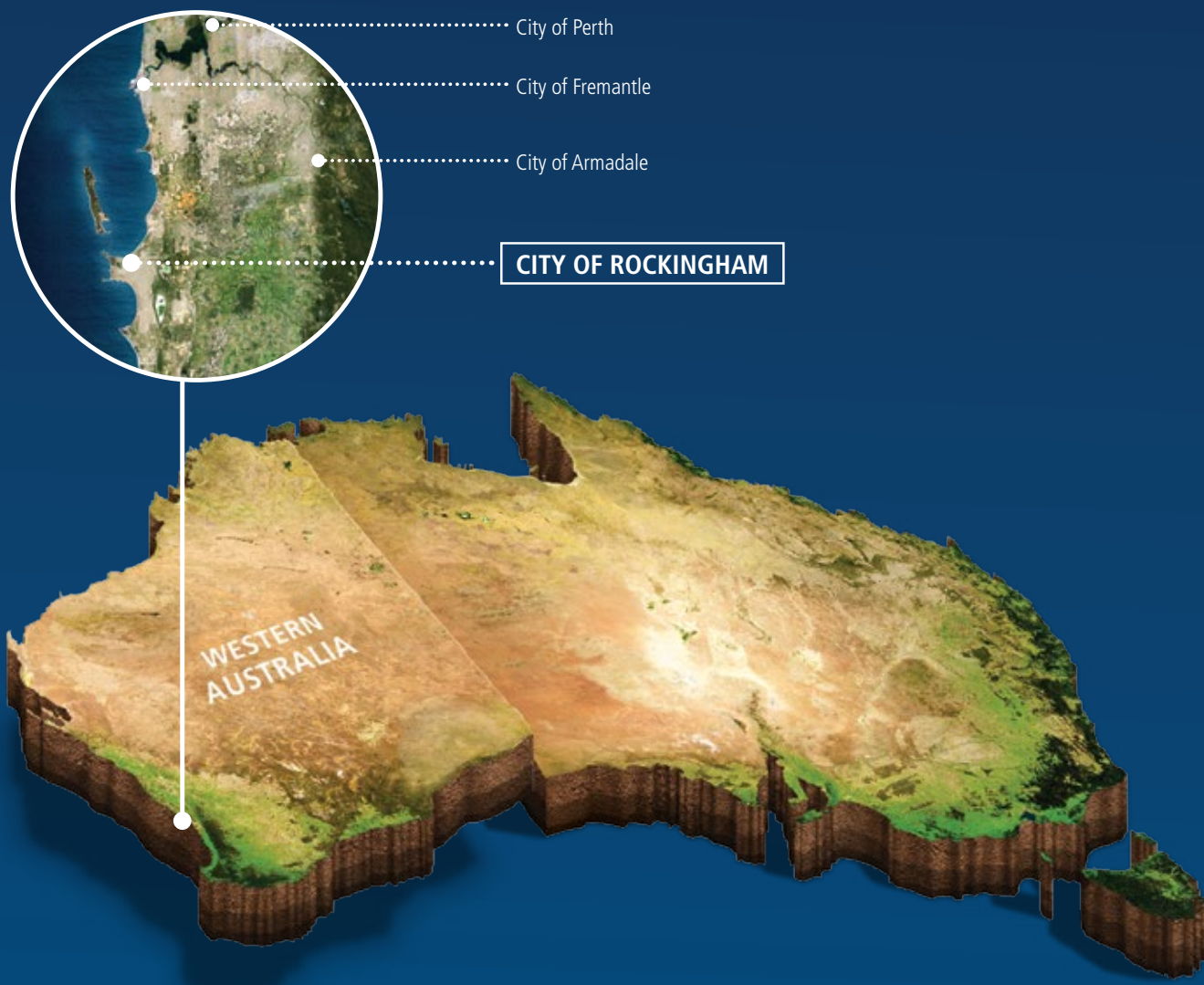


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# CITY OF ROCKINGHAM

# ABOUT US

**The City of Rockingham is located in Perth's outer southern suburbs, about 40 kilometres south-west of the Perth CBD.**

Covering some 262 km<sup>2</sup>, including 42 kilometres of spectacular coastline, it is bounded by the City of Kwinana in the north, the Shire of Serpentine-Jarrahdale in the east, the Shire of Murray and the City of Mandurah in the south, and the Indian Ocean in the west.

Originally inhabited by the Nyungar Aboriginal people, the City was named after a ship called 'Rockingham' which was driven aground in a storm in 1830 just north of where the town was eventually built. Despite several attempts to establish a settlement in the area it was not until the early 1850s that pioneering families took up land and started farming.

The Rockingham Road Board was constituted on 21 May 1897. The area was renamed the Shire of Rockingham on 1 July 1961, and was proclaimed the City of Rockingham on 12 November 1988.

Over the past decade the City of Rockingham has been the fourth fastest growing municipality in Perth and is now home to close to 140,000 residents. Located in one of the nation's fastest growth corridors, the City is one of Western Australia's future strategic metropolitan centres. Our population is expected to grow to approximately 200,000 in the next 20 years as more people discover the many features and benefits of living in this dynamic City where the coast comes to life.

## OUR VALUES

-  Recognition
-  Ethics
-  Service
-  Professional Development
-  Empowerment
-  Communication
-  Teamwork



## OUR ASPIRATIONS

The City and community's current shared aspirations were developed in consultation with the community in 2014, and they are designed to guide Council decisions and to build on the original aspirations developed in 2010. Seven thousand residents were invited to attend "Planning for the Future Workshops".

Contributions from attendees were used as the basis to create the City's 2015-2025 Strategic Community Plan, adopted by Council in November 2014.

**The City has four aspirations for the future including:**



**A TOURISM LIFESTYLE**



**A STRONG COMMUNITY**



**QUALITY LEADERSHIP**



**A SUSTAINABLE ENVIRONMENT**

Each aspiration is supported by four strategic objectives.



## A TOURISM LIFESTYLE

Rockingham Beach  
Foreshore Precinct

Investment Attraction

Safety, Appearance  
and Cleanliness

Coastal Facilities



## A STRONG COMMUNITY

Mobility and Inclusion

Services and Facilities

Capacity Building  
and Wellbeing

Safety and Support



## QUALITY LEADERSHIP

Financial Sustainability

Community Engagement  
and Advocacy

Infrastructure

Governance



## A SUSTAINABLE ENVIRONMENT

Climate Change

Coastal and  
Bushland Reserves

Land Use and  
Development Control

Carbon Footprint and  
Waste Reduction









# OUR SHARED VISION

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Working in partnership during the creation of the Strategic Community Plan, the community and Council developed a clear and compelling vision to guide the City of Rockingham's evolution into one of Australia's safest, most liveable and sustainable cities.



## In 2030 we:

- Will be recognised and admired as a contemporary and vibrant regional destination, renowned for our thriving City Centre and Waterfront Village, natural beauty and world class coastal and marine environments.
- Will prosper from significant investment and employment opportunities, created by a diverse and robust economic base including retail, services, tourism, education, defence, horticulture and light and heavy industrial activity.
- Will enjoy a safe, relaxed and friendly tourism lifestyle, underpinned by a diverse range of community facilities, services and cultural activities, all linked with a world-class public transport system.
- Will acknowledge the climate is changing and continue to reduce our carbon footprint and the generation of waste, and manage and use our land and marine environments in a manner that preserves them for future generations.
- Will be home to a proud, welcoming and inclusive community that understands, respects and preserves its unique sense of purpose and place.

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# PERFORMANCE HIGHLIGHTS AGAINST THE COMMUNITY PLAN

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During 2016/2017 the City continued to pursue the objectives of the Strategic Community Plan by implementing the actions set out in the strategies and plan, which underpin each of the four key aspirations:



**A TOURISM LIFESTYLE**



**A STRONG COMMUNITY**

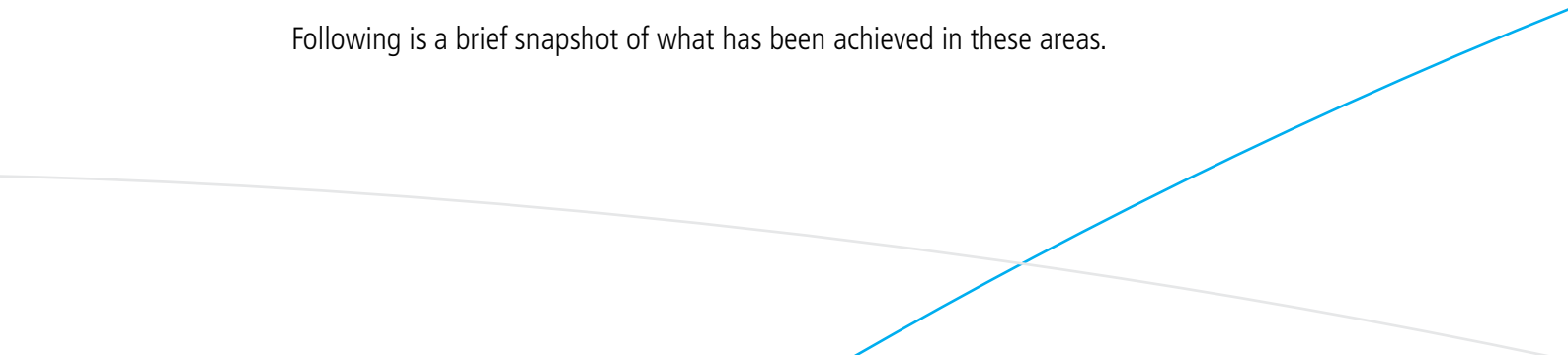


**QUALITY LEADERSHIP**



**A SUSTAINABLE ENVIRONMENT**

Following is a brief snapshot of what has been achieved in these areas.









## QUALITY LEADERSHIP

Quality leadership is the common thread in good governance, sound financial management, the development of community infrastructure and effective community engagement.

Quality leadership depends on engaging with and listening to our community. To make it easier for our residents to connect with the City we launched a secure online website portal called **Rock Port®**. This new engagement tool makes it easy for community members to connect with the City on a wide range of topics, and helps the City better understand the needs of community members.

**Rock Port®** also introduces the Happiness Index, designed by the City to measure how happy community members are with living in Rockingham.



Leadership is also about finding new ways to help our residents. Last year we introduced **Rates Smoothing** to give ratepayers a greater range of payment options and help make their rates more manageable. Around 4,200 people (8% of ratepayers) have signed up for Rates Smoothing.







Securing funds for important projects is another component of leadership.  
During the 2016/2017 financial year we secured the following funding:

**\$450,000**

from Lotterywest for the  
\$1.5 million Secret Harbour  
Inclusive Play Space

**\$450,000**

from the Department of Sport  
and Recreation Community  
Sport and Recreation  
Facilities Fund (CSRFF) for the  
\$4.09 million Baldivis South  
Sports Pavilion

**\$20,000**

from the Federal Government  
Stronger Communities  
Program for the Mike Barnett  
Netball Court Upgrade.

Recent infrastructure projects completed in the City include:

- Secret Harbour Surf Life Saving Club Facility  
**(\$5.9 million)**
- the City's first **Enclosed Dog Park** at  
Bayview Reserve, Rockingham
- **17.5 kilometres** of roads  
and **17.6 kilometres** of cycleways
- resurfacing of **30 km**  
of carriageway.

We issued 628 Development Approvals with a total value of \$580 million, and established a new Compliance and Emergency Liaison team to ensure a more coordinated approach to all areas where compliance and enforcement are necessary.









## STRONG COMMUNITY

Through many different community programs and services we are creating a strong community built on inclusion and a widespread sense of wellbeing.

### Seniors

We conduct many seniors programs, events and activities, such as the Annual Seniors and Carers Expo and Age Friendly Communities Information Workshops. The Autumn Centre currently has over 1,500 members and offers a rich variety of activities to members. We also participated in an Alzheimer's Australia WA pilot project and are now working towards becoming a "Dementia Friendly City". Rockingham Connect Community Transport Service provides well over 400 trips a month.

### Disability Access and Inclusion

We are making good progress with implementing the actions from the Disability Access and Inclusion Plan (DAIP) and the Reconciliation Action Plan.

### Facilities

In July 2017 we will assume direct management of our premier leisure facility, the Aqua Jetty in Warnbro.

### Safety

More than 350 eligible residents claimed the Security Subsidy scheme rebate to install a security device which now makes them feel safer in their home. Over the past year our high profile safety service, Rockingham SmartWatch, conducted about 600,000 km of safety patrols (almost as far as the moon and back).

Neighbours Unite, our own initiative in partnership with Neighbourhood Watch WA, focuses on the simple community actions we can take to build safer, healthier and more vibrant neighbourhoods.

### Youth

Our youth services team has successfully transitioned to a new way of working, delivering outreach directly within schools and other agencies. Youth workers assisted about 4000 young people and their families in the past year.

### Events

We presented a full calendar of well attended events during the past year, including:

- The International Food Festival, which was attended by 7000 people
- The Castaways® sculpture competition, which attracted up to 19,000 people
- New Year's Eve and Australia Day fireworks, our most popular events, which attracted 25,000 and 27,000 people respectively
- "Romance in the Park", presented in collaboration with the Perth Symphony Orchestra in February 2017, attended by around 1600 people
- The 2016 Seniors Expo with 135 stalls and 1500 attendees
- Celebrate Ability! with 600 attendees
- The Outdoor Cinema Series attracted over 200 residents at each event
- Various events at our libraries, attracting nearly 27,000 participants throughout the year.



## TOURISM LIFESTYLE

Known as the place “where the coast comes to life” our City is blessed with a wealth of attractions and facilities that support a tourism lifestyle for our residents.

The enduring appeal of our beautiful coast continues to provide immeasurable lifestyle benefits to our residents and draws visitors from far and wide. Boating is an enormously popular activity along the length of our coast, and there are proposals for marinas under consideration such as Port Rockingham at the Wanliss Street end of Rockingham Beach.

We are progressing with our strategy to attract a major hotel brand to the foreshore by actively engaging with landowners and investors, and modifying the Planning Policy to include provisions for an ‘iconic hotel’ development within the Foreshore Precinct.

**Rockingham**  
RENAISSANCE  
— S —  
A new era of prosperity.

To encourage investment we have also developed a dynamic relationship with the French Chamber of Commerce and Industry resulting in a Memorandum of Friendship between France and the City.

We have also reviewed our tourism business model to add better value to both the local tourism industry and the local economy generally.

The City continues to support the Rockingham Kwinana Chamber of Commerce through funding for events such as the Long Table Lunch, Rockingham Jetty Beach Party, Business Awards and the Business Expo.

The overall amenity of our community continues to sparkle thanks to the ongoing collaboration between residents and the City. During the last year our LitterBusters team has responded to more than 2,200 customer requests by phone, email and the LitterBusters mobile app.













## SUSTAINABLE ENVIRONMENT

From planning to meet the challenges of climate change and reducing waste, to preserving bushland and coastal reserves, and planning for population growth, maintaining our unique environmental values is seen by our community as a major priority.

The Land and Development Infrastructure team has been created to provide a one-stop multi-disciplinary approach to development across the City. The team provides detailed assessment for all engineering, landscape and urban water matters.

We are currently implementing a Bushfire Risk Mitigation Strategy to reduce bushfire hazards within the City and to develop a bushfire awareness culture throughout the community.

The Baldivis Tramway Masterplan, endorsed by the Western Australian Planning Commission, will protect and enhance the value of the Tramway Reserve for recreational purposes.

Through the Waste Authority's Better Bin program, we are aiming to increase our level of recycling to exceed State recycling targets of 65% by 2020.

We have upgraded to a three-bin rubbish collection system which will prevent additional recyclables and green waste from ending up in landfill.

The installation of solar panels on City buildings is continuing and significant savings in our power costs and greenhouse emissions are already being delivered.

# OUR COUNCIL

The City of Rockingham comprises four wards represented by 10 Councillors and a Council-elected Mayor who represent the interests of the community.

Members of Council are responsible for making decisions in all areas of policy and budget priorities. Decisions are made as a consensus of the Council in accordance with the *Local Government Act 1995*.







# OUR COUNCIL: ROCKINGHAM WARD



## CR BARRY SAMMELS

**Phone:** 9592 2344

**Email:** [barry.sammels@rockingham.wa.gov.au](mailto:barry.sammels@rockingham.wa.gov.au)

Barry is passionate about developing the local community. His mission is to work in partnership with the people of Rockingham to create an inclusive community in a leading City with a relaxed coastal lifestyle. Barry understands the needs of the local community, having been a local business owner and resident of the Rockingham area for 34 years, Mayor of the City for 14 years and a Councillor for 20 years. He chairs a number of committees which focus on climate change, community safety and major projects in the area. He is committed to building stronger partnerships with State and Federal Government.



## CR JOY STEWART

**Phone:** 9592 4948, 0421 021 711

**Email:** crjoystewart@gmail.com

Joy Stewart has always been an active member of the community, being involved with many different organisations and sporting groups over 43 years of living in Rockingham. She was Commodore of The Cruising Yacht Club from 2003-2005 and was elected as a Rockingham Ward Councillor in 2007, becoming one of the first people in Australia to earn a Diploma in Local Government. She prioritises her role in decision-making and likes being a voice for less fortunate members of the community, such as the elderly and people living with disability.

She serves as a Council representative on several committees, including, seniors, Disability Access and Inclusion, Neighbours Unite, Marine Infrastructure, Corporate and Community Development, Christmas Festival, Pioneers Luncheon, Governance Review and Australian Day Awards. Outside Council committees include the Rockingham Peel Group Consumer Advisory Council, three school boards, and the Rockingham Mature Adult Learning Association. Joy is also Patron to the Rockingham Museum and a bingo caller for the Navy Club.



## CR KELLY MCMANUS

As of Monday 27 March 2017 Cr Kelly McManus resigned as Councillor for the Rockingham Ward to take up a new opportunity. Council received approval from the Western Australian Electoral Commission for the vacancy to remain unfilled until the ordinary elections in October 2017 when an extraordinary vacancy will exist for a term of two years.

Thank you to Kelly for her valuable contribution as a Councillor. We wish her all the best in her future endeavours.

## OUR COUNCIL: SAFETY BAY WARD



### DEPUTY MAYOR DEB HAMBLIN

**Phone:** 0404 895 046

**Email:** [deb.hamblin@gmail.com](mailto:deb.hamblin@gmail.com)

Deb holds a Bachelor of Arts and a Graduate Diploma in Library and Information Studies. Now in her third term as Councillor, she has a passion for expanding educational opportunities and promoting the value of literacy in our community. Deb has been a Rockingham resident for more than 30 years and has worked for Murdoch University for 39 years. She is Vice Chair of the Library Board of Western Australia, Chair of the Library Board Audit Committee and a foundation member of the Rockingham Education Development Group. During her time on Council she has been an active contributor to a number of committees including Community Development, Planning and Engineering, City Safe and Global Friendship Committee. She enjoys her role in assisting local residents and working towards an even better Rockingham community.





## CR LEIGH LILEY

**Phone:** 9593 8362

**Email:** leigh.liley@education.wa.edu.au

Raised, educated and employed locally in the region, Leigh has been a resident for 50 years. She is passionate about the needs and lifestyle of the community, the responsible management of the unique coastal environment and the advancement of a sustainable and affordable economic future for all residents.

Chair of the Corporate and Community Development Committee, she is also Council's representative on committees including the Disability Access and Inclusion Committee; Sports Advisory; Community Grants Program; Neighborhood Watch; City Safe; Governance Review; and Marine Infrastructure. She aims to positively influence decision making to ensure residents have access to quality services, recreational facilities, key infrastructure and programs.

Leigh is committed to ensuring the community's long term aspirations are reflected in the City's Strategic Community Plan.



## CR KATHERINE SUMMERS

**Phone:** 0434 938 662

**Email:** kathsummers@outlook.com

Katherine is a high school teacher, best-selling author, doodler, law student and sole parent of two children; her son plays for the Warnbro Strikers and her daughter was a National Level swimmer for the Rockingham Stingrays, making her keenly aware of the challenges facing families. Katherine is committed to helping create a brighter future for all in the community and she is especially committed to human rights and the environment. She is a founder of 'No Harm Health' and lobbyist for medical reform in Western Australia. She is also involved in several committees including Global Friendship, Rockingham Education and Training Advisory Committee (RETAC) and the Rockingham Lakes Regional Park Advisory Committee.

## OUR COUNCIL: BALDIVIS WARD



### CR LEE DOWNHAM (CMgr FCMI)

**Phone:** 0477 177 772

**Email:** [lwdownham@gmail.com](mailto:lwdownham@gmail.com)

Lee is an ex-British Army Warrant Officer and a Chartered Manager who is married with two young children. He has been living in Baldvis for seven years. He is a Business Excellence and Management consultant who has worked in the engineering, construction and oil and gas sectors.

Lee is an avid advocate of strong community cohesion and the promotion of local business. His goal in becoming a Councillor is to keep rate increases as low as possible without compromising the development of much needed infrastructure, crime reduction initiatives and community development and support. Lee uses his skills in business and strategy to look for opportunities to save money and raise extra revenue for the City to reduce the burden on the ratepayer. He sees the development of the foreshore areas and light commercial precincts as essential priorities for tourism and business.

Lee is involved with several committees including Corporate and Community Development, Governance Review, and the South West Corridor Planning and Infrastructure Committee.

Outside of Council Lee is a member of the board of Baldvis Events and Baldvis Gardens Primary School.



### CR MATTHEW WHITFIELD

**Phone:** 0405 637 894

**Email:** [matthew@baldviscouncillor.com](mailto:matthew@baldviscouncillor.com)

Matt is the youngest Rockingham Councillor and he has fought passionately for various issues during 2016/2017 financial year. Matt continued to work full time in this community role and sits on various Council committees as well as many not for profit, school and community boards where he positively contributes to great community outcomes. Local Government is the tier that affects people's lives on a daily basis through parks, beaches, facilities, building approvals, roads and services and Matt is proud of how the City is generally operating. The City of Rockingham has had challenges in the year that this report covers, both internally and externally, and Matt has continued to seek out common sense outcomes, and achieve cost saving measures. By constantly challenging policies and strategies he aims to get the best outcome possible for the community. In a previous life Matt was a police officer, bank manager and cruise director.



# OUR COUNCIL: COMET BAY WARD



## CR CHRIS ELLIOTT

**Phone:** 9537 1096

**Email:** chriselliott388@yahoo.com.au

Chris holds a Ph.D. (University of Alberta), a Master of Education and a Bachelor of Education (Edith Cowan University). He is in his third period as Councillor, having represented Coastal Ward from 1978 to 1983 and from 1995 to 2003, which included serving as Mayor of the City from 1997 to 2003. Chris was again elected in 2011 and has remained on Council since then. Chris brings energy, experience and passion to his role.

As a member of the Council for 19 years, Chris has been a member of, and has chaired, a range of Council committees. A long-term resident, Chris works to ensure adequate facilities are developed for the rapidly growing population and wants to ensure the environmental beauty and natural features of the area are retained. Chris strongly holds the view that a city is much more than roads and buildings and wants to help to make Rockingham the best place to live. He is keen to work with all tiers of government, local businesses and the community in assisting Rockingham to reach its tourism and business potential.



## CR JUSTIN SMITH

**Phone:** 0408 912 244

**Email:** crjustinsmith@icloud.com

Elected in as Councillor in October 2013, Justin grew up and was educated locally and has lived in Secret Harbour with his family since 2000. Justin is passionate about small business, being an owner of a finance business, past chairman of the Rockingham Kwinana Small Business Centre and past president and life member of the Rockingham Kwinana Chamber of Commerce.

Local sports play a significant part of Justin's community involvement, having held office bearer and coaching positions with the Secret Harbour and Singleton junior cricket and football clubs. His contribution to Rockingham's business and sporting community was recognised when he was awarded the City of Rockingham's Australia Day Citizen of the Year Award for 2013.

Justin is an advocate for the sound development of community and recreational facilities in the City's rapid growth areas and the improvement of the City's foreshores to promote community and tourism opportunities.

# MAYOR'S REPORT

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It is with great pleasure that I welcome you to the City of Rockingham's Annual Report for the year ended 30 June 2017. This report details the progress made in the last financial year against the actions set out under the City's Strategic Community Plan 2015-2025.

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## INFRASTRUCTURE CONSTRUCTION PROGRESS

There is never a quiet time in a high growth strategic metropolitan centre such as Rockingham and surrounds. The focus for this year has been on commencing some much needed community infrastructure projects, as identified under the Community Infrastructure Plan 2016-2026. Endorsed by Council in October 2016, the plan, guides the development, timing, design and location of community infrastructure over the next 10 to 20 years using supply and demand analysis to identify the services and facilities required for our emerging population.

We were pleased to deliver some key projects to the community this year including a new \$3.2 million shared footpath between the Warnbro Train Station and the Baldivis South shopping precinct.

Construction commenced on the new \$4.9 million Golden Bay Sports Pavilion, the \$4.9 million Singleton Sports and Community Centre and the \$4 million Baldivis South Sports Pavilion. These projects are made possible with generous support from the Department of Sport and Recreation.

This year we also delivered the City's first enclosed, off-leash dog park catering for large and small dogs. Located at Bayview Reserve in Rockingham, the park cost about \$165,000 and received strong community support. Another dog park is scheduled to commence construction in Baldivis in early 2018.

## MAINTAINING AND PLANNING INFRASTRUCTURE

Council is committed to the careful planning of infrastructure supported by rigorous budgeting. This fiscally responsible approach means the City does not have large debt repayments and has over time, successfully adjusted to using landfill revenue to fund its own operations instead of ameliorating rates increases. Council adopted rates of 4% for residential properties which strikes the balance needed to ensure we are able to meet the needs of a growing population while maintaining an effective maintenance and replacement program for assets. The City's largest capital expenditure (31%) continues to be on maintenance and construction, followed by recreation, sports and culture (22%).

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## ROCKINGHAM FORESHORE REDEVELOPMENT

Works are expected to commence in the second quarter of 2018 on Stage 1 of the comprehensive \$15.7 million Rockingham Beach Foreshore redevelopment. The project is a large-scale, long term upgrade, guided by the Rockingham Beach Foreshore Masterplan and will include substantial changes to our key beach front area including a new Beach Plaza, the Boardwalk (between Railway Terrace and Val Street Jetty), and the Wanliss Street carpark. It is going to be exciting to see this area transformed into a vibrant, well-connected pedestrian location that attracts visitors from within and outside Rockingham, and provides stimulus for the local economy.



## OUR THANKS

Council has operated as a cohesive leadership unit during the past financial year, ensuring that teamwork and community representation were our priority, which led to some key decisions being successfully made for our residents, which you can read about under the Performance Highlights against the Community Plan on p10.

I would like to thank Council for their commitment and diligence this year as we farewell Kelly McManus from her role as a Councillor for Rockingham. Council received approval from the Western Australian Electoral Commission for the vacancy to remain unfilled until the ordinary elections in October 2017 when an extraordinary vacancy will exist for a term of two years.



**Barry Sammels**

City of Rockingham Mayor



# CEO'S REPORT

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This year the City of Rockingham focused on reviewing the organisational structure to ensure we continue to deliver high quality customer service. Construction commenced on various new community infrastructure facilities. Solid progress was made in 2016/2017 on Council and community's key aspirations of a Tourism Lifestyle, a Strong Community, Quality Leadership and a Sustainable Environment.

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## ORGANISATIONAL IMPROVEMENTS

We have committed to a positive culture of learning and development to ensure we keep abreast of new and innovative ways to deliver our business. As such the organisational structure of the City underwent some significant changes in 2016/2017. Service delivery was reviewed in depth and the findings indicated changes needed to be made to ensure we continue to deliver high quality services, which are in line with community expectation.

The City now has a dedicated Land and Development Infrastructure Team and a Compliance and Emergency Liaison Department. While staff levels have remained similar, the restructures have aligned teams and brought operational and project planning components into each department. Our customers can now be directed more easily to the correct team, improving their overall experience with the City.

As of 1 July 2017, the City will assume direct management of the region's premier leisure facility, the Aqua Jetty pool and gym. Opened in 2003 at a cost of \$15.3 million, the facility provides a wide range of aquatic and leisure services.

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## ROCKINGHAM RENAISSANCE

With the significant opportunities that lay in future submarine and frigate building activities in Western Australia, the City of Rockingham has partnered with the Western Australian Chapter of the French Australian Chamber of Commerce (FACCI) to establish a job creation and defence related innovation hub.

A memorandum of understanding was signed with FACCI in July 2016 and several high level executives from French companies toured the City in May 2017 to assess the benefits the City can offer. There are a number of immediate and future opportunities being pursued, mainly in the areas of defence technology and innovation. The City aspires to become the centre of Western Australia's high technology innovation effort in order to capitalise on the local employment opportunities that will inevitably emerge.

## SIMPLIFYING RISK

As part of my statutory responsibilities, I am required to review the effectiveness of the City's risk management systems and procedures at least every two years.

The City's Risk Reporting framework has been strengthened in line with the Council's Risk Management Policy, which was adopted in March 2016. City Officers can now access a range of online tools that can be applied to every project assessment from the concept planning phase through to construction and commission.

The revised web based Risk Calculator and Risk Matrix assess the potential impact of risk and the likelihood of an event happening to determine the risk rating. The City is primarily concerned about ensuring risks are identified and mitigated in the key areas of personal health and safety, the environment, customer service, project management and finance.



## MEASURING PERFORMANCE

The City continues to look at ways to assess, measure and improve the quality of services and facilities. We use three key measurement tools:

- An annual survey for residents, which focusses on services and facilities; and
- An online tool offered through the new Rock Port portal which measures the overall happiness of people living in the region; and
- An industry-wide corporate comparison project, which compares various Local Governments at a strategic level.

Some key findings include:

- The City of Rockingham is comparatively one of the leanest and most efficient WA Local Governments with its low ratio of staff to population.
- The City's overall customer satisfaction rating has improved for the eighth consecutive year.
- In 2016, residents were most impressed with the City's rubbish and recycling services, libraries, parks and gardens and sporting facilities. Based on the feedback, one area that will form a key focus in 2017/2018, will be events, especially those for seniors.
- Our first overall Happiness Score, based on the Net Promoter Score concept, was 29, with 43% of survey respondents reporting that they are happy and enthusiastic about living in the Rockingham region.

In closing I express my sincere thanks to the Executive Team for their excellence in leadership in 2016/2017, and to the commitment, enthusiasm and work ethic of all City staff.



**Andrew Hammond**  
Chief Executive Officer



# ORGANISATIONAL STRUCTURE

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The City of Rockingham Administration comprises six directorates: General Management Services, Community Development, Corporate Services, Engineering and Parks Services, Planning and Development Services, and Legal Services and General Counsel.

Each Directorate is led by a director who reports to the Chief Executive Officer (CEO), who is also responsible for the General Management Services Directorate. The CEO is directly accountable to the Mayor and Councillors elected by the residents of the City of Rockingham.





## ANDREW HAMMOND

### Chief Executive Officer

Executive Master of Business Administration (UWA), Diploma of Local Government (DE VET), Graduate Australian Institute of Company Directors, Fellow of Local Government Managers Australia, Fellow of Australian Institute of Management, Institute of Public Administration Australia Local Government Leader of the Year 2012 and Local Government Managers Australia Medal 2013.

### Key Responsibilities

- Strategic Leadership
- General Management
- Internal Audit
- Investment Attraction
- Strategy and Corporate Communications
- Governance and Councillor Support
- Human Resource Development
- Organisational Development.

Commencing with the City of Rockingham in 2008, Andrew has worked in senior management and leadership roles in Western Australian local governments since 1987 in locations including Manjimup and Nannup in the South West, Kununurra in the East Kimberley, and the City of Albany in the Great Southern region. Prior to commencing his local government career, Andrew worked in the retail banking sector in rural and metropolitan South Australia as well as Western Australia.





## CHRIS THOMPSON

### Director Engineering and Parks Services

Chris resigned his position as Director Engineering and Parks Services in February 2017. Doug Forster has been appointed to act in the role until a new Director is appointed in the 2017/2018 financial year.

Diploma in Local Government, Fellow Institute of Public Works Engineering Association (IPWEA), Fellow Australian Institute of Management (FAIM), Member Local Government Managers Association (MLGMA).

#### Key Responsibilities

- Engineering Services
- Parks Services
- Waste Collection and Landfill Services
- Asset Services.

Chris commenced his position as Director in 2003. With over 30 years working in local government, it all began at what was then the Shire of Rockingham in 1982. Chris subsequently worked for rural and metropolitan councils. He was appointed as Chief Executive Officer (CEO) at the Shire of Yilgarn when he was 29 and was instrumental in facilitating resource sharing projects between Wheatbelt councils, particularly in the area of road building.

Based on this experience, Chris was appointed to the Western Australian Local Government Association (WALGA) as Executive Manager, Transport and Roads. During his eight years at WALGA, Chris visited every council in WA and represented local government and the State on many committees, groups and boards advancing public works, funding and policy issues.



## BOB JEANS

### Director Planning and Development Services

Bachelor of Arts (Urban and Regional Studies), Fellow of Australian Institute of Management (FAIM), Member Planning Institute of Australia.

#### Key Responsibilities

- Strategic Planning and Environment
- Statutory Planning
- Building Services
- Health Services
- Compliance and Emergency Liaison
- Rockingham Strategic Metropolitan Centre
- Land and Development Infrastructure.

Bob has more than 40 years of experience in the local government sector and has been the Director of Planning and Development Services since 2003. Bob has extensive experience in senior local government administration and town planning. Areas of particular interest include urban design, public spaces, town centre and 'main street' planning.





## PETER DOHERTY

### Director Legal Services and General Counsel

Bachelor of Jurisprudence (Honours), Bachelor of Laws (Honours), Nationally Accredited Mediator, Member Law Society of Western Australia, Law Council of Australia and the Association of Corporate Counsel.

#### Key Responsibilities

As the City's in-house lawyer, the General Counsel is responsible for providing independent legal advice to the City on all matters including:

- the City's operational functions; and
- litigious and potentially litigious matters.

As a Director and member of the Executive, the Director of Legal Services, Peter:

- participates in strategic decision making of the Executive
- maintains an oversight of the City's operational local government systems; and
- develops and implements training for staff and Councillors on relevant legal topics and issues.

Peter joined the City in October 2016 following John Woodhouse's departure to pursue extended travel plans after almost four years in the role. Peter is the City's second Director of Legal Services and General Counsel.

Peter has worked in private legal practice for more than 35 years. Until 2006 he was a partner of a top-tier national law firm which specialised in local government law. During 2006 he commenced practice as a barrister at Francis Burt Chambers, where he remained until he joined the City. Peter is a former legal member of the Local Government Standards Panel and a former chairman of the Law Council of Australia's Business Law Section and its Competition and Consumer Law Committee.



## JOHN PEARSON

### Director Corporate Services

Master of Accounting, Bachelor of Commerce.

#### Key Responsibilities

- Financial Services
- Customer and Corporate Support
- Information Systems
- Community and Leisure Facilities.

John has worked at the City of Rockingham since 2008. Prior to this appointment he was the Chief Executive Officer for the Shire of Derby/West Kimberley in Western Australia's north. John has over 16 years of executive management experience in both rural and metropolitan local governments and is responsible for corporate operations in the City of Rockingham.



## MICHAEL HOLLAND

### Director Community Development

Bachelor Social Science (Leisure Science), Post Graduate Community Development, Advanced Diploma Management, Diploma Project Management.

#### Key Responsibilities

- Community Capacity Building
- Community Infrastructure Planning
- Library and Information Services
- Community Safety and Support Services
- Lead the Community Development Division to work with the community to achieve the best possible outcomes for both the City and community.
- Provide strong direction and feedback to the Executive and Council in relation to strategic community issues and trends that affect the Rockingham community.

Michael has lived in Rockingham his whole life and has worked in both local government and the private sector. For more than 20 years he has dedicated his career to the community development industry. Having developed, implemented and reviewed community development teams, models, strategies and budgets throughout his career, Michael is seen as a leader and innovative thinker throughout the community development industry. As the Chairperson of Kolbe Catholic College, President of the Rockingham Football Sporting and Social Club and coach of the Year 9 football team, Michael is passionate about both his job and his community. He considers himself very fortunate to work with and be part of his local community and he aims to remain in local government for the long term.





# COMPLIANCE

## DISABILITY ACCESS AND INCLUSION

In line with the requirements of the *Western Australian Disability Services Act 1993*, the City of Rockingham has a Disability Access and Inclusion Plan (DAIP), which outlines the actions the City will implement to further the principles and objectives of the Act. The DAIP for the period 2016–2019 was endorsed by Council in June 2016 following a comprehensive review process. In line with the requirements of the Act, the progress achieved under the DAIP was reported to the Disability Services Commission in May 2017.

Endorsed by Council at the end of June 2016, the City has a Disability Access and Inclusion Strategy 2016-2019 (DAIS) which identifies broad strategic aspirations regarding disability access and inclusion for our community. The DAIS outlines the key actions to be implemented to achieve the vision of “an inclusive community that enables people with disability to fulfil their potential as equal citizens”.

In 2016/2017 the City started implementing the actions outlined in the DAIP and the DAIS for the period 2016-2019. A summary of key achievements is provided below.

### In 2016/2017 the City:

- Continued to consider the inclusion of adult change facilities (comprising a hoist and adult change table) in community infrastructure developments, subject to established internal guidelines and criteria. Of the developments finalised during 2016/2017, these facilities were included in the Singleton Sports and Community Centre and the Golden Bay Sports Pavilion.
- Included the provision of mobile PA systems with audio loop capacity for new community facilities.
- Continued to progress the development of the Secret Harbour Inclusive Play Space, which is now due for completion during 2018. When completed, the play space will provide opportunities for individuals, families and friends with different abilities and skills to play alongside each other in a safe environment.
- Continued to implement an Equal Opportunity Management Plan (2015-2017), which incorporates bi-annual training for staff, delivered by the Equal Opportunity Commission.
- Provided a year-round program of accessible and inclusive community events and activities, with promotional material showing the Audio Loop and/or Wheelchair Friendly symbols where appropriate.
- Supported community organisations and groups to provide accessible and inclusive community events through the Outdoor Events planning and approvals process, and Community Grants Program. To support this, information on creating accessible events was added to the City’s website.
- Facilitated bi-monthly meetings of the Disability Access and Inclusion Advisory Committee. This Advisory Committee represents the community by providing advice and support to Council with regard to the DAIP and the DAIS and to address disability access and inclusion issues within the City. This group provided valuable input to inform the design of community infrastructure projects being progressed by the City.
- Facilitated the Let’s Talk Network, which comprises local service providers and other stakeholders from the disability sector. The network met six times during 2016/2017, providing opportunities for members to share information, build networks and establish collaborative partnerships.
- Presented Celebrate Ability, an annual community event that celebrates and acknowledges the International Day of People with Disability. More than 600 people attended this event in 2016.
- Constructed:
  - o An additional universal access ramp at the City’s Administration Building
  - o Universal access parking and ramp at the Watts Road Scout Hall.
- Provided training for City staff to raise awareness of the DAIP and disability access and inclusion issues, and to support colleagues with disability to feel welcome.
- Continued to work with Disability Employment Services to identify and support employment and traineeship opportunities for people with disability.

- Provided the Rockingham Connect Community Transport service, which provides wheelchair accessible transport to community members from their home to a range of community venues for a \$1 fee.
- Continued to implement the Social Connector Program, which engages people who are experiencing loneliness or social isolation.
- Made improvements to the City's website to enhance its accessibility and to provide information to community members about how they can access City documents in alternative formats.
- Commenced using software that allows ongoing internal auditing of the City's website in relation to the accessibility of the site and its information.
- Established a Disability Access and Inclusion Internal Working Group to guide the implementation and monitoring of the DAIP and the DAIS. This group commenced the development of an internal policy framework to provide strategic and operational direction regarding the accessibility of City infrastructure and spaces.
- Undertook planning work to enable an audit program to be implemented during 2017/2018, measuring the accessibility of approximately 60 City buildings and outdoor spaces.
- Incorporated feedback from an accredited accessibility consultant to support the finalisation of detailed plans for the Rockingham Foreshore Revitalisation project.



## RECORD KEEPING

In line with Section 19 of the *State Records Act 2000*, local governments are required to have a Record Keeping Plan that is approved by the State Records Commission (SRC). The plan applies to employees, Elected Members and contractors.

The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and the implementation of best practice record keeping in the organisation. In line with Section 17 of the Act, the City and staff are legally required to comply with the actions listed in the plan.

The City is committed to the management of records in accordance with legislative requirements and best practice. The City's Record Keeping Plan has been approved by the State Records Commission until May 2018.

During the 2016/2017 financial year the City continued its back-scanning of building application property files and legal documents. New employees received training in records management and in the City's Electronic Document Records Management System. Existing employees continue to have refresher and power user training provided. Work on providing refresh records management training has commenced.

## EXECUTIVE REMUNERATION

The City's executive remuneration is assessed against skills, qualifications, experience and the responsibilities of the position. The figures below represent a cash base salary but do not include vehicle allowances, non-monetary benefits such as professional memberships or superannuation of up to 14.5%.

Salary Range	Number of Executives
120,001 – 130,000	3
130,001 – 140,000	4
140,001 – 150,000	2
150,001 – 160,000	10
160,001 – 170,000	3
170,001 – 180,000	1
180,001 – 190,000	0
190,001 – 200,000	0
200,001 – 210,000	1
210,001 – 220,000	2
220,001 – 230,000	0
230,000 – 240,000	1
240,001 – 250,000	0
250,001 – 260,000	1
260,001 – 270,000	0
270,001 – 280,000	0
280,001 – 290,000	0
290,001 – 300,000	1





## FREEDOM OF INFORMATION AND PUBLIC INTEREST DISCLOSURE

As a public authority the City has an obligation to provide certain information under the provisions of the *Freedom of Information Act 1992* (FOI) and the *Public Interest Disclosures Act 2003*. During the 2016/2017 year, 17 requests were received for information under FOI and no public interest disclosures were received.

### Freedom of Information Statistics 2007/2008 to 2016/2017

Financial Years	FOI Applications	Transfers	Completed	Withdrawn	Not yet completed	Internal Review Applications
2016/2017	17	1	14	1	4	0
2015/2016	13	0	12	0	1	2
2014/2015	14	0	16	0	0	0
2013/2014	9	0	9	1	2	2
2012/2013	9	0	7	0	2	1
2011/2012	14	0	11	0	3	0
2010/2011	8	0	7	1	1	1
2009/2010	11	0	8	2	1	0
2008/2009	5	0	4	0	1	1
2007/2008	5	0	5	0	0	0

## LOCAL LAW REVIEW

Every eight years the City reviews the City's local laws. In December 2016 Council directed the Chief Executive Officer to examine the current local laws over 18 months to June 2018. Any proposed amendments to be presented to Council via the Governance Review Committee.

## REGISTER OF DELEGATED AUTHORITY

To provide a timely and effective response to customer requests, Council may delegate some routine decision-making authority to the Chief Executive Officer and other City employees. A Register of Delegated Authority is reviewed annually by the Governance and Councillor Support Team and is subsequently adopted by Council.

## AUSTRALIAN CITIZENSHIP CEREMONIES

The Governance and Councillor Support Team coordinates the Australian Citizenship Ceremonies on behalf of the Department of Immigration and Citizenship. A total of 938 people became Australian citizens this year.



# PRIORITIES FOR THE FUTURE

In the year ahead the City will continue to strive to achieve its vision for the future. During the 2017/2018 financial year the City will complete the following projects:



Golden Bay Sports Pavilion  
(Rhonda Scarrott Reserve)  
- \$4.8 million



Secret Harbour  
Inclusive Play Space  
- \$1.5 million



Singleton Sports and Community  
Centre (Laurie Stanford Reserve)  
- \$4.8 million



Mike Barnett  
Netball Court Upgrade  
- \$340,000



Baldivis South Youth Space  
- \$450,000



Baldivis South Sports Pavilion  
(Eighty Road Reserve).  
- \$4 million

Other projects scheduled for the coming financial year include:



Creation of a new  
CCTV plan.



Development of a Coastal  
Hazard Risk Management  
and Adaption Plan to guide  
future management of  
our coastline



Disposing of vacant land  
holdings and encouraging  
further investment in the  
City's precincts



Development of the  
2018-2028 Strategic  
Community Plan



Upgrade to graffiti  
reporting equipment



Toilet block maintenance and  
renewal works (\$2.2 million).



Extension of the  
Rockingham Connect  
Community Transport Service

Rockingham Beach Foreshore Revitalisation

2017-2020

Aqua Jetty Stage Two

2021-2023

Stan Twight Reserve Clubroom Extension

2021-2022

Secret Harbour Community Library

2022-2023







# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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# Statement by Chief Executive Officer

For the year ended 30 June 2017

**CITY OF ROCKINGHAM  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**


**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the City at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

14th day of October 2017

  
\_\_\_\_\_  
Andrew Hammond  
Chief Executive Officer



# Statement of Comprehensive Income by Nature or Type

For the year ended 30 June 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	22	79,224,918	79,781,809	74,139,083
Operating grants, subsidies and contributions	29	6,363,687	4,765,553	4,920,331
Fees and charges	28	43,271,204	44,131,332	43,795,162
Service charges	25	866,324	821,746	911,730
Interest earnings	2(a)	4,041,690	3,260,000	4,065,460
Other revenue	2(a)	17,091,699	17,063,633	16,268,983
		150,859,522	149,824,073	144,100,749
<b>Expenses</b>				
Employee costs		(48,105,577)	(47,219,156)	(45,072,177)
Materials and contracts		(38,724,857)	(48,697,894)	(32,869,292)
Utility charges		(4,967,283)	(4,887,338)	(4,709,850)
Depreciation on non-current assets	2(a)	(75,340,347)	(62,323,036)	(63,036,546)
Interest expenses	2(a)	(1,045,160)	(1,041,285)	(1,262,074)
Insurance expenses		(1,237,559)	(1,249,023)	(1,221,237)
Other expenditure		(25,986,740)	(28,549,640)	(28,306,817)
		(195,407,523)	(193,967,372)	(176,477,993)
		(44,548,001)	(44,143,299)	(32,377,244)
Non-operating grants, subsidies and contributions	29	25,428,132	18,732,302	30,185,870
Profit on asset disposals	20	0	390,408	43,403
(Loss) on asset disposals	20	(2,417,630)	(1,171,120)	(504,289)
Reversal of prior year loss on revaluation of furniture and equipment	6(b)	0	0	500,552
Reversal of prior year loss on revaluation of plant and equipment	6(b)	0	0	1,166,813
Reversal of prior year loss on revaluation of Infrastructure - Other	7(b)	0	0	0
<b>Net result</b>		<b>(21,537,499)</b>	<b>(26,191,709)</b>	<b>(984,895)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(5,507,794)	0	772,099
<b>Total other comprehensive income</b>		<b>(5,507,794)</b>	<b>0</b>	<b>772,099</b>
<b>Total comprehensive income (loss)</b>		<b>(27,045,293)</b>	<b>(26,191,709)</b>	<b>(212,796)</b>

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

# Statement of Comprehensive Income by Program

For the year ended 30 June 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>	<b>2(a)</b>			
Governance		171,764	100,085	255,567
General purpose funding		87,804,610	86,348,236	81,305,532
Law, order, public safety		1,516,064	967,368	1,057,162
Health		313,895	275,675	284,308
Education and welfare		424,124	491,516	894,963
Housing		3,535,371	3,519,384	3,548,479
Community amenities		49,807,206	51,370,039	50,029,411
Recreation and culture		3,034,314	2,527,154	2,254,623
Transport		601,644	537,750	628,341
Economic services		2,346,195	2,719,446	2,600,057
Other property and services		1,304,335	967,420	1,242,306
		150,859,522	149,824,073	144,100,749
<b>Expenses</b>	<b>2(a)</b>			
Governance		(16,349,125)	(2,096,947)	(16,027,449)
General purpose funding		(882,237)	(1,020,100)	(776,137)
Law, order, public safety		(5,709,343)	(7,505,032)	(5,605,801)
Health		(1,734,078)	(2,470,817)	(1,828,800)
Education and welfare		(4,784,976)	(5,845,480)	(4,882,923)
Housing		(3,374,609)	(3,440,982)	(3,155,824)
Community amenities		(48,939,356)	(57,512,131)	(42,184,290)
Recreation and culture		(40,760,562)	(38,519,999)	(35,092,460)
Transport		(66,755,787)	(62,864,378)	(61,961,255)
Economic services		(2,771,415)	(3,678,103)	(2,578,995)
Other property and services		(2,300,875)	(7,972,119)	(1,121,985)
		(194,362,363)	(192,926,088)	(175,215,919)
<b>Finance costs</b>	<b>2(a)</b>			
Law, order, public safety		(44,551)	(44,645)	(48,695)
Housing		(23,107)	(2,280)	(4,926)
Recreation and culture		(907,186)	(913,956)	(1,056,098)
Economic services		(70,316)	(80,403)	(149,743)
Other property and services		0	0	(2,612)
		(1,045,160)	(1,041,284)	(1,262,074)
		(44,548,001)	(44,143,299)	(32,377,244)

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Non-operating grants, subsidies and contributions</b>	29	25,428,132	18,732,302	30,185,870
<b>Profit/(Loss) on disposal of assets</b>				
Governance		(4,090)	(10,638)	(80,971)
Law, order, public safety		(1,437,632)	68,781	20,033
Health		(6,145)	(33,950)	8,361
Education and welfare		(91)	(8,892)	6,041
Housing		0	0	(287)
Community amenities		(794,165)	(967,835)	(145,551)
Recreation and culture		(44,668)	4,149	(375,451)
Economic services		(4,118)	10,424	2,232
Other property and services		(126,721)	157,249	104,708
	20	(2,417,630)	(780,712)	(460,886)
Reversal of prior year loss on revaluation of furniture and equipment	6(b)	0	0	500,552
Reversal of prior year loss on revaluation of plant and equipment	6(b)	0	0	1,166,813
Net result		(21,537,499)	(26,191,709)	(984,895)
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(5,507,794)	0	772,099
<b>Total other comprehensive income</b>		<b>(5,507,794)</b>	<b>0</b>	<b>772,099</b>
<b>Total comprehensive income</b>		<b>(27,045,293)</b>	<b>(26,191,709)</b>	<b>(212,796)</b>

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



# Statement of Financial Position

As at 30 June 2017

	NOTE	2017 \$	2016 \$
<b>Current assets</b>			
Cash and cash equivalents	3	85,551,915	88,722,691
Trade and other receivables	4	12,854,178	11,063,237
Inventories	5	381,395	296,982
<b>Total current assets</b>		<b>98,787,488</b>	<b>100,082,910</b>
<b>Non-current assets</b>			
Other receivables	4	1,595,308	1,523,236
Property, plant and equipment	6	303,166,849	298,974,370
Infrastructure	7	1,098,191,007	1,127,858,769
<b>Total non-current assets</b>		<b>1,402,953,164</b>	<b>1,428,356,375</b>
<b>Total assets</b>		<b>1,501,740,652</b>	<b>1,528,439,285</b>
<b>Current liabilities</b>			
Trade and other payables	8	14,721,313	13,428,946
Current portion of long term borrowings	9	2,921,227	2,095,958
Provisions	10	9,683,606	9,248,614
<b>Total current liabilities</b>		<b>27,326,146</b>	<b>24,773,518</b>
<b>Non-current liabilities</b>			
Long term borrowings	9	11,617,176	14,538,404
Provisions	10	11,632,116	10,916,857
<b>Total non-current liabilities</b>		<b>23,249,292</b>	<b>25,455,261</b>
<b>Total liabilities</b>		<b>50,575,438</b>	<b>50,228,779</b>
<b>Net assets</b>		<b>1,451,165,214</b>	<b>1,478,210,506</b>
<b>Equity</b>			
Retained surplus		442,703,977	461,090,837
Reserves - cash backed	11	42,771,793	45,922,431
Revaluation surplus	12	965,689,444	971,197,238
<b>Total equity</b>		<b>1,451,165,214</b>	<b>1,478,210,506</b>

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

# Statement of Changes in Equity

For the year ended 30 June 2017

	NOTE	Retained surplus \$	Reserves cash backed \$	Revaluation surplus \$	Total equity \$
<b>Balance as at 1 July 2015</b>		<b>460,285,039</b>	<b>47,713,124</b>	<b>970,425,139</b>	<b>1,478,423,302</b>
Comprehensive income					
Net result		(984,895)	0	0	(984,895)
Changes on revaluation of assets	12	0	0	772,099	772,099
Total comprehensive income		(984,895)	0	772,099	(212,796)
Transfers from/(to) reserves		1,790,693	(1,790,693)	0	0
<b>Balance as at 30 June 2016</b>		<b>461,090,837</b>	<b>45,922,431</b>	<b>971,197,238</b>	<b>1,478,210,506</b>
Comprehensive income					
Net result		(21,537,499)	0	0	(21,537,499)
Changes on revaluation of assets	12	0	0	(5,507,794)	(5,507,794)
Total comprehensive income		(21,537,499)	0	(5,507,794)	(27,045,293)
Transfers from/(to) reserves		3,150,638	(3,150,638)	0	0
<b>Balance as at 30 June 2017</b>		<b>442,703,977</b>	<b>42,771,793</b>	<b>965,689,444</b>	<b>1,451,165,214</b>

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

# Statement of Cash Flows

For the year ended 30 June 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Rates		78,248,696	79,781,809	73,833,873
Operating grants, subsidies and contributions		6,230,373	4,765,553	4,051,168
Fees and charges		43,271,204	44,131,332	43,795,162
Service charges		866,324	821,746	911,730
Interest earnings		4,041,690	3,260,000	4,065,460
Goods and services tax		5,130,754	4,650,256	5,298,634
Other revenue		17,091,700	17,063,633	16,268,983
		154,880,741	154,474,329	148,225,010
<b>Payments</b>				
Employee costs		(46,775,164)	(47,219,156)	(42,432,899)
Materials and contracts		(37,273,748)	(48,697,895)	(33,815,528)
Utility charges		(4,967,283)	(4,887,338)	(4,709,850)
Interest expenses		(1,288,475)	(1,041,285)	(1,149,353)
Insurance expenses		(1,237,560)	(1,249,023)	(1,221,237)
Goods and services tax		(5,922,415)	(4,635,363)	(5,317,832)
Other expenditure		(25,986,740)	(28,549,640)	(28,306,817)
		(123,451,385)	(136,279,700)	(116,953,516)
<b>Net cash provided by (used in) operating activities</b>	<b>13(b)</b>	<b>31,429,356</b>	<b>18,194,629</b>	<b>31,271,494</b>



	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Cash flows from investing activities</b>				
Payments for development of land held for resale		0	0	0
Payments for purchase of property, plant & equipment	6(b)	(27,463,940)	(46,493,236)	(13,779,142)
Payments for construction of infrastructure	7(b)	(17,916,417)	(36,140,106)	(17,137,146)
Non-operating grants, subsidies and contributions		11,675,875	18,732,302	8,550,928
Proceeds from sale of fixed assets	20	1,162,124	1,105,700	984,845
<b>Net cash provided by (used in) investing activities</b>		<b>(32,542,358)</b>	<b>(62,795,340)</b>	<b>(21,380,515)</b>
<b>Cash flows from financing activities</b>				
Repayment of debentures	21	(2,095,959)	(2,098,509)	(2,047,763)
Proceeds from self supporting loans		38,185	38,185	41,530
Proceeds from new debentures		0	5,825,000	0
<b>Net cash provided by (used in) financing activities</b>		<b>(2,057,774)</b>	<b>3,764,676</b>	<b>(2,006,233)</b>
<b>Net increase (decrease) in cash held</b>		<b>(3,170,776)</b>	<b>(40,836,035)</b>	<b>7,884,746</b>
Cash at beginning of year		88,722,691	81,519,187	80,837,943
<b>Cash and cash equivalents at the end of the year</b>	<b>13(a)</b>	<b>85,551,915</b>	<b>40,683,152</b>	<b>88,722,689</b>

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

# Rate Setting Statement

For the year ended 30 June 2017

NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	<b>39,101,973</b>	<b>34,145,691</b>	<b>28,233,252</b>
	<b>39,101,973</b>	<b>34,145,691</b>	<b>28,233,252</b>
<b>Revenue from operating activities (excluding rates)</b>			
Governance	374,264	100,085	385,567
General purpose funding	11,474,038	8,399,499	7,199,710
Law, order, public safety	1,570,185	1,036,149	1,952,196
Health	313,895	283,871	292,670
Education and welfare	424,124	491,516	901,004
Housing	3,535,371	3,519,384	3,548,480
Community amenities	52,261,369	56,258,447	52,697,397
Recreation and culture	9,012,809	8,761,160	6,546,648
Transport	14,478,386	6,380,500	22,849,200
Economic services	2,346,196	2,729,870	2,602,288
Other property and services	1,306,154	1,237,565	1,249,042
	<b>97,096,791</b>	<b>89,198,046</b>	<b>100,224,202</b>
<b>Expenditure from operating activities</b>			
Governance	(16,353,216)	(2,107,585)	(16,108,420)
General purpose funding	(882,238)	(1,020,100)	(776,137)
Law, order, public safety	(7,191,527)	(7,549,677)	(5,654,496)
Health	(1,740,224)	(2,512,964)	(1,828,800)
Education and welfare	(4,785,068)	(5,854,373)	(4,882,923)
Housing	(3,397,717)	(3,443,262)	(3,161,037)
Community amenities	(49,733,520)	(58,494,328)	(42,329,841)
Recreation and culture	(41,712,415)	(39,448,306)	(36,426,038)
Transport	(66,755,786)	(62,864,378)	(61,961,256)
Economic services	(2,845,848)	(3,758,506)	(2,728,738)
Other property and services	(2,427,593)	(8,085,015)	(1,124,596)
	<b>(197,825,152)</b>	<b>(195,138,494)</b>	<b>(176,982,282)</b>

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Operating activities excluded from budget</b>				
Profit on disposal of assets	20	0	(390,408)	(43,403)
Loss on disposal of assets	20	2,417,630	1,171,120	504,289
Movement in deferred pensioner rates (non-current)		(99,446)	0	(122,171)
Movement in employee benefit provisions (non-current)		715,260	522,861	857,232
Movement in employee benefit provisions (current)		434,992	835,332	1,405,363
Provision for sick leave		(74,656)	0	(334,953)
Non-Cash Developer Contribution		(13,752,257)	0	(21,634,942)
Depreciation and amortisation on assets	2(a)	75,340,347	62,323,036	63,036,546
<b>Amount attributable to operating activities</b>		<b>3,355,481</b>	<b>(7,332,816)</b>	<b>(4,856,867)</b>
<b>Investing activities</b>				
Proceeds from disposal of assets	20	1,162,124	1,105,700	984,845
Purchase of property, plant and equipment	6(b)	(27,463,940)	(46,493,236)	(13,779,142)
Purchase of infrastructure	7(b)	(17,916,416)	(36,140,106)	(17,137,146)
<b>Amount attributable to investing activities</b>		<b>(44,218,232)</b>	<b>(81,527,642)</b>	<b>(29,931,443)</b>
<b>Financing activities</b>				
Repayment of debentures	21	(2,095,959)	(2,098,509)	(2,047,763)
Proceeds from new debentures	21	0	5,825,000	0
Proceeds from self supporting loans		38,185	38,185	41,530
Transfers to reserves (restricted assets)	11	(7,465,449)	(7,176,471)	(4,387,359)
Transfers from reserves (restricted assets)	11	10,616,087	15,759,666	6,178,052
<b>Amount attributable to financing activities</b>		<b>1,092,864</b>	<b>12,347,871</b>	<b>(215,540)</b>
Surplus(deficiency) before general rates		(39,769,886)	(76,512,587)	(35,003,850)
Total amount raised from general rates	22	79,190,865	79,748,738	74,105,823
<b>Net current assets at June 30</b>	<b>23</b>	<b>39,420,979</b>	<b>3,236,151</b>	<b>39,101,973</b>
<b>c/fwd - surplus/(deficit)</b>				

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



# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

#### 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.

#### 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 19 to these financial statements.

### (b) 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (c) 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 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.

### (d) 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

### (e) Inventories

#### 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.

#### Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (f) Fixed Assets

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

#### **Mandatory requirement to revalue non-current assets**

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the City commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the City revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

#### **Land under control**

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the City was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

#### **Initial recognition and measurement between mandatory revaluation dates**

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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 no cost or for nominal consideration, 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 acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

#### **Revaluation**

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

#### **Land under roads**

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (f) Fixed Assets (cont.)

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the City.

#### Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

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:

- Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Land Infrastructure	33.33-50% (p.a.)
Land Infrastructure- Landfill	3.33% (p.a.)
Land Infrastructure- Dam & Water Supply	6% (p.a.)
Building and Fixed Equipment	2.5-20% (p.a.)
Furniture, Fittings and Equipment	10-25% (p.a.)
Computer Equipment	2.5-33.33% (p.a.)
Plant, Machinery and Equipment	11-33.33% (p.a.)
Mobile, Plant and Vehicles	12.5-33.33% (p.a.)
Tools	20% (p.a.)
Parks	5-20% (p.a.)
Roads	5-7% (p.a.)
Footpaths and Crossovers	5% (p.a.)
Misc Infrastructure- Bridges & Ramps	2-10% (p.a.)
Misc Infrastructure- Sculptures	1-3.33% (p.a.)
Misc Infrastructure- Lighting Poles	7% (p.a.)
Misc Infrastructure- Other	2-33.33% (p.a.)
Drainage	3% (p.a.)
Miscellaneous- Other	1.3-10% (p.a.)
Bus/Park Shelters	10% (p.a.)
Photocopiers	20-25% (p.a.)

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.

#### Capitalisation threshold

Fixed assets are capitalised if their costs exceeds the following:

Buildings and Fixed Equipment	\$5,000
Furniture and Equipment	\$2,000
Plant and Equipment	\$2,000
Infrastructure	\$5,000

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (g) Fair Value of Assets and Liabilities

When performing a revaluation, the City uses a mix of both independent and management valuations using the following as a guide:

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.

#### 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (g) Fair Value of Assets and Liabilities (cont.)

#### 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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.



# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (h) Financial Instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the City becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the City commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

#### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- a) the amount in which the financial asset or financial liability is measured at initial recognition;
- b) less principal repayments and any reduction for impairment; and
- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

#### i) *Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

#### ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

#### iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the City has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (h) Financial Instruments (cont.)

#### iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

#### v) *Financial liabilities*

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

#### **Impairment**

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

#### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the City no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (i) Impairment of Assets

In accordance with Australian Accounting Standards the City's 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 assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

### (j) 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.

### (k) Employee Benefits

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

#### Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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 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.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (l) 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.

### (m) 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.

### (n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

### (o) Investment in Associates

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying 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.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate.

When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (p) 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 venture entities providing joint venturers with an interest in net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture 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. Information about the joint ventures is set out in Note 16.

### (q) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

### (r) 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.

### (s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the City's intentions to release for sale.

### (t) Rounding Off Figures

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

### (u) 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 statement, 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.

### (v) 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (w) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the City.

Management's assessment of the new and amended pronouncements that are relevant to the City, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.</p>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (w) New Accounting Standards and Interpretations for Application in Future Periods (cont.)

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>• Assets received below fair value;</li> <li>• Transfers received to acquire or construct non-financial assets;</li> <li>• Grants received;</li> <li>• Prepaid rates;</li> <li>• Leases entered into at below market rates; and</li> <li>• Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.</p>

#### Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

### (x) Adoption of New and Revised 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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 and 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.



## 2. REVENUE AND EXPENSES

	2017 \$	2016 \$
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### (a) Net Result

The Net result includes:

(i) Charging as an expense:

#### Auditors' remuneration

Audit of the Annual Financial Report	35,924	42,179
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#### Depreciation

Land Infrastructure	1,563,377	1,641,299
Buildings	7,709,072	4,680,174
Furniture and Equipment	1,275,343	807,832
Plant and Equipment	3,330,573	3,326,408
Miscellaneous Assets	19,026	1,452
Roads, Footpaths and Drainage	52,614,554	47,518,115
Other Infrastructure	8,828,402	5,061,266
	<b>75,340,347</b>	<b>63,036,546</b>

#### Interest expenses (finance costs)

Debentures (refer Note 21 (a))	1,022,053	1,257,148
Finance Charges Bert England Lodge	23,107	4,926
	<b>1,045,160</b>	<b>1,262,074</b>

#### Other revenue

Reimbursements and recoveries	2,179,554	1,610,110
Other	14,912,145	14,658,873
	<b>17,091,699</b>	<b>16,268,983</b>

	2017 Actual \$	2017 Budget \$	2016 Actual \$
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#### Interest earnings

- Reserve funds	1,336,161	1,200,000	1,459,950
- Other funds	1,658,672	1,200,000	1,653,120
Other interest revenue (refer note 27)	1,046,857	860,000	952,390
	<b>4,041,690</b>	<b>3,260,000</b>	<b>4,065,460</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 2. REVENUE AND EXPENSES (cont.)

### (b) Statement of Objective

The City of Rockingham is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

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

#### Governance

##### Objective:

Members of Council, Executive Services, Information Technology, Human Resources, Records, Legal Services and Finance.

#### General purpose funding

##### Objective:

All Rates Revenue and Penalties, General Purpose Grant, Pensioners Deferred Rates Grant, Investment Revenue and Emergency Services Levy.

#### Law, order, public safety

##### Objective:

Fire Emergency Services, Animal Control/Ranger General and Other Law, Order and Public Safety.

#### Health

##### Objective:

Maternal and Infant Health, Preventative Services (Immunisation), Inspections and Pest Control.

#### Education and welfare

##### Objective:

Care of Families and Children, Aged and Disabled Senior Citizens and Other Welfare.

#### Housing

##### Objective:

Administration and operations of housing programs other than those for the benefit of council staff. These included housing for aged persons.

#### Community amenities

##### Objective:

Sanitations Household Refuse, Sanitation Other, Protection of Environment and Town Planning and Regional Development.

#### Recreation and culture

##### Objective:

Swimming Areas and Beaches, Other Recreation and Sport, Libraries and Other Culture.

#### Transport

##### Objective:

Construction and Maintenance of Streets, Roads and Bridges.

#### Economic services

##### Objective:

Economic Development and Area Promotion, Building Control and Other Economic Services.

#### Other property and services

##### Objective:

Other Property and Services, Public Works Overheads and Unclassified.

## 2. REVENUE AND EXPENSES (cont.)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 01/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
Department of Transport- Point Peron Coastal Erosion Project		75,012	0	0	75,012	0	0	75,012
Strategic Crime Prevention Fund		8,720	0	(8,720)	0	0	0	0
WA Planning Commission Area Assistance Grant- Dixon Rd Conservation Reserve		101,720	0	(49,894)	51,826	0	0	51,826
WA Planning Commission Area Assistance Grant- Tamworth Swamp Baldivis		84,597	0	0	84,597	0	(48,058)	36,539
Healthway School Banner		3,000	0	(3,000)	0	0	0	0
Disability Services Commission- Count Me In Grant		6,444	0	(6,444)	0	0	0	0
Dept of Sport and Recreation- Kidsport		38,450	241,000	(279,450)	0	0	0	0
Federal Assistance Grants- 2016/2017		2,214,706	2,174,930	(4,389,636)	0	4,415,146	(2,053,391)	2,361,755
Department of Fire and Emergency Services Grant VBFB		56,750	170,250	(227,000)	0	209,625	(187,985)	21,640
Department of Fire and Emergency Services Grant SES		32,345	60,000	(89,224)	3,121	104,090	(90,966)	16,245
Australian Neighbourhood Watch- Community Safety Grant		2,727	0	(2,727)	0	0	0	0
Department of Community Development- Youth Outreach Operating Grant		33,118	176,418	(152,315)	57,221	179,241	(185,688)	50,774
Federal Roads to Recovery Grants- R2R- Young Road		27,097	59,619	(86,716)	0	0	0	0
MRRG Program Specific- Dampier Drive (Warnbro Sound Ave to Ennis Ave)		603,545	960,000	(1,563,545)	0	0	0	0
MRRG Program Specific- Baldivis Rd (S'Bay to Highbury Boulevard)		545,887	0	(9,064)	536,823	640,000	(928,037)	248,786
Stockland Development- Footpath Safety Bay Road		89,613	0	(89,613)	0	717,160	(717,160)	0
Australand Pty Ltd- Contribution to Pike/Eighty Road Roundabout		80,000	0	0	80,000	0	0	80,000
Safety Heroes		0	9,450	(4,725)	4,725	0	(4,725)	0
Healthway Grant- Music Festival and Schools Take Part		4,200	15,730	(12,670)	7,260	7,850	(15,110)	0
Healthway Grant- PhotoVoice		0	9,900	(3,960)	5,940	9,750	(6,930)	8,760
Better Bins Kerbside Collection Grant- 360 Litre Recycling Bins		0	600,000	(393,383)	206,617	690,000	(896,617)	0
Secret Harbour Dockers Football Club- Contributions towards kitchen work		0	34,770	0	34,770	51,864	(86,634)	0
WA Tourism- Mersey Point Jetty		0	150,000	(27,542)	122,458	350,000	(36,457)	436,001
Outdoor Gym Equipment		0	16,618	0	16,618	0	(16,618)	0
Federal Roads to Recovery Grants (R2R)		0	2,249,464	(1,398,704)	850,760	2,384,279	(3,235,039)	0
WA Police - Graffiti Management Solutions Grant		0	0	0	0	18,179	(11,172)	7,007
Neighbourhood Watch Australasia-Neighbours Unite Bin Stickers		0	0	0	0	3,000	(3,000)	0
Department of Transport-Bike Week Grant		0	0	0	0	750	(750)	0

## 2. REVENUE AND EXPENSES (cont.)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 01/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
Department of Sport and Rec-Baldivis South Sports Pavilion (Eighty Road)		0	0	0	0	337,500	(180,287)	157,213
Department of Sport and Rec-Golden Bay Sports Pavilion		0	0	0	0	259,953	(259,953)	0
Department of Sport and Rec-Singleton Sports and Community Centre		0	0	0	0	276,676	(276,676)	0
DIRD-Upgrade Dixon Road Reserve Netball Courts		0	0	0	0	20,000	(20,000)	0
Department of Sport and Rec - Sport 4 All - KidSport Programme		0	0	0	0	283,000	(282,746)	254
Department of Sport and Rec - Club Development Officer Scheme		0	0	0	0	40,000	(40,000)	0
Children's Book Council of Australia - Book Week		0	0	0	0	2,000	(2,000)	0
Samoan Independent Seventh Day-Mundijong/St Albans Roads Intersection upgrade		0	0	0	0	53,826	0	53,826
MRRG Program Capital		0	0	0	0	450,958	(450,958)	0
National Black Spot Funding		0	0	0	0	339,702	(339,702)	0
Road Safety Commission-Roadwise Grant		0	0	0	0	7,000	(7,000)	0
Tesla Motors-Install Tesla EV Charger		0	0	0	0	1,818	(1,818)	0
Department of Transport-Donald Drive Boat Ramp Study		0	0	0	0	44,503	(44,503)	0
Department of Infrastructure and Regional Development-Rockingham Foreshore Redevelopment		0	0	0	0	349,966	(349,966)	0
WALGA RoadWise Committee		0	0	0	0	1,500	0	1,500
Pet No. 73 Pty Ltd - Baldivis Road Upgrade Contribution		0	0	0	0	1,688,859	0	1,688,859
<b>Total</b>		<b>4,007,931</b>	<b>6,928,149</b>	<b>(8,798,332)</b>	<b>2,137,748</b>	<b>13,938,195</b>	<b>(10,779,946)</b>	<b>5,295,997</b>
Amount Held in Reserve		0	0	0	0	0	0	0
Amount Held in Municipal Bank Account					2,137,748			5,295,997
					<b>2,137,748</b>			<b>5,295,997</b>

**Notes:** <sup>(1)</sup> Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

<sup>(2)</sup> New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

<sup>(3)</sup> Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the manner specified by the contributor.



# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 3. CASH AND CASH EQUIVALENTS

	NOTE	2017 \$	2016 \$
Unrestricted		37,484,125	40,662,512
Restricted		48,067,790	48,060,179
		<b>85,551,915</b>	<b>88,722,691</b>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Town Planning Scheme Review	11	423,023	411,184
Public Car Park Reserve- Cash in Lieu Contributions	11	1,946,704	1,717,163
Waste and Landfill Preservation Reserve	11	15,069,098	14,647,385
CLAG- Peel Mosquito Control Reserve	11	22,810	22,172
Administration Building Reserve	11	1,060,931	491,685
City Centre Carpark Reserve- Cash in Lieu	11	245,014	413,219
City Centre Development Reserve	11	2,426,605	2,358,696
Workers Compensation Reserve	11	1,049,623	1,020,250
Property Valuation Fees Reserve	11	0	192,998
Storm Damage Reserve	11	0	331,952
Anstey Park Shared Costs Reserve	11	1,460,081	2,642,865
Legal Fees Reserve	11	921,031	895,256
Climate Change Management Reserve	11	0	14,606
Strategic Master Planning Reserve	11	641,721	623,762
Baldivis Road Upgrade Reserve- DC	11	0	1,436,088
Harrington Waters Specified Area Rates Reserve	11	54,813	91,065
Active Aging Development Reserve Bank	11	179,809	174,777
Bert England Lodge Capital Works Reserve Bank	11	2,089,602	70,616
Capital Works Reserve and Purchases	11	4,590,808	3,431,997
Community Security Service Charge	11	0	0
Employee Leave Reserve	11	5,659,408	5,501,028
Developer Contribution Scheme Reserve	11	4,137,770	6,193,832
Carbon Tax Reserve	11	0	2,850,695
Learning City Strategy Reserve	11	592,942	389,140
Challenger Court Reserve	11	200,000	0
Unspent grants	2(c)	5,295,997	2,137,748
		<b>48,067,790</b>	<b>48,060,179</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 4. TRADE AND OTHER RECEIVABLES

	2017 \$	2016 \$
<b>Current</b>		
Rates outstanding	4,769,255	3,892,479
Sundry debtors	6,370,149	6,314,774
GST receivable	810,861	19,199
Self Supporting Loans	20,366	19,143
Sundry Debtors- Southern Cross Care	876,540	798,601
Self Supporting Advances	7,007	19,042
	<b>12,854,178</b>	<b>11,063,238</b>
<b>Non-current</b>		
Rates outstanding - pensioners	1,486,204	1,386,758
Self Supporting Loans	109,104	129,472
Advances to Clubs/Association	0	7,007
	<b>1,595,308</b>	<b>1,523,237</b>

## 5. INVENTORIES

	2017 \$	2016 \$
<b>Current</b>		
Fuel and materials	201,395	296,982
Land held for resale - cost	180,000	0
	<b>381,395</b>	<b>296,982</b>

## 6(a). PROPERTY, PLANT AND EQUIPMENT

	2017 \$	2016 \$
<b>Land and buildings</b>		
<b>Land at:</b>		
- Independent valuation 2014 - level 2	99,925,694	98,454,694
- Independent valuation 2017 - level 2	(15,287,544)	0
- Additions after valuation - cost	9,825,769	0
- Transfer of current portion- land held for sale	0	1,471,000
	<b>94,463,919</b>	<b>99,925,694</b>
<b>Land Infrastructure at:</b>		
- Independent valuation 2014 - level 2	16,454,437	16,454,437
- Additions after valuation - cost	6,275,115	0
Works in Progress at Cost	35,137	2,648,849
Less: accumulated depreciation	(4,762,741)	(3,199,364)
	<b>18,001,948</b>	<b>15,903,922</b>
<b>Buildings at:</b>		
- Independent valuation 2014 - level 2	0	137,893,125
- Management valuation 2015 - level 2	0	8,128,574
- Independent valuation 2016 - level 2	0	1,500,000
- Independent valuation 2017 - level 2	148,955,400	0
- Management valuation 2017 - level 2	4,334,939	0
- Additions after valuation - cost	8,149,955	12,548,288
Work in Progress at Cost	10,911,904	9,370,453
Less: accumulated depreciation	(817,981)	(8,621,141)
	<b>171,534,217</b>	<b>160,819,299</b>
<b>Total Land and Buildings</b>	<b>284,000,084</b>	<b>276,648,915</b>
<b>Furniture and Equipment at:</b>		
- Management valuation 2016 - level 2	1,797,442	1,797,442
- Independent valuation 2016 - level 3	2,827,829	2,827,829
- Additions after valuation - cost	1,324,644	366,655
Work in Progress at Cost	82,350	263,493
Less: accumulated depreciation	(1,353,113)	(77,832)
	<b>4,679,152</b>	<b>5,177,587</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 6(a). PROPERTY, PLANT AND EQUIPMENT (cont.)

	2017 \$	2016 \$
<b>Plant and Equipment at:</b>		
- Independent valuation 2016 - level 2	15,044,200	15,044,200
- Additions after valuation - cost	1,950,839	1,680,321
Less: accumulated depreciation	(2,955,755)	(34,016)
	<b>14,039,284</b>	<b>16,690,505</b>
<b>Miscellaneous Assets at:</b>		
- Independent valuation 2015 - level 2	441,541	441,541
- Additions after valuation - cost	21,579	17,273
Work in Progress at Cost	4,000	0
Miscellaneous Assets - Less: accumulated depreciation	(18,790)	(1,451)
	<b>448,330</b>	<b>457,363</b>
	<b>303,166,849</b>	<b>298,974,370</b>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 property, plant and equipment to be shown at fair value.



## 6. PROPERTY, PLANT AND EQUIPMENT (cont.)

### (b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation (Decrements)/ Transferred to Revaluation \$	Revaluation (Losses) /Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land	99,925,694	10,005,769	0	0	(15,287,544)	0	0	(180,000)	94,463,919
<b>Total Land</b>	<b>99,925,694</b>	<b>10,005,769</b>	<b>0</b>	<b>0</b>	<b>(15,287,544)</b>	<b>0</b>	<b>0</b>	<b>(180,000)</b>	<b>94,463,919</b>
Land Infrastructure	15,903,922	3,672,735	0	0	0	0	(1,563,377)	(11,332)	18,001,948
Buildings	160,819,299	9,627,979	(888,551)	9,779,749	0	0	(7,709,072)	(95,188)	171,534,217
<b>Total Buildings</b>	<b>176,723,221</b>	<b>13,300,714</b>	<b>(888,551)</b>	<b>9,779,749</b>	<b>0</b>	<b>0</b>	<b>(9,272,449)</b>	<b>(106,520)</b>	<b>189,536,165</b>
<b>Total Land and Buildings</b>	<b>276,648,915</b>	<b>23,306,483</b>	<b>(888,551)</b>	<b>9,779,749</b>	<b>(15,287,544)</b>	<b>0</b>	<b>(9,272,449)</b>	<b>(286,520)</b>	<b>284,000,084</b>
Furniture and Equipment	5,177,587	776,946	(38)	0	0	0	(1,275,343)	0	4,679,152
Plant and Equipment	16,690,505	3,370,518	(2,691,166)	0	0	0	(3,330,573)	0	14,039,284
Miscellaneous Assets	457,363	9,993	0	0	0	0	(19,026)	0	448,330
<b>Total Property, Plant and Equipment</b>	<b>298,974,370</b>	<b>27,463,940</b>	<b>(3,579,755)</b>	<b>9,779,749</b>	<b>(15,287,544)</b>	<b>0</b>	<b>(13,897,391)</b>	<b>(286,520)</b>	<b>303,166,849</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 6. PROPERTY, PLANT AND EQUIPMENT (cont.)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
<b>Land</b>					
- Independent valuation 2014	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Independent valuation 2016	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2017	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Land Infrastructure</b>					
	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Buildings</b>					
- Independent valuation 2014	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Management valuation 2015	2	Market approach using recent observable market data for similar properties	Management valuation	June 2015	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Independent valuation 2016	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

## 6. PROPERTY, PLANT AND EQUIPMENT (cont.)

### (c) Fair Value Measurements (cont.)

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
- Management valuation 2016	2	Market approach using recent observable market data for similar properties	Management valuation	June 2017	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Independent valuation 2016	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2017	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and Equipment</b>					
- Management valuation 2013	2	Market approach using recent observable market data for similar properties	Management valuation	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Management valuation 2016	2	Market approach using recent observable market data for similar properties	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Independent valuation 2016	3	Market approach using recent observable market data for similar properties	Independent valuers	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and Equipment</b>					
- Management valuation 2013	2	Market approach using recent observable market data for similar properties	Management valuation	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Independent valuation 2016	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Miscellaneous Assets</b>					
- Management valuation 2013	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2015	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards 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.

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 7(a). INFRASTRUCTURE

	2017 \$	2016 \$
<b>Roads, Footpaths and Drainage</b>		
- Management valuation 2015 - level 2	1,042,698,583	1,042,698,583
- Works In Progress at Cost	5,409,863	2,764,495
- Addition after valuation- cost	49,717,768	29,295,442
Less: accumulated depreciation	(100,132,668)	(47,518,115)
	<b>997,693,546</b>	<b>1,027,240,405</b>
<b>Other Infrastructure</b>		
- Management valuation 2015 - level 2	98,471,011	98,471,011
- Work In Progress at Cost	2,519,223	593,906
- Addition after valuation- cost	14,029,461	7,241,870
Less: accumulated depreciation	(14,522,234)	(5,688,423)
	<b>100,497,461</b>	<b>100,618,364</b>
	<b>1,098,191,007</b>	<b>1,127,858,769</b>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.



## 7. INFRASTRUCTURE (cont.)

### (b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation (Decrements)/ Transferred to Revaluation \$	Revaluation Increments/ (Losses) /Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Roads, Footpaths and Drainage	1,027,240,405	23,067,695	0	0	0	0	(52,614,554)	0	997,693,546
Other Infrastructure	100,618,364	8,600,978	0	0	0	0	(8,828,402)	106,521	100,497,461
<b>Total infrastructure</b>	<b>1,127,858,769</b>	<b>31,668,673</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(61,442,956)</b>	<b>106,521</b>	<b>1,098,191,007</b>

### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads, Footpaths and Drainage	2	Market approach using recent observable market data for similar properties	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other Infrastructure	2	Market approach using recent observable market data for similar properties	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards 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.

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 8. TRADE AND OTHER PAYABLES

	2017 \$	2016 \$
<b>Current</b>		
Sundry creditors	10,284,638	8,784,847
Accrued interest on debentures	95,770	339,084
Accrued salaries and wages	556,842	376,683
Accommodation Bonds- Bert England Lodge	3,784,063	3,928,332
	<b>14,721,313</b>	<b>13,428,946</b>

## 9. LONG-TERM BORROWINGS

	2017 \$	2016 \$
<b>Current</b>		
Secured by floating charge		
Debentures	2,921,227	2,095,958
	<b>2,921,227</b>	<b>2,095,958</b>
<b>Non-current</b>		
Secured by floating charge		
Debentures	11,617,176	14,538,404
	<b>11,617,176</b>	<b>14,538,404</b>

Additional detail on borrowings is provided in Note 21.

## 10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for EPTO Leave \$	Provision for Rehabilitation Millar Rd Leave \$	Total \$
<b>Opening balance at 1 July 2016</b>					
Current provisions	4,205,088	3,300,264	1,743,262	0	9,248,614
Non-current provisions	0	1,044,580	0	9,872,277	10,916,857
	<b>4,205,088</b>	<b>4,344,844</b>	<b>1,743,262</b>	<b>9,872,277</b>	<b>20,165,471</b>
Additional provision	80,559	304,965	74,656		460,180
Change in the discounted rate				690,072	690,072
<b>Balance at 30 June 2017</b>	<b>4,285,647</b>	<b>4,649,808</b>	<b>1,817,918</b>	<b>10,562,349</b>	<b>21,315,723</b>
<b>Comprises</b>					
Current	4,285,647	3,580,041	1,817,918	0	9,683,606
Non-current	0	1,069,767	0	10,562,349	11,632,116
	<b>4,285,647</b>	<b>4,649,808</b>	<b>1,817,918</b>	<b>10,562,349</b>	<b>21,315,723</b>

## 11. RESERVES

	2017 \$	2016/17 Budget \$	2016 \$
<b>(a) Town Planning Scheme Review</b>			
Opening balance	411,184	411,184	399,040
Amount set aside / transfer to reserve	11,839	12,335	12,144
Amount used / transfer from reserve	0	0	0
	<b>423,023</b>	<b>423,519</b>	<b>411,184</b>
<b>(b) Public Car Park Reserve- Cash in Lieu Contributions</b>			
Opening balance	1,717,163	1,717,164	1,666,448
Amount set aside / transfer to reserve	229,541	51,515	50,715
Amount used / transfer from reserve	0	0	0
	<b>1,946,704</b>	<b>1,768,679</b>	<b>1,717,163</b>
<b>(c) Waste and Landfill Preservation Reserve</b>			
Opening balance	14,647,385	14,647,383	14,214,782
Amount set aside / transfer to reserve	421,713	439,421	432,603
Amount used / transfer from reserve	0	0	0
	<b>15,069,098</b>	<b>15,086,804</b>	<b>14,647,385</b>
<b>(d) CLAG- Peel Mosquito Control Reserve</b>			
Opening balance	22,172	22,172	21,517
Amount set aside / transfer to reserve	638	665	655
Amount used / transfer from reserve	0	0	0
	<b>22,810</b>	<b>22,837</b>	<b>22,172</b>
<b>(e) Administration Building Reserve</b>			
Opening balance	491,685	491,685	477,163
Amount set aside / transfer to reserve	569,246	570,492	14,522
Amount used / transfer from reserve	0	0	0
	<b>1,060,931</b>	<b>1,062,177</b>	<b>491,685</b>
<b>(f) City Centre Carpark Reserve- Cash in Lieu</b>			
Opening balance	413,219	413,219	545,845
Amount set aside / transfer to reserve	11,897	192,499	16,612
Amount used / transfer from reserve	(180,102)	0	(149,238)
	<b>245,014</b>	<b>605,718</b>	<b>413,219</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 11. RESERVES (cont.)

	2017 \$	2016/17 Budget \$	2016 \$
<b>(g) City Centre Development Reserve</b>			
Opening balance	2,358,696	2,358,696	2,289,033
Amount set aside / transfer to reserve	67,909	70,761	69,663
Amount used / transfer from reserve	0	0	0
	<b>2,426,605</b>	<b>2,429,457</b>	<b>2,358,696</b>
<b>(h) Workers Compensation Reserve</b>			
Opening balance	1,020,250	1,020,250	990,117
Amount set aside / transfer to reserve	29,373	30,607	30,133
Amount used / transfer from reserve	0	0	0
	<b>1,049,623</b>	<b>1,050,857</b>	<b>1,020,250</b>
<b>(i) Property Valuation Fees Reserve</b>			
Opening balance	192,998	192,998	187,298
Amount set aside / transfer to reserve	2,880	5,790	5,700
Amount used / transfer from reserve	(195,878)	(198,788)	0
	<b>0</b>	<b>0</b>	<b>192,998</b>
<b>(j) Storm Damage Reserve</b>			
Opening balance	331,952	331,952	322,148
Amount set aside / transfer to reserve	4,954	9,958	9,804
Amount used / transfer from reserve	(336,906)	(341,910)	0
	<b>0</b>	<b>0</b>	<b>331,952</b>
<b>(k) Anstey Park Shared Costs Reserve</b>			
Opening balance	2,642,865	2,642,865	2,564,809
Amount set aside / transfer to reserve	72,269	79,286	78,056
Amount used / transfer from reserve	(1,255,053)	(1,478,611)	0
	<b>1,460,081</b>	<b>1,243,540</b>	<b>2,642,865</b>
<b>(l) Legal Fees Reserve</b>			
Opening balance	895,256	895,256	868,815
Amount set aside / transfer to reserve	25,775	26,858	26,441
Amount used / transfer from reserve	0	0	0
	<b>921,031</b>	<b>922,114</b>	<b>895,256</b>



## 11. RESERVES (cont.)

	2017 \$	2016/17 Budget \$	2016 \$
<b>(m) Climate Change Management Reserve</b>			
Opening balance	14,606	14,606	14,175
Amount set aside / transfer to reserve	218	438	431
Amount used / transfer from reserve	(14,824)	(15,044)	0
	<b>0</b>	<b>0</b>	<b>14,606</b>
<b>(n) Strategic Master Planning Reserve</b>			
Opening balance	623,762	623,763	605,340
Amount set aside / transfer to reserve	17,959	18,713	18,422
Amount used / transfer from reserve	0	0	0
	<b>641,721</b>	<b>642,476</b>	<b>623,762</b>
<b>(o) Baldivis Road Upgrade Reserve- Developer Contributed</b>			
Opening balance	1,436,088	1,436,088	1,393,674
Amount set aside / transfer to reserve	41,346	43,083	42,414
Amount used / transfer from reserve	(1,477,434)	(1,479,171)	0
	<b>0</b>	<b>0</b>	<b>1,436,088</b>
<b>(p) Harrington Waters Specified Area Rates Reserve</b>			
Opening balance	91,065	91,065	178,701
Amount set aside / transfer to reserve	2,622	2,732	5,438
Amount used / transfer from reserve	(38,874)	(15,250)	(93,074)
	<b>54,813</b>	<b>78,547</b>	<b>91,065</b>
<b>(q) Active Aging Development Reserve Bank</b>			
Opening balance	174,777	174,777	169,615
Amount set aside / transfer to reserve	5,032	5,243	5,162
Amount used / transfer from reserve	0	0	0
	<b>179,809</b>	<b>180,020</b>	<b>174,777</b>
<b>(r) Bert England Lodge Capital Works Reserve Bank</b>			
Opening balance	70,616	70,615	68,530
Amount set aside / transfer to reserve	2,018,986	2,118	2,086
Amount used / transfer from reserve	0	0	0
	<b>2,089,602</b>	<b>72,733</b>	<b>70,616</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 11. RESERVES (cont.)

	2017 \$	2016/17 Budget \$	2016 \$
<b>(s) Capital Works Reserve and Purchases</b>			
Opening balance	3,431,997	3,431,999	5,104,844
Amount set aside / transfer to reserve	1,158,811	102,960	155,357
Amount used / transfer from reserve	0	0	(1,828,204)
	<b>4,590,808</b>	<b>3,534,959</b>	<b>3,431,997</b>
<b>(t) Community Security Service Charge</b>			
Opening balance	0	0	189,796
Amount set aside / transfer to reserve	0	0	5,776
Amount used / transfer from reserve	0	0	(195,572)
	<b>0</b>	<b>0</b>	<b>0</b>
<b>(u) Employee Leave Reserve</b>			
Opening balance	5,501,028	5,501,030	5,338,558
Amount set aside / transfer to reserve	158,380	165,031	162,470
Amount used / transfer from reserve	0	0	0
	<b>5,659,408</b>	<b>5,666,061</b>	<b>5,501,028</b>
<b>(v) Developer Contribution Scheme Reserve</b>			
Opening balance	6,193,832	6,157,485	5,975,625
Amount set aside / transfer to reserve	2,128,186	5,058,771	2,927,149
Amount used / transfer from reserve	(4,184,248)	(9,294,674)	(2,708,942)
	<b>4,137,770</b>	<b>1,921,582</b>	<b>6,193,832</b>
<b>(w) Carbon Tax Reserve</b>			
Opening balance	2,850,695	2,850,697	3,933,993
Amount set aside / transfer to reserve	82,073	85,521	119,724
Amount used / transfer from reserve	(2,932,768)	(2,936,218)	(1,203,022)
	<b>0</b>	<b>0</b>	<b>2,850,695</b>
<b>(x) Learning City Strategy Reserve</b>			
Opening balance	389,140	389,139	193,258
Amount set aside / transfer to reserve	203,802	201,674	195,882
Amount used / transfer from reserve	0	0	0
	<b>592,942</b>	<b>590,813</b>	<b>389,140</b>

## 11. RESERVES (cont.)

	2017 \$	2016/17 Budget \$	2016 \$
<b>(y) Challenger Court Reserve</b>			
Opening balance	0	0	0
Amount set aside / transfer to reserve	200,000	0	0
Amount used / transfer from reserve	0	0	0
	<b>200,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL RESERVES</b>	<b>42,771,793</b>	<b>37,302,893</b>	<b>45,922,431</b>
Total Opening balance	45,922,431	45,886,088	47,713,124
Total Amount set aside / transfer to reserve	7,465,449	7,176,471	4,387,359
Total Amount used / transfer from reserve	(10,616,087)	(15,759,666)	(6,178,052)
<b>TOTAL RESERVES</b>	<b>42,771,793</b>	<b>37,302,893</b>	<b>45,922,431</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 11. RESERVES (cont.)

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

### a) Town Planning Scheme Review

to be used to fund preparation of new and/or existing Town Planning Schemes.

### b) Public Car Park Reserve - Cash in Lieu Contributions

to be used to fund provision of Public Car Parking Facilities where developers have been unable to provide sufficient space.

### c) Waste and Landfill Preservation Reserve

to be used to fund expenditure associated with providing a refuse disposal service.

### d) CLAG- Peel Mosquito Control Reserve

to be used to fund the controlling of mosquitos through the Peel Mosquito Management Group.

### e) Administration Building Reserve

to be used to fund Administration Complex expenditure.

### f) City Centre Carpark Reserve- Cash in Lieu

to be used to fund costs associated with provisions of public infrastructure.

### g) City Centre Development Reserve

to be used to fund development of the City Centre.

### h) Workers Compensation Reserve

to be used to meet expenditure associated with workers compensation premiums.

### i) Property Valuation Fees Reserve

to be used to meet future valuation of properties expenditure.

### j) Storm Damage Reserve

to be used to meet future expenditure associated with major storm damage.

### k) Anstey Park Shared Costs Reserve

to be used to receive developers funds in advance to meet future project costs.

### l) Legal Fees Reserve

to be used to meet future expenditure incurred by Council on legal fees.

### m) Climate Change Management Reserve

to be used to meet future Renewable Energy Initiative expenses.

### n) Strategic Master Planning Reserve

to be used to meet strategic planning expenses associated with the growth of the City.



## 11. RESERVES (cont.)

### o) **Baldivis Road Upgrade Reserve**

#### **- Developer Contributed**

to be used to receive funds paid in advance by developers for future expenses.

### p) **Harrington Waters Specified Area Rates Reserve**

to be used to set aside funds for the maintenance of the Reserves.

### q) **Active Aging Development Reserve Bank**

to be used to meet expenses of Active Aging Programmes and Initiatives.

### r) **Bert England Lodge Capital Works Reserve Bank**

to be used to meet future capital expenditure at Bert England Lodge.

### s) **Capital Works Reserve and Purchases**

to be used to fund capital works and purchases.

### t) **Community Security Service Charge**

to be used to fund Community Security Service Charge

### u) **Employee Leave Reserve**

to be used to fund Employee Leave Liabilities.

### v) **Developer Contribution Scheme Reserve**

to be used to fund Capital Works and Administration of Scheme.

### w) **Carbon Tax Reserve**

to be used to fund the implementation of the Waste Industry Protocol for the handling of early collected carbon charges in the Landfill sector including refunds to local Government customers, administration costs and the investment in abatement projects.

### x) **Learning City Strategy Reserve**

to increase tertiary education opportunities for Rockingham residents as per the City's Learning City Strategy

### y) **Challenger Court Reserve**

to meet future capital expenditure

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 12. REVALUATION SURPLUS

	2017 \$	2016 \$
<b>(a) Land and Buildings</b>		
Opening balance	155,354,906	158,596,755
Revaluation (decrement)	(5,507,794)	(3,241,849)
	149,847,112	155,354,906
<b>(b) Furniture and Equipment</b>		
Opening balance	3,554,563	1,188,703
Revaluation increment	0	2,365,860
	3,554,563	3,554,563
<b>(c) Plant and Equipment</b>		
Opening balance	2,311,533	663,445
Revaluation increment	0	1,648,088
	2,311,533	2,311,533
<b>(d) Roads, Footpaths and Drainage</b>		
Opening balance	772,984,996	772,984,996
Revaluation increment	0	0
	772,984,996	772,984,996
<b>(e) Other Infrastructure</b>		
Opening balance	36,991,240	36,991,240
Revaluation increment	0	0
	36,991,240	36,991,240
<b>Movement on Revaluation</b>	<b>(5,507,794)</b>	<b>772,099</b>
<b>Closing Balance</b>	<b>965,689,444</b>	<b>971,197,238</b>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

## 13. NOTES TO THE STATEMENT OF CASH FLOWS

### (a) 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:

	2017 \$	2017 Budget \$	2016 \$
<b>Cash and cash equivalents</b>	<b>85,551,915</b>	<b>40,683,152</b>	<b>88,722,691</b>

### (b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(21,537,499)	(26,191,709)	(984,895)
Less: Non Cash Contribution	(13,752,257)	0	(21,634,942)

#### Non-cash flows in Net result:

Depreciation	75,340,347	62,323,036	63,036,546
(Profit)/Loss on sale of asset	2,417,630	780,712	460,885
Reversal of loss on revaluation of fixed assets	0	0	(1,667,365)

#### Changes in assets and liabilities:

(Increase)/Decrease in receivables	(1,901,197)	(398,765)	(1,193,572)
(Increase)/Decrease in inventories	95,588	10,523	(141,850)
Increase/(Decrease) in payables	1,292,367	(602,322)	(314,982)
Increase/(Decrease) in provisions	1,150,253	1,005,457	2,262,598

Grants contributions for the development of assets	(11,675,875)	(18,732,302)	(8,550,928)
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<b>Net cash from operating activities</b>	<b>31,429,356</b>	<b>18,194,630</b>	<b>31,271,494</b>
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### (c) Undrawn Borrowing Facilities

#### Credit Standby Arrangements

	2017 \$	2016 \$
Bank overdraft limit	250,000	250,000
Bank overdraft at balance date	0	0
Credit card limit	500,000	500,000
Credit card balance at balance date	(6,822)	(13,790)
<b>Total amount of credit unused</b>	<b>743,178</b>	<b>736,210</b>

#### Loan facilities

Loan facilities - current	2,921,227	2,095,958
Loan facilities - non-current	11,617,176	14,538,404
<b>Total facilities in use at balance date</b>	<b>14,538,403</b>	<b>16,634,362</b>

<b>Unused loan facilities at balance date</b>	<b>195,610</b>	<b>84,525</b>
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# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 14. CONTINGENT LIABILITIES

The City of Rockingham has no contingent liabilities.

## 15. CAPITAL AND LEASING COMMITMENTS

### (a) Operating Lease Commitments

The City did not have any future operating lease commitments at the reporting date.

	2017 \$	2016 \$
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### (b) Capital Expenditure Commitments

#### Contracted for:

Furniture Equipment and Fittings	2,727	0
Road Construction	1,936,169	568,237
Building Land and Fixed Equipment	1,114,181	415,569
Reserve and Infrastructure	1,127,045	6,466,783
Plant, Machinery and Equipment- Various	901,956	2,029,698
Computer	106,221	357,117
Footpath and Crossovers	2,531	220
Miscellaneous Infrastructure	27,050	1,860,653
	<b>5,217,880</b>	<b>11,698,277</b>

#### Payable:

Not later than one year	<b>5,217,880</b>	<b>11,698,277</b>
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## 16. JOINT VENTURE ARRANGEMENTS

The Council is a member participant in a project for the South West Management Group with the cities of Cockburn, Fremantle, Kwinana and Melville, and Town of East Fremantle. Council's share in the net assets of the South West Group was:

	2017 \$ Audited	2016 \$ Unaudited
Amount of Interest	53,412	34,402
Cost/Project Sharing Ratio	23.61%	23.63%

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017 \$	2016 \$
Governance	25,348,478	27,210,794
Law, order, public safety	8,982,039	4,733,325
Health	1,537,837	1,473,262
Education and welfare	26,986,388	27,791,995
Housing	13,773,270	10,755,508
Community amenities	32,899,098	42,325,549
Recreation and culture	232,223,624	220,989,239
Transport	1,000,907,770	1,033,942,129
Economic services	3,218,441	3,061,814
Other property and services	36,698,434	38,908,325
Unallocated	119,165,275	117,247,345
	<b>1,501,740,654</b>	<b>1,528,439,285</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 18. FINANCIAL RATIOS

	2017	2016	2015
Current ratio	2.34	2.70	2.23
Asset sustainability ratio	0.59	0.48	0.80
Debt service cover ratio	9.44	10.02	12.98
Operating surplus ratio	(0.36)	(0.25)	(0.07)
Own source revenue coverage ratio	0.66	0.70	0.84

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 sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

### Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 118 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$2,361,755.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$2,214,706

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	2.45	2.58	2.35
Debt service cover ratio	10.19	9.35	13.77
Operating surplus ratio	(0.34)	(0.27)	(0.05)

## 19. TRUST FUNDS

Funds held at balance date over which the City has no control and which are not included in the financial statements are as follows:

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Appeal Funds	592	0	0	592
Autumn Centre	0	50	0	50
Cash in Lieu POS Contributions	1,128,098	194,184	(11,770)	1,310,512
Castaways	0	16,903	(16,690)	213
Cat Trap Deposits	200	0	0	200
Cleaning Bond	34,876	67,750	(64,095)	38,531
Nomination Deposits	320	0	(320)	0
Key Deposit	25,320	10,250	(7,340)	28,230
Lease Agreement Bond Deposit	15,000	0	0	15,000
Mary Davies Library	28,050	64,550	(56,350)	36,250
Recreation Equipment	200	0	(100)	100
Rockingham Arts Centre	0	1,588	(1,588)	0
Challenger Court Entry Contribution	29,999	0	(29,999)	0
Subdivisional Bonds	2,053,965	797,829	(1,296,262)	1,555,532
Town Planning Scheme Amendments	2,661	0	0	2,661
Trust- Other	65,664	0	(24,400)	41,264
Unclaimed Monies	12,252	20,377	(21)	32,608
Work Deposit Prepayments	25,524	6,793	(6,793)	25,524
	<b>3,422,721</b>	<b>1,180,274</b>	<b>(1,515,728)</b>	<b>3,087,267</b>

## 20. DISPOSALS OF ASSETS - 2016/2017 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Buildings	888,551	0	0	(888,551)	0	0	0	0
Furniture & Equipment	38	0	0	(38)	0	0	0	0
Plant & Equipment	2,691,165	1,162,124	0	(1,529,041)	1,886,412	1,105,700	390,408	(1,171,120)
	<b>3,579,754</b>	<b>1,162,124</b>	<b>0</b>	<b>(2,417,630)</b>	<b>1,886,412</b>	<b>1,105,700</b>	<b>390,408</b>	<b>(1,171,120)</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 21. INFORMATION ON BORROWINGS

### Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Interest Repayments		Principal 30 June 2017	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Law, order, public safety</b>								
Loan No. 263 - Dog Pound	608,131		32,856	32,856	44,551	44,645	575,275	575,275
<b>Recreation and culture</b>								
(SSL) Loan No. 212 (1) - R'ham Entertainers	65,629		6,112	6,112	3,730	3,873	59,518	59,518
(SSL) Loan No. 242 - Rockingham Bowling Club	82,985		13,031	13,031	4,823	5,026	69,955	69,955
Loan No. 244H - Warnbro Recreation Centre	484,270		61,017	61,017	32,169	33,235	423,254	423,254
Loan No. 244I - Warnbro Recreation Centre	485,003		61,051	61,051	32,727	33,441	423,952	423,952
Loan No. 244J - Warnbro Recreation Centre	727,338		91,568	91,568	48,910	49,410	635,770	635,770
Loan No. 245 (1) - Waterfront Village	296,356		25,803	25,803	17,110	17,110	270,553	270,553
Loan No. 245 (2) - Waterfront Village	298,421		25,785	25,785	17,268	17,758	272,636	272,636
Loan No. 245 (3) - Waterfront Village	300,932		25,758	25,758	18,177	18,559	275,173	275,174
Loan No. 245 (4) - Waterfront Village	296,933		25,798	25,798	17,045	17,289	271,135	271,135
Loan No. 252 (1) - Larkhill Development	296,356		25,803	25,803	17,110	17,110	270,553	270,553
Loan No. 252 (2) - Larkhill Development	447,632		38,677	38,677	25,902	26,637	408,955	408,955
Loan No. 252 (3) - Larkhill Development	300,933		25,758	25,758	18,177	18,559	275,175	275,174
Loan No. 264 (1) - Larkhill Regional Sporting Complex	593,861		51,597	51,597	34,091	34,579	542,264	542,264
Loan No. 270B - Larkhill Development	326,022		24,181	24,181	20,412	20,421	301,842	301,842



## 21. INFORMATION ON BORROWINGS (cont.)

### Repayments - Debentures (cont.)

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Interest Repayments		Principal 30 June 2017	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Loan 274 - Larkhill Development	1,768,962		112,147	112,147	119,360	119,634	1,656,815	1,656,815
Loan 275 - Larkhill Development	1,900,413		102,674	102,674	139,223	139,516	1,797,740	1,797,739
Loan 276 - Larkhill Development	4,560,991		246,417	246,417	334,135	334,838	4,314,575	4,314,574
Loan 277 - Jetties	105,140		50,633	50,633	6,817	6,963	54,507	54,508
<b>Other property and services</b>								
Shoalwater Underground Power Project	2,688,054		1,049,293	1,051,843	70,316	80,403	1,638,761	1,620,293
	<b>16,634,362</b>	<b>0</b>	<b>2,095,959</b>	<b>2,098,509</b>	<b>1,022,053</b>	<b>1,039,006</b>	<b>14,538,408</b>	<b>14,519,939</b>

(SSL) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

Rate Type	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>									
<b>Gross rental value valuations</b>									
Residential	0.0678080	30,210	598,113,323	40,556,977	861,140	41,418,117	40,538,206	1,500,000	42,038,206
Non Residential	0.0813696	1,168	165,472,163	13,464,404	250,463	13,714,867	13,433,061	75,000	13,508,061
<b>Unimproved value valuations</b>									
Improved	0.0010100	81	137,670,000	139,047	(11,995)	127,052	140,764	5,000	145,764
Vacant	0.0010100	92	253,890,000	256,429	5,117	261,546	257,338	0	257,338
<b>Sub-Total</b>		<b>31,551</b>	<b>1,155,145,486</b>	<b>54,416,857</b>	<b>1,104,725</b>	<b>55,521,582</b>	<b>54,369,369</b>	<b>1,580,000</b>	<b>55,949,369</b>

## 22. RATING INFORMATION - 2016/17 FINANCIAL YEAR (cont.)

Rate Type	Minimum \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Total Revenue \$
<b>Minimum payment</b>									
<b>Gross rental value valuations</b>									
Residential	1,085	21,336	270,924,988	23,149,560	0	23,149,560	23,151,730	0	23,151,730
Non Residential	1,085	318	1,908,522	345,030	0	345,030	345,030	0	345,030
<b>Unimproved value valuations</b>									
Improved	559	74	29,929,000	41,366	0	41,366	41,366	0	41,366
Vacant	559	39	14,364,852	21,801	0	21,801	21,242	0	21,242
<b>Sub-Total</b>		<b>21,767</b>	<b>317,127,362</b>	<b>23,557,757</b>	<b>0</b>	<b>23,557,757</b>	<b>23,559,368</b>	<b>0</b>	<b>23,559,368</b>
		<b>53,318</b>	<b>1,472,272,848</b>	<b>77,974,614</b>	<b>1,104,725</b>	<b>79,079,339</b>	<b>77,928,737</b>	<b>1,580,000</b>	<b>79,508,737</b>
Discounts/concessions (refer note 26)						0			0
Rates in advance						116,592			250,000
Written off Rates						(5,066)			(10,000)
<b>Total amount raised from general rate</b>						<b>79,190,865</b>			<b>79,748,737</b>
Specified Area Rate (refer note 24)						34,053			33,072
Ex-gratia rates						0			0
<b>Totals</b>						<b>79,224,918</b>			<b>79,781,809</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 23. NET CURRENT ASSETS

Composition of net current assets.

	2017 (30 June 2017 Carried Forward) \$	2017 (1 July 2016 Brought Forward) \$	2016 (30 June 2016 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 16 brought forward</b>	<b>39,420,979</b>	<b>39,101,973</b>	<b>39,101,973</b>
<b>Current Assets</b>			
<b>Cash and cash equivalents</b>			
Unrestricted	37,484,125	40,662,512	40,662,512
Restricted	48,067,790	48,060,179	48,060,179
<b>Receivables</b>			
Rates outstanding	4,769,255	3,892,479	3,892,479
Sundry debtors	6,370,149	6,314,774	6,314,774
GST receivable	810,861	19,199	19,199
Self Supporting Advances	7,007	19,042	19,042
Self Supporting Loans	20,366	19,144	19,144
Sundry Debtors- Southern Cross Care	876,540	798,601	798,601
<b>Inventories</b>			
Fuel and material	201,396	296,982	296,982
<b>Land held for resale - cost</b>	<b>180,000</b>	<b>0</b>	<b>0</b>
<b>Less: Current Liabilities</b>			
<b>Trade and other payables</b>			
Sundry creditors	(10,284,638)	(8,784,847)	(8,784,847)
Accrued interest on debentures	(95,770)	(339,084)	(339,084)
Accrued salaries and wages	(556,842)	(376,683)	(376,683)
Accommodation Bonds- Bert England Lodge	(3,784,063)	(3,928,332)	(3,928,332)
<b>Current portion of long term borrowings</b>			
Secured by floating charge	(2,921,227)	(2,095,958)	(2,095,958)
<b>Provisions</b>			
Provision for annual leave	(4,285,647)	(4,205,088)	(4,205,088)
Provision for EPTO leave	(1,817,918)	(1,743,262)	(1,743,262)
Provision for long service leave	(3,580,041)	(3,300,264)	(3,300,264)
<b>Unadjusted net current assets</b>	<b>71,461,344</b>	<b>75,309,394</b>	<b>75,309,394</b>

## 23. NET CURRENT ASSETS (cont.)

	2017 (30 June 2017 Carried Forward) \$	2017 (1 July 2016 Brought Forward) \$	2016 (30 June 2016 Carried Forward) \$
<b>Adjustments</b>			
Less: Reserves - restricted cash	(42,771,793)	(45,922,431)	(45,922,431)
Less: Self Supporting Loans	(20,366)	(19,144)	(19,144)
Less: Self Supporting Advances	(7,007)	(19,042)	(19,042)
Add: Secured by floating charge	2,921,227	2,095,958	2,095,958
Less: Land held for sale	(28,114)	151,886	151,886
Add: Provision for annual leave	4,285,647	4,205,088	4,205,088
Add: Provision for long service leave	3,580,041	3,300,264	3,300,264
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>39,420,979</b>	<b>39,101,973</b>	<b>39,101,973</b>

### Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

## 24. SPECIFIED AREA RATE - 2016/2017 FINANCIAL YEAR

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value \$	Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$
<b>Harrington Waters</b>						
- Rates	GRV	0.002496	13,643,210	34,053	34,053	33,072
				<b>34,053</b>	<b>34,053</b>	<b>33,072</b>



# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 25. SERVICE CHARGES - 2016/2017 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Charges Applied to Costs \$	Budget Charges Applied to Costs \$
<b>Underground Power - Shoalwater North</b>					
For the provision of Underground power to the properties in the Shoalwater North Area.					
Shoalwater North Underground Power - 22	820	233,700	227,140	233,700	227,140
Shoalwater North Underground Power - 23	838	14,250	12,574	14,250	12,574
Shoalwater North Underground Power - 24	850	24,657	22,107	24,657	22,107
Shoalwater North Underground Power - 25	865	31,149	30,284	31,149	30,284
Shoalwater North Underground Power - 26	910	20,026	17,295	20,026	17,295
Shoalwater North Underground Power - 27	1,181	501,713	474,561	501,713	474,561
Shoalwater North Underground Power - 28	656	8,531	7,219	8,531	7,219
Shoalwater North Underground Power - 30	856	19,694	19,694	19,694	19,694
Shoalwater North Underground Power - 31	860	5,161	4,301	5,161	4,301
Shoalwater North Underground Power - 32	872	6,101	5,229	6,101	5,229
Shoalwater North Underground Power - 33	880	880	880	880	880
Shoalwater North Underground Power - 35	462	462	462	462	462
		<b>866,324</b>	<b>821,746</b>	<b>866,324</b>	<b>821,746</b>

## 26. DISCOUNTS, INCENTIVES, CONCESSIONS AND WRITE-OFFS - 2016/2017 FINANCIAL YEAR

The National Australia Bank provided ten prizes of \$500, and the Rockingham Community Bank Branch of Bendigo two prizes of \$500, each of which was drawn on a random basis by computer generation of ratepayers who had paid their rates and service charges in full (including arrears) by the due date for payment of rates of 19 August 2016.

## 27. INTEREST CHARGES AND INSTALMENTS - 2016/2017 FINANCIAL YEAR

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %	Pensioner Deferred Interest Rate %
<b>Option One</b>					
Single full payment	19th August 2016	\$3.50	5.5%	10%	2.85%
<b>Option Two</b>					
First Instalment	19th August 2016				
Second Instalment	19th December 2016				
<b>Option Three</b>					
First Instalment	19th December 2016				
Second Instalment	19th August 2016				
Third Instalment	19th December 2016				
Fourth Instalment	20th February 2017				

	2017 Revenue \$	2017 Budgeted Revenue \$
Interest on unpaid rates	542,447	430,000
Interest on instalment plan	471,905	380,000
Pensioner deferred rate interest	32,505	50,000
	<b>1,046,857</b>	<b>860,000</b>
Charges on instalment plan	165,575	200,000
	<b>165,575</b>	<b>200,000</b>

## 28. FEES AND CHARGES

	2017 \$	2016 \$
Governance	1,506	1,582
General purpose funding	471,933	504,378
Law, order, public safety	1,133,557	738,454
Health	300,458	275,720
Education and welfare	196,168	411,580
Housing	478,611	475,298
Community amenities	37,519,314	38,035,071
Recreation and culture	1,460,493	1,454,575
Transport	96,127	103,931
Economic services	1,450,948	1,510,921
Other property and services	162,089	283,652
	<b>43,271,204</b>	<b>43,795,162</b>

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 29. GRANT REVENUE

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

	2017 \$	2016 \$
<b>Operating grants, subsidies and contributions</b>		
Governance	41,228	32,271
General purpose funding	3,911,860	2,174,930
Law, order, public safety	349,265	292,322
Health	5,553	9,136
Education and welfare	206,521	417,740
Housing	180	270
Community amenities	699,123	790,138
Recreation and culture	406,190	420,922
Transport	439,751	479,050
Economic services	4,280	3,595
Other property and services	299,736	299,957
	<b>6,363,687</b>	<b>4,920,331</b>
<b>Non-operating grants, subsidies and contributions</b>		
Governance	202,500	130,000
General purpose funding	2,860,293	0
Law, order, public safety	54,121	875,000
Health	0	0
Education and welfare	0	0
Housing	0	0
Community amenities	2,454,163	2,667,986
Recreation and culture	5,978,495	4,292,025
Transport	13,876,742	22,220,859
Economic services	0	0
Other property and services	1,818	0
	<b>25,428,132</b>	<b>30,185,870</b>
	<b>31,791,819</b>	<b>35,106,201</b>

## 30. EMPLOYEE NUMBERS

	2017	2016
The number of full-time equivalent employees at balance date	543	528

## 31. ELECTED MEMBERS REMUNERATION

	2017 \$	2017 Budget \$	2016 \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	315,537	340,673	321,915
Mayor's allowance	87,550	94,000	87,550
Deputy Mayor's allowance	21,888	23,500	21,178
Members' Incidental Expenses	988	4,500	1,526
Travelling expenses	14,579	25,000	14,365
Telecommunications allowance	35,313	36,750	35,000
	<b>475,855</b>	<b>524,423</b>	<b>481,534</b>

## 32. RELATED PARTY TRANSACTIONS

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the City during the year are as follows:

	2017 \$
Short-term employee benefits	6,213,456
Post-employment benefits	696,109
Other long-term benefits	742,309
Termination benefits	282,129
	<b>7,934,003</b>

### Short-term employee benefits

These amounts include all salary, paid leave, 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 at Note 31.

### 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.

### Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 32. RELATED PARTY TRANSACTIONS (cont.)

### 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) 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.
- iii) Joint venture entities accounted for under the equity method  
The City has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 16.

### Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

2017 \$

#### Associated companies/individuals:

Sale of goods and services	0
Purchase of goods and services	143,107

#### Joint venture entities:

Distributions received from joint venture entities	0
--	---

#### Amounts outstanding from related parties:

Trade and other receivables	0
Loans to associated entities	0
Loans to key management personnel	0

#### Amounts payable to related parties:

Trade and other payables	38,513
Loans from associated entities	0

#### Note:

Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.



## 33. MAJOR LAND TRANSACTIONS

### (a) Details

#### Sale of Land:

##### 2017/2018

Lot 55 (14) Trafalgar Gardens, Port Kennedy \$161,234.

#### Acquisition of Land:

##### 2016/2017

Lot 4, 103, 104 and 105 Eighty Road in Baldivis was purchased for the construction of the Baldivis Sporting Complex for \$10,005,769.

##### 2017/2018

18 Goddard Street, Rockingham purchased for the Rockingham Library/Youth Venue - \$3,300,000.

### (b) Current year transactions

	2017 \$	2017 Budget \$	2016 \$
<b>Operating income</b>			
- Profit on sale	0	0	0
<b>Capital income</b>			
- Sale proceeds	0	0	0
<b>Capital expenditure</b>			
- Purchase of land	10,005,769	0	0
- Development costs	0	0	0
	<b>10,005,769</b>	<b>0</b>	<b>0</b>

### (c) Expected Future Cash Flows

	2018 \$	2019 \$	2020 \$	2021 \$	Total \$
<b>Cash outflows</b>					
- Acquisition Costs	(3,300,000)	0	0	0	(3,300,000)
- Loan repayments	0	0	0	0	0
	(3,300,000)	0	0	0	(3,300,000)
<b>Cash inflows</b>					
- Loan proceeds	3,300,000	0	0	0	3,300,000
- Sale proceeds	161,234	0	0	0	161,234
	3,461,234	0	0	0	3,461,234
<b>Net cash flows</b>	<b>161,234</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>161,234</b>

The above capital proceeds is included in land held for resale.

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Millar Road Landfill Facility based at Lot 2170 Millar Road West in Baldivis provides an essential waste disposal service and makes significant ongoing financial contributions to the City. The City has a separate trading undertaking for the Landfill facility at Millar Road.

	2016/17 Actual \$	2016/17 Budget \$	2015/16 Actual \$
<b>Operating</b>			
<b>Operating Revenue</b>			
Landfill Operations	25,994,987	26,972,067	26,954,725
Transfer Station	3,190,569	3,397,000	3,032,633
Recycling Operations	415,601	396,000	255,203
Waste Education Centre	0	0	0
	<b>29,601,157</b>	<b>30,765,067</b>	<b>30,242,561</b>
<b>Operating Expenditure</b>			
Landfill Operations	(19,970,595)	(18,827,158)	(19,277,849)
Transfer Station	(1,665,799)	(2,836,697)	(1,729,515)
Recycling Operations	(31,885)	(77,821)	(95,692)
Waste Education Centre	(224,748)	(173,890)	0
	<b>(21,893,027)</b>	<b>(21,915,566)</b>	<b>(21,103,056)</b>
<b>Net Operating Result</b>	<b>7,708,130</b>	<b>8,849,501</b>	<b>9,139,505</b>
<b>Non Operating</b>			
<b>Non Operating Revenue</b>			
Landfill Operations	155,854	45,000	1,298,358
Transfer Station	0	0	0
Recycling Operations	0	0	196,889
Waste Education Centre	0	0	0
	<b>155,854</b>	<b>45,000</b>	<b>1,495,247</b>
<b>Non Operating Expenditure</b>			
Landfill Operations	(4,497,200)	(7,755,000)	(3,020,967)
Transfer Station	0	0	0
Recycling Operations	0	0	0
Waste Education Centre	0	0	0
	<b>(4,497,200)</b>	<b>(7,755,000)</b>	<b>(3,020,967)</b>
<b>Net Capital Movement</b>	<b>(4,341,346)</b>	<b>(7,710,000)</b>	<b>(1,525,720)</b>
<b>Net Overall Result</b>	<b>3,366,784</b>	<b>1,139,501</b>	<b>7,613,785</b>

## 35. FINANCIAL RISK MANAGEMENT

The City's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The City's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the City.

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 City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>Financial assets</b>				
Cash and cash equivalents	85,551,915	88,722,691	85,551,915	88,722,691
Receivables	14,449,485	12,586,472	14,449,485	12,586,472
	<b>100,001,400</b>	<b>101,309,163</b>	<b>100,001,400</b>	<b>101,309,163</b>
<b>Financial liabilities</b>				
Payables	14,721,313	13,428,945	14,721,313	13,428,945
Borrowings	14,538,403	16,634,362	14,538,403	16,634,362
	<b>29,259,716</b>	<b>30,063,307</b>	<b>29,259,716</b>	<b>30,063,307</b>

### Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 35. FINANCIAL RISK MANAGEMENT (cont.)

### (a) Cash and Cash Equivalents

#### Financial assets at fair value through profit and loss

##### Available-for-sale financial assets

##### Held-to-maturity investments

The City's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by

factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the City.

The City manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2017 \$	2016 \$
<b>Impact of a 1%<sup>(1)</sup> movement in interest rates on cash</b>		
- Equity	855,519	887,227
- Statement of Comprehensive Income	855,519	887,227

#### Notes:

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

## 35. FINANCIAL RISK MANAGEMENT (cont.)

### (b) Receivables

The City's major receivables comprise rates and annual charges and user charges and fees. 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. The City is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

The City makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the City's credit risk at balance date was:

	2017	2016
<b>Percentage of rates and annual charges</b>		
- Current	0%	0%
- Overdue	100%	100%
<b>Percentage of other receivables</b>		
- Current	89%	88%
- Overdue	11%	12%

### (c) Payables

#### 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.

The contractual undiscounted cash flows of the City's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b>2017</b>					
Payables	14,721,313	0	0	14,721,313	14,721,312
Borrowings	3,823,603	9,263,868	6,405,794	19,493,265	14,538,403
	<b>18,544,916</b>	<b>9,263,868</b>	<b>6,405,794</b>	<b>34,214,578</b>	<b>29,259,715</b>
<b>2016</b>					
Payables	13,428,946	0	0	13,428,946	13,428,944
Borrowings	3,134,963	11,416,750	8,076,495	22,628,208	16,634,361
	<b>16,563,909</b>	<b>11,416,750</b>	<b>8,076,495</b>	<b>36,057,154</b>	<b>30,063,305</b>



# Notes to and Forming Part of the Financial Report

For the year ended 30 June 2017

## 35. FINANCIAL RISK MANAGEMENT (cont.)

### (c) Payables (cont.)

#### Borrowings (continued)

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Year ended 30 June 2017							
Borrowings							
Fixed rate							
Debtures	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$
Weighted average	847,206	1,694,472	0	0	0	11,997,931	14,539,609
Effective interest rate	7.10%	3.45%	0.00%	0.00%	0.00%	7.00%	6.59%
Year ended 30 June 2016							
Borrowings							
Fixed rate							
Debtures	0	969,273	2,794,398	0	0	12,870,690	16,634,361
Weighted average							
Effective interest rate	0.00%	7.10%	3.48%	0.00%	0.00%	6.99%	6.99%

## 36. AGED CARE REPORTING NOTE

This note discloses the revenue, expenditure, assets and liabilities of Bert England Lodge in accordance with paragraph 63-1 (1)m of the Aged Care Act 1997.

	2017 \$	2016 \$
<b>Revenue</b>		
Other Revenue	3,035,545	3,048,911
<b>Operating Expenditure</b>		
Other Expenses	9,305	(21,928)
Building Maintenance	(13,193)	(3,854)
Operating Expenses	(10,269)	(9,816)
Salaries	(3,581)	0
Utility Charges	(96,255)	(118,356)
Contractor Expense	(1,896,150)	(1,868,112)
Consultancy Costs	(233,381)	(235,212)
Minor Capital Expenditure	(9,571)	(16,578)
Property Expense	(170,641)	(134,915)
Food Expense	(133,500)	(122,575)
Training Costs	(18,628)	(14,488)
Stationery	(6,930)	(4,760)
Transport	(3,150)	(1,665)
Residential care expense	(85,489)	(81,903)
Interest Expenses	(23,107)	(4,926)
<b>Total Operating Expenditure</b>	<b>(2,694,540)</b>	<b>(2,639,088)</b>
<b>Non Cash Expenditure</b>		
Depreciation - Building and Fixed Equip	(362,013)	(30,769)
Depreciation- Furniture and Equip	(2,530)	(3,186)
Profit/Loss on Sale of Assets	0	(287)
<b>Total Non Cash Expenditure</b>	<b>(364,543)</b>	<b>(34,242)</b>
<b>Operating Result</b>	<b>(23,538)</b>	<b>375,581</b>
<b>Assets</b>		
Total Assets	<b>11,079,760</b>	<b>11,130,423</b>
<b>Liabilities</b>		
Total Liabilities	4,067,404	4,324,134
Net Assets	7,012,356	6,806,289
<b>Equity</b>		
Accumulated Surplus	6,806,289	6,430,708
Revaluation Surplus	229,605	
Current Year Surplus	(23,538)	375,581
	<b>7,012,356</b>	<b>6,806,289</b>

### Accounting Policies

Revenues and expenses are those directly attributable to Bert England Lodge and include any joint revenue and expenses where a reasonable basis of allocation exists. Assets include all assets used by Bert England Lodge and consist principally of cash, receivables and inventory. Bert England Lodge liabilities consist principally of payables and provisions.



Level 1  
10 Kings Park Road  
West Perth WA 6005

Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Independent Auditor's Report to the Rate Payers of City of Rockingham

### Auditor's Opinion

We have audited the financial report of City of Rockingham, which comprises the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and comprising notes to the financial statements, including a summary of significant accounting policies and the Chief Executive Officer's statement.

In our opinion, the accompanying financial report of City of Rockingham:

- a presents fairly, in all material respects, the City of Rockingham's financial position as at 30 June 2017 and of its performance and cash flows for the year then ended; and
- b complies with Australian Accounting Standards (including the Australian Accounting Interpretations),
- c are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under the Act.

### Basis for Auditor's Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the City of Rockingham in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Statutory compliance**

I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they apply to financial statements.

**Responsibility of the Chief Executive Officer for the Financial Report**

The Chief Executive Officer of the City of Rockingham is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Council is responsible for overseeing the City of Rockingham's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).

This description forms part of our auditor's report.

A handwritten signature in black ink that reads "Grant Thornton Audit Pty Ltd".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in black ink, appearing to be "M Hillgrove".

Michael Hillgrove  
Partner - Audit & Assurance

Perth, 19<sup>th</sup> October 2017

# Supplementary Ratio Information

For the year ended 30 June 2017

## RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2017	2016	2015
Asset consumption ratio	73%	76%	73%
Asset renewal funding ratio	86%	77%	87%

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$







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