

CITY OF ROCKINGHAM

Annual Report

2018 / 2019







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About Us

The City of Rockingham is located about 40 kilometres south of the Perth CBD and is one of the fastest growing local government areas in Perth's outer southern suburbs.

The City Rockingham covers 262 km² and is home to approximately 140,000 residents. It is neighboured by the City of Kwinana in the north, the Shire of Serpentine-Jarrahdale in the east and the City of Mandurah in the south.

The area the City covers was inhabited by the Nyoongar people for thousands of years. Following the arrival of European settlers it was named after the ship "Rockingham" which ran aground in 1830 during stormy weather.

A number of attempts were made to establish a settlement in the region, however, it was not until the mid-1800s that pioneering families took up land and began farming.

The Rockingham Road Board was constituted on 21 May 1897. On 1 July 1961 the area took another step forward after becoming the Shire of Rockingham, before eventually attaining City status on 12 November 1988.

Recently the City of Rockingham has experienced significant development and has grown to be one of the fastest growing municipalities in Western Australia. It is also located in one of Australia's highest growth corridors.

The City of Rockingham's population is expected to continue towards 200,000 in the next decade as more people discover why Rockingham is known as the place where the coast comes to life.

Our Values

- ★ Recognition
- ♥ Ethics
- 👍 Service
- 👤 Professional Development
- 👤 Empowerment





Communication



Teamwork

Strategic Community Plan

The Local Government Act 1995 requires local governments to conduct a full review of their Strategic Community Plan every four years.

During 2018 the City held a series of "Planning for the Future" workshops and conducted surveys to get feedback from residents regarding their vision and aspirations for the City for the next 10-20 years.

Participants engaged in lively discussions about the progress the City has made on the previous Strategic Community Plan, and used that progress as a starting point for developing our new Aspirations.

To ensure the outcomes were totally driven by the community, City staff did not participate in discussions.

The suggestions from the workshops were then taken to a Councillors' workshop to identify the priority areas for further development.

A community representative from each workshop also attended this session to represent the views from the workshop they attended.

The engagement process culminated in the creation of the draft Community Vision, Aspirations and Strategic Objectives.

After a four week period of public comment the draft was approved by Council in September 2018.

The 2019-2029 City of Rockingham Strategic Community Plan came into effect as of 1 January 2019.

Our Aspirations



Aspiration 1:

Actively Pursue Tourism and Economic Development

- Coastal destination
- Investment attraction
- Marketing and promotion
- Attractions and events
- Infrastructure investment – local, regional and state
- Business development
- MICE (meetings, incentives, conferences and events)



Aspiration 2:

Grow and Nurture Community Connectedness and Wellbeing

- Youth development and involvement
- Accessibility
- Aboriginal heritage and inclusion
- Community engagement
- Community capacity building
- Community safety and support
- Services and facilities



Aspiration 3:

Plan for Future Generations

- Infrastructure planning
- Responsive planning and control of land use
- Climate change adaptation
- Sustainable waste solutions
- Alternative energy applications
- Preservation and management of bushland and coastal reserves
- Liveable suburbs



Aspiration 4:

Deliver Quality Leadership and Business Expertise

- Effective governance
- Revenue sources
- Leadership in sustainability
- Strategic and sustainable financial planning
- Management of current assets
- Benchmarking and optimising performance
- Key stakeholder partnerships





Our Community's Vision for the Future

During the creation of the **Strategic Community Plan, Council and the community developed a vision to guide the City into the future.**

➤ Be home to a welcoming and inclusive community that understands, represents and preserves its unique sense of purpose and place.

➤ Be recognised and admired as a contemporary and vibrant destination, renowned for its natural beauty and world class coastal and marine environments.

➤ Offer a safe, relaxed and friendly tourism lifestyle, underpinned by a diverse range of community facilities, services and cultural activities all linked with a first class public transport system.

➤ Prosper from investment that generates employment opportunities, created by a diverse and robust economic base including retail, services, tourism, education, defence, horticulture and light and heavy industrial activities.

➤ Continue to reduce our carbon footprint and the generation of waste.

➤ Manage and use our land and marine environments in a manner that preserves them and recognises that the climate is changing.



Performance Highlights Against Community Plan

Throughout 2018/2019 the City worked to meet the objectives outlined in the Strategic Community Plan by implementing a number of strategies and plans under each of the four Aspirations.



The next few pages provide a glimpse of some of the work that has been done in each of these areas.



Actively Pursue Tourism and Economic Development

The City of Rockingham is known as the place where the coast comes to life and in 2018/2019 the City took a significant step forward in laying the groundwork to capitalise on this.

After extensive consultation with a range of stakeholders, the Tourist Destination Strategy 2019 – 2024 was adopted by Council in May 2019.

This strategy sets out the City's strategic priorities and direction for marketing Rockingham to tourists. The key objective of the strategy is to effectively and measurably promote the Rockingham region as a premium coastal destination in Western Australia.

The strategy was informed by the Tourism Strategy Development Advisory Group (TSDAG) comprising representatives from Destination Perth, Tourism WA, the Perth Convention Bureau, Rockingham Kwinana Chamber of Commerce, Tourism Rockingham, the Rockingham Visitor Centre, the Department of Biodiversity Conservation and Attractions, and Councillor Andrew Burns, as well as local residents and the business community.

The City also welcomed a delegation from a major Chinese media company, which sent a 14-person delegation to scout different spots within the City that could become filming locations for major productions in the future. The company is a subsidiary of Synacast, China's leading streaming platform with more than 300 million subscribers.



Grow and Nurture Community Connectedness and Wellbeing

The City of Rockingham is a vibrant, welcoming and inclusive community that understands, represents and preserves its unique sense of purpose and place.

As a community it recognises the significance the area holds for the Nyoongar people. In 2018/2019 the City was proud host to a range of activities for NAIDOC Week, as well as launching new signage for the City's Nyoongar Trail. Located at Karnup Reserve, the Nyoongar Trail gives residents the opportunity to explore and connect with the Nyoongar seasons, as well as learn more about the enduring connection Nyoongar people have with Rockingham.

The City's 2018/2019 Summer Series proved to be popular with the community, as thousands flocked to a number of events including the City's first ever Christmas Festival Parade, New Year's Eve and Australia Day celebrations at the Foreshore, as well as the Romance on the Green musical headlined by the Perth Symphony Orchestra.

Providing infrastructure and events for people of all ages and abilities continued to be a strong focus. The City officially opened the award-winning Harbour Playground in Secret Harbour and also hosted

Celebrate Ability in December 2018 to celebrate local people with disability and the positive contribution they make to the community.

Growing the capability of young people within the City was also a focus in 2018/2019. The City continued to run its Junior Council program, giving young people the opportunity to experience the inner workings of how a local government operates.

For the first time ever, the City also hosted the Change Maker Festival. This event gave young people aged 12-18 who are passionate about their community the chance to come together and share ideas about how they can influence change in the City.

Continuing to support the capacity of community groups is vital to building a connected community. To support incorporated not-for-profit organisations and associations, the City continued to provide funding through its Community Grants Program.



Plan for Future Generations

Being one of the fastest growing local governments in the south metropolitan corridor requires careful management to ensure the City's land and marine environments are preserved, while simultaneously delivering vital assets and services that benefit a community with growing expectations.

The Community Infrastructure Plan (CIP) 2018 – 2028 is an integral part of planning for the future. The CIP is a critical link in the process, guiding the allocation of City resources toward the achievement of key economic, social, environmental and community aspirations. The CIP was adopted by Council in October 2018 and will guide the development, timing, design and location of community infrastructure over the next 10 years.

A key project in the CIP is the Baldivis District Sporting Complex, a \$48 million project on Eighty Road in Baldivis which will meet growing demand in the area for sport and recreation facilities. In December 2018 Council adopted the final Master Plan for the project.

The City took action to protect the environment, with the Single Use Plastics and Balloons Policy adopted at the May 2019 Council meeting. The policy outlines controls that minimise the use of disposable plastics by requiring the use of compostable alternatives. The policy applies to all City operations, any events held in public places or City controlled land that require approval from the City, and all traders operating with a permit issued by the City.

The City was delighted to officially open the new Baldivis South Community Centre in 2018/2019. The venue provides the community with much needed spaces for hire and includes a multipurpose hall, two activity rooms, a counselling room, kitchen facilities, accessible toilets and a parenting room. It also has supporting amenities including a children's outdoor play space, car parking and landscaped areas.

Construction on the \$15.75 million Rockingham Beach Foreshore Revitalisation began in late July 2018. This project will enhance the City's premier coastal area, providing visitors and local businesses with a stunning foreshore precinct that benefits the community socially and economically well into the future.

With climate change and potential sea level rises facing the City in future, the City proactively commenced the preparation of a Coastal Hazard Risk Management and Adaptation Plan (CHRMAP). The CHRMAP is a strategic document that will inform decision makers and the community of potential coastal hazards and the necessary actions to be taken. It will outline key directions for coastal adaptation over a 100-year timeframe, while also prioritising management responses over the next decade.

In respect to the impacts posed by a drying climate, the City continued to reduce water usage where possible. These efforts were formally acknowledged by Water Corporation and the Department of Water and Environmental Regulation in May 2019, when the City was recognised as a Gold Waterwise Council.

The City also began the process of developing a master plan for the revitalisation of the Safety Bay Shoalwater Foreshore. The master plan will provide a vision for the area over the next 20 to 30 years.





Deliver Quality Leadership and Business Expertise

The delivery of quality leadership plays an important role in good governance, sound financial management, optimal performance and engagement with the community.

Councillor Barry Sammels continued to serve as Mayor while Councillor Deb Hamblin continued as Deputy Mayor. The 2018/2019 financial year featured the arrival of new Chief Executive Officer Michael Parker.

The City continued to adopt sound financial management practices, with a 3.6 per cent rate rise implemented to cater for significant key infrastructure and asset renewal needs.

In July 2018 the City joined the Growth Areas Perth and Peel (GAPP) alliance along with 10 other outer-metropolitan local governments. With more than 70 per cent of Perth's growth occurring in the outer-metropolitan areas, the GAPP alliance was formed with the aim of lobbying the federal government for millions of dollars of funding to help build much needed local sporting facilities.

On a State level, the City lobbied the State Government to carry out a collaborative and transparent planning process to determine the future uses of Cape Peron.

The City also continued to carry out core civic duties in 2018/2019, with hundreds of new Australians conferred during citizenship ceremonies. The citizenship ceremonies are held regularly throughout the year, with the largest occurring on Australia Day.

In December 2018, a delegation travelled to Japanese sister-city Ako, located in Hyogo Prefecture. The visit strengthened ties between the two cities, with a number of official meetings held to discuss and learn about issues affecting both cities including economic development, tourism, waste services, climate change and the provision of disability and aged care services. City delegates also participated in culturally significant Japanese events, including the sacred Ako Gishi Festival.

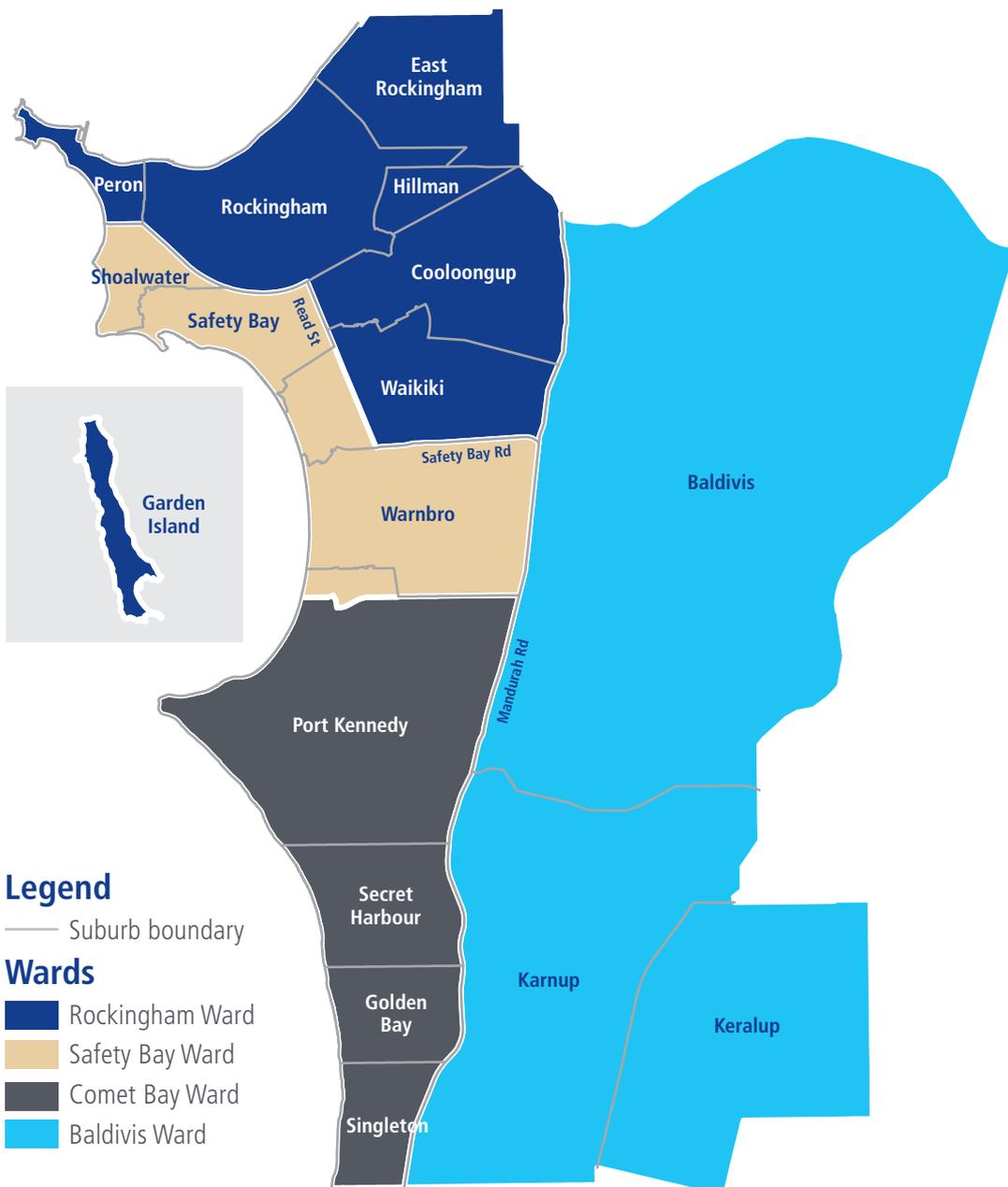
The delegation's trip to Japan was reciprocated in March 2019 when the Ako Children's Choir visited Rockingham.

Engaging with community continued to be a core focus for the City, with staff and councillors engaging with residents on a variety of matters through advisory committees, surveys, social media, workshops, Rock Port and direct mail.



Our Council

Throughout 2018/2019 the City of Rockingham comprised four wards, represented by 10 Councillors and a Council-elected Mayor and Deputy Mayor.





Rockingham Ward



Mayor Barry Sammels

Phone: 9592 2344

Email: 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 36 years, Mayor of the City for 16 years and a Councillor for 22 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: cr.stewart@rockingham.wa.gov.au

Joy has always been an active member of the community, being involved with many different organisations and sporting groups over 45 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 receive 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 the Christmas Festival, Governance Review, Heritage Reference Group, CEO Recruitment, Australia Day Awards as well as being the Chair of Senior Advisory, Disability Access and Inclusion and Corporate and Community Development committees.

Outside of Council committees Joy is a community member of four school Boards, Patron of the Rockingham Museum and a bingo caller and Permit Holder for the Rockingham Navy Club. Joy's vision is to see Cape Peron as a coastal park.



Cr Andrew Burns

Phone: 0467 511 867

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As the youngest Councillor and one of the newest, Andrew brings enthusiasm and a strong work ethic to the City of Rockingham Council. Having grown up locally, attending Cooloongup Primary School and then Safety Bay Senior High School, he believes Rockingham is the best place in WA to live and raise a family.

Andrew spends about 35 hours a week in his role as a Councillor. He has a big workload serving on a number of the City's committees including; Corporate and Community Development, Australia Day Awards Selection Panel, Bush Fire Advisory Committee, Christmas Festival Committee, City Safe Advisory Committee, Community Grants Program Committee, Customer Service Review Committee, Global Friendship Committee, RoadWise Advisory Committee, Seniors Advisory Committee, Tourism Strategy Development Committee,

Local Government Association - South Metro Zone, Main Roads Regional Grants Committee, Point Peron Rehabilitation Committee, Rockingham Lakes Regional Park Advisory Committee and Tourism Rockingham. Andrew also represents the Council on numerous school boards, sporting groups, special interest groups and the Rockingham PCYC.

Protecting the natural environment of Cape Peron, developing Rockingham into the tourist destination it deserves to be, and supporting the youth of Rockingham are Andrew's top three priorities.

Safety Bay Ward



Deputy Mayor Deb Hamblin

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Email: cr.hamblin@rockingham.wa.gov.au

Deb holds a Bachelor of Arts, and a Graduate Diploma in Library and Information Studies. Now in her fifth term as Councillor, she has a passion for expanding educational opportunities and promoting the value of literacy and education in our community. Deb has been a Rockingham resident for more than 30 years. Deb is a Commissioner on the Western Australian Grants Commission, a Board member on the Cockburn Sound Management Committee and a Governing Council Board member for South Metropolitan TAFE. During her time on Council she has been an active contributor to a number of committees including Corporate and Community Development, Planning and Engineering Services, City Safe and Global Friendship Committee. She enjoys her role in assisting local residents and working towards an even better Rockingham community.



Cr Katherine Summers

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Katherine is a high school teacher, best-selling author, artist, graduate law student and sole parent; her son played for the Warnbro Strikers and her daughter was a national level swimmer for the Rockingham Stingrays. This makes her keenly aware of the challenges facing families.

Katherine is committed to helping create a brighter future for all in her community and 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 the Rockingham Education and Training Advisory Committee (RETAC), the Cultural Advisory Committee and the Planning and Engineering Service Committee.



Cr Leigh Liley

Phone: 9593 8362

Email: cr.liley@rockingham.wa.gov.au

Raised, educated and employed locally in the region, Rockingham has been Leigh's home for 50 years. Leigh is deeply aware of the range of social and economic challenges that impact on families in our community, and brings understanding and compassion to her role as a Safety Bay Ward Councillor. She is passionate about the needs and lifestyle of our community, the responsible management of our unique coastal environment and the advancement of a sustainable and affordable economic future for all residents.

Leigh is opposed to the industrial degradation of Cockburn Sound, to excessive clearing of our unique bush land, and the location of heavy, noxious industry on our doorstep to the detriment of our lifestyle, health, businesses, and tourism potential.

As well as being council's representative on various committees including Corporate and Community Development, Sports Advisory, Community Grants Program, Governance Review, and Coastal Facilities, Leigh has advocated on the behalf of residents when issues have challenged the best interests of the community, and has positively influenced decision making ensuring residents have access to quality services, recreational facilities, key infrastructure and programs.

Leigh believes the best part of being a Councillor is being involved with the community at all levels and seeing projects that Council has brought forward come to completion. Leigh remains committed to ensuring the community's long term aspirations reflected in the City's Strategic Plans are as important now as the day she became a Councillor.

Baldivis Ward



Cr Lee Downham (CMgr FCMI)

Phone: 0477 177 772

Email: cr.downham@rockingham.wa.gov.au

Lee is a 50-year-old, ex- British Army Warrant Officer (Sergeant Major) and a Chartered Manager who is married with two young children and has been living in Baldivis for nine years. He is a Business Excellence, Quality and Management consultant who has worked in the manufacturing, 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 development of much needed infrastructure, crime reduction initiatives and community development and support.

Lee used his skills in strategy and business improvement to look for opportunities to save money and raise extra revenue for the City to reduce the burden on the rate payer. He sees the development of the foreshore areas and light commercial precincts as essential priorities for tourism and economic development respectively, which will yield greater revenue for the City.

Lee was involved with several committees including Corporate and Community Development, Coastal Facilities Advisory Committee and chairs the Local Emergency Management Committee.

Outside of Council Lee is on the boards of Baldivis Events and Baldivis Gardens Primary School. Lee invests his spare time in his family. Lee's hobbies are fitness training, outdoor pursuits, studying and photography.



Cr Matthew Whitfield

Phone: 0405 637 894

Email: cr.whitfield@rockingham.wa.gov.au

Matt has fought passionately for various issues during the 2018/2019 year. Matt was proud of his small role in the plans for the Baldivis District Sporting Complex (including some large cost savings) and he continued to work hard in this community role as well as many not for profit, school and community boards where he positively contributes to great community outcomes. This has been another challenging year, 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 to get the best outcome possible for the community. As one of the younger members of Council Matt continues to push for the City to embrace technology use as well as championing for more information being released in the public domain and more residents to be involved in the democratic process.

Comet Bay Ward



Cr Chris Elliott

Phone: 9537 1096

Email: cr.elliott@rockingham.wa.gov.au

Chris holds a Ph.D. (University of Alberta), a Master of Education and a Bachelor of Education (Edith Cowan University). He is currently 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 this term as a City of Rockingham Councillor.

As a member of the Council for 21 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 Mark Jones

Phone: 0410 844 880

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For over 20 years Mark and his family have enjoyed being deeply connected with the Rockingham community and they have lived in Port Kennedy for the past 13 years. Raising four children in this beautiful place, he has a strong desire to protect and improve the elements that make Rockingham so great.

Mark and his family love getting out to enjoy our spectacular beaches and parks and he has been actively involved with many sporting organisations and community groups. He has also enjoyed working as a Town Planner for over 15 years in Local Government and for the Rottne Island Authority.

Currently, Mark is the Executive Minister at Warnbro Community Church and Chairperson of the Seaside Camp for Children at Cape Peron. He is passionate about sustainable development and fostering partnerships to provide needed services and programs to the community.

Mark serves as a Council representative on several Committees including the Chairperson of the Peron Naturaliste Partnership (a group with nine local governments from Rockingham to Busselton), Sports Advisory Committee, Christmas Festival Committee and is also a member of the Disability Access and Inclusion Advisory Committee, Corporate and Community Development Committee, Planning and Engineering Services Committee and a delegate on the South Metropolitan Zone of the WA Local Government Association.





Mayor's Report

Barry Sammels
City of Rockingham Mayor

As Mayor it is my pleasure to welcome you to the City of Rockingham's Annual Report for the year ended 30 June 2019. The past year was a busy and productive one, with a number of key projects and initiatives that will shape the future of our City rolled out. This report outlines the progress made against the actions set out under the Strategic Community Plan 2019-2029 over the past financial year.

Budget for 2018/2019

On Tuesday 26 June 2018 Council adopted the 2018/2019 budget to meet the objectives outlined in the City's Business Plan. The budget for the 2018/2019 financial year included a rate increase of 3.6% for residential properties, which was necessary to ensure the City continued to deliver much needed infrastructure and services to a rapidly growing community.

Major Projects

As one of the fastest growing local governments in the south metropolitan corridor, the demand to provide vital community infrastructure continues to get stronger each year.

In 2018/2019 the City of Rockingham delivered a number of major projects and also commenced work on a range of important items that will play a key part in the City's future.



The Harbour Playground

Opened in July 2018, the Harbour Playground is a \$2 million purpose-built play space designed for people of all ages and abilities.

The project was an action on the City's Disability Access and Inclusion Strategy and was built with funding contributions from Lotterywest, the Australian Government's Stronger Communities Programme and the Rockingham Rotary Club.

It was later recognised as one of the premier play facilities in Western Australia after it won the Playspace Award for a project worth more than \$500,000 at the Parks and Leisure Australia WA Awards of Excellence 2019.

Stage One Rockingham Beach Foreshore Revitalisation

Works on the \$15.75 million project began in late July 2018 with stage one comprising three main areas including Railway Terrace, the new Beach Plaza and the Boardwalk.

Construction was temporarily put on hold from 7 December 2018 - 18 February 2019 to allow visitors and businesses to capitalise on the busy summer break.

Baldivis South Community Centre

In May 2019 the City was delighted to officially open the new \$3.5 million Baldivis South Community Centre.

Located on the corner of Borough Road and Lamorak Way, the 650 m² facility can hold multiple user groups and features a multipurpose hall and activity room, children's activity room, consultation and counselling rooms as well as a purpose-built kitchen, parenting room and accessible toilets.

It also features a carpark, landscaped areas and a children's play space. The City was also grateful to Lotterywest for providing funding of \$900,000 towards the project.

Safety Bay Shoalwater Foreshore Master Plan

In 2019 the City formally began the process for the enhancement of the Safety Bay Shoalwater area with the Safety Bay Shoalwater Master Plan Project.

Initial steps in this process involved conducting a site analysis and community consultation through a coastal values survey. This survey gave more than 650 stakeholders the opportunity to give feedback on what they liked about the area and what they wanted to see happen in the future.

Following this the 'design drivers,' which inform the content and preparation of the master plan, were adopted by Council in June 2019.

Baldivis District Sporting Complex

In December 2018 Council endorsed the master plan for the \$48 million Baldivis District Sporting Complex (BDSC).

The BDSC is a high priority for the City given the fast rate of growth in Baldivis in recent years, and will help meet the sporting and recreational needs of our growing community.

Tourist Destination Strategy Endorsed

As the place where the coast comes to life, tourism plays an integral role in our community. In May 2019 Council adopted the Tourist Destination Strategy (2019-2024).

This strategy sets out the City's strategic priorities and direction for marketing Rockingham to visitors. The key objective of the strategy is to effectively and measurably promote the Rockingham region as a premium coastal destination in Western Australia.

This strategy will prove crucial to our tourism industry over the next five years and the City looks forward to welcoming visitors from far and wide in future.

Welcoming New Leadership

In 2018/2019 the City of Rockingham was delighted to welcome new Chief Executive Officer Michael Parker.

Michael joined the City in August 2018 and brings with him a wealth of experience in local government. The CEO plays a key role in executing Council's vision and we are confident Michael's knowledge, expertise and enthusiasm will serve the City well in the years to come.

New Ward Boundaries and Representation

To allow for better representation of all residents within the City, Council resolved to adopt new ward boundaries in December 2018.

As part of the changes, the number of councillors will be increased from 10 to 11, with elected members spread out across three different wards.

The Rockingham/Safety Bay Ward will be represented by six councillors, Baldivis Ward will feature three councillors and Comet Bay Ward in the City's south will be represented by two councillors.

These changes were set to come into effect following Local Government elections on 19 October 2019.

In closing I would like to thank my fellow councillors and all City staff for their efforts over the past year.

CEO's Report

Michael Parker
Chief Executive Officer

The City of Rockingham continued to grow in 2018/2019 and is now home to approximately 140,000 residents. Progress was made on a range of exciting infrastructure projects and a number of key strategies and policies were adopted throughout the year, including the one that underpins everything the City does, the 2019-2029 Strategic Community Plan.

Shaping the Future

Every four years a comprehensive review of the Strategic Community Plan takes place, with a new one created that looks ahead to the next 10 years and considers the factors and expectations that are influencing the City. This review is shaped by the community.

During this process a series of Planning for the Future workshops were held across the community. We sought feedback from people including seniors, young people, business operators, people with disability and Aboriginal and Torres Strait Islander Australians.

More than 500 viewpoints were received and this feedback was used to form our Aspirations and Strategic Objectives which are as follows:



Aspiration 1:

Actively Pursue Tourism and Economic Development



Aspiration 2:

Grow and Nurture Community Connectedness and Wellbeing



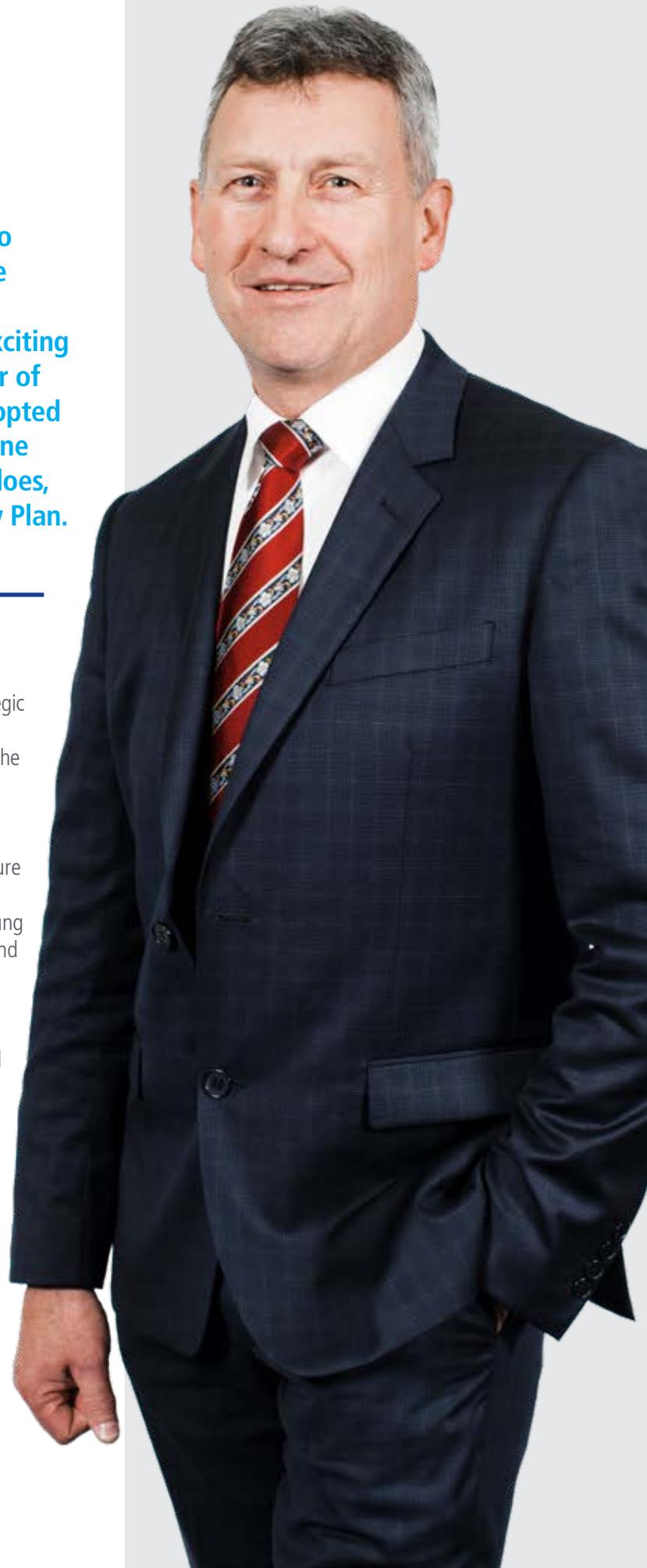
Aspiration 3:

Plan for Future Generations



Aspiration 4:

Deliver Quality Leadership and Business Expertise



Where the Coast Comes to Life

The City's role in promoting and marketing Rockingham was endorsed through the Tourist Destination Strategy (2019-2024). The strategy was developed with both local and state industry stakeholders and was strongly supported by the community.

The natural beauty of our coastline, where there are many exciting world class activities and iconic events, is just waiting for visitors who are seeking thrilling adventures and eco-activities.

In the long term, tapping into the conference and event market will be a focus for the City. Revealing Rockingham's story as a place where the coast comes to life will be an exciting journey for us and we look forward to working with the relevant parties to grow tourism in our community.

Planning for the Future of Young People

To meet the needs of young people and their families the City is in the process of developing a youth centre. As part of this process, during 2018/2019 the City purchased property on McKinnon Street in Rockingham for the youth centre.

This centre will cater for people aged 12-24 and will provide education and training opportunities as well as access to specialist support services.

Tackling Single Use Plastics

The City took a major step forward in its efforts to protect the environment, after the adoption of the Single Use Plastics and Balloons Policy in May 2019.

This policy outlines controls that minimise the use of single use disposable plastics by requiring the use of compostable alternatives. It impacts all City operations, traders operating with a permit issued by the City and events that are being held on City controlled land. The policy was adopted along with a supporting Turn the Tide on Plastic guideline, which gives residents and operators useful and practical options when it comes to using plastic-free alternatives.

Lending a Helping Hand

In 2018/2019 the City was delighted to continue its Corporate Volunteering Program. The program is an initiative in the City's Volunteering Strategy (2016-2022) and gives City staff the chance to assist community organisations.

This volunteering work plays an important role in strengthening the relationship between the City and community groups. It also gives staff a chance to build relationships and provides invaluable support to community organisations. The City looks forward to continuing its Corporate Volunteering Program.

Lobbying for the Future of Cape Peron

The City understands that Cape Peron holds significant importance to the community. Following the decision made by the State Government in early 2018 not to press ahead with the Mangles Bay Marina proposal, the City has been keen to lobby the State to conduct a transparent and collaborative planning process to determine the future use of the area.

In late June 2019 the Department of Planning, Lands and Heritage announced that a Project Working Group comprising representatives from relevant State Government agencies and the City would be established to consider land use options for the area. In addition to this, the Project Working Group will be supported by the establishment of a Community Reference Group that will provide input and feedback.

Going forward the City will continue to lobby the State for a positive outcome that benefits all stakeholders and the community.

Recognition

The City strives to do the best it possibly can in terms of delivery and service to the community with every project and initiative it undertakes. Given the effort all staff contribute into their daily tasks, it was particularly pleasing to see the City recognised with two major awards throughout the year.

In May 2019 our efforts to reduce water use across the organisation were formally acknowledged by the Department of Water and Environmental Regulation, and Water Corporation, with the City recognised as a Gold Waterwise Council. These efforts to reduce water usage will be beneficial to both the City and the wider community in the years to come as we adapt to a drying climate.

The Harbour Playground, which is a \$2 million purpose-built play space for people of all ages and abilities, was also recognised on a state level this year after it won the Playspace Award for a project worth more than \$500,000 at the Parks and Leisure Australia WA Awards of Excellence 2019.

Located in Secret Harbour, the project has been hugely popular with the community since opening in mid-2018 and we look forward to seeing many more local families enjoy this outstanding community asset in future.

Acknowledgements

I would like to acknowledge Councillors for their stewardship throughout 2018/2019, the City's Executive team for their exemplary leadership and thank all City staff for their hard work, professionalism and commitment to delivering quality service to the community.

Organisational Structure

The City of Rockingham administration comprises six directorates.



General Management Services



Engineering and Parks Services



Planning and Development Services



Corporate Services



Community Development



Legal Services and General Counsel

Each directorate is led by a director who reports to the Chief Executive Officer (CEO). The CEO is also responsible for the General Management Services directorate.

The CEO is directly accountable to the Council elected by City of Rockingham residents.



Chief Executive Officer



Michael Parker
CEO and Director
General Management Services

Executive Management Team

				
<p>Sam Assaad Director Engineering and Parks Services</p>	<p>Bob Jeans Director Planning and Development Services</p>	<p>John Pearson Director Corporate Services</p>	<p>Michael Holland Director Community Development</p>	<p>Peter Doherty Director Legal Services and General Counsel</p>



Michael Parker

Chief Executive Officer

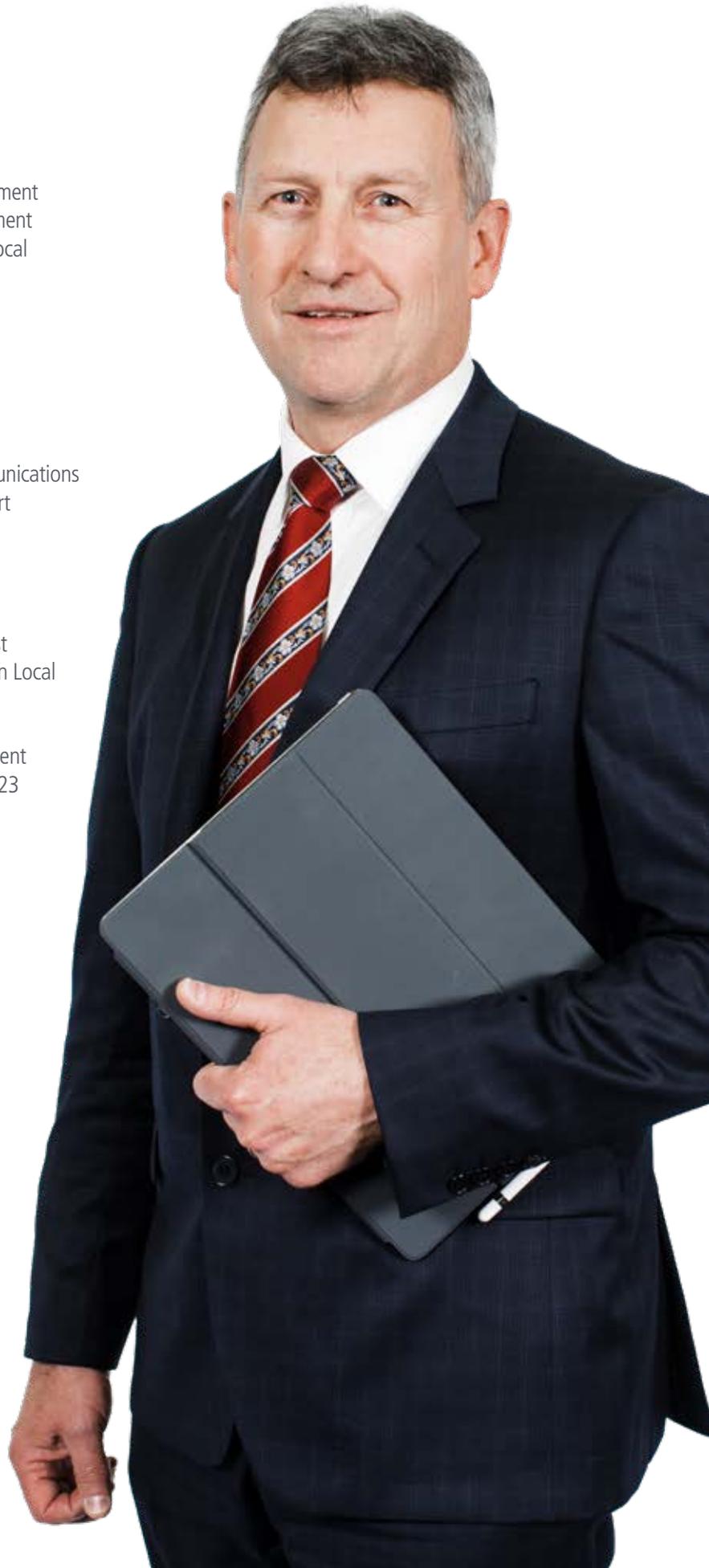
Bachelor of Economics (UWA), Municipal Clerks Certificate of Qualification, Fellow Local Government Professionals Australia WA, 2012 Local Government Managers Australia WA Medal, 2016 WALGA Local Government Distinguished Officer Award.

Key Responsibilities

- Strategic Leadership
- General Management
- Internal Audit
- Strategy, Tourism, Marketing and Communications
- Governance and Elected Member Support
- Human Resource Development
- Investment Attraction
- Organisational Development.

Michael joined the City of Rockingham in August 2018 and has worked for five Western Australian Local Governments since 1988.

He is a former State President of Local Government Managers Australia WA and has spent the past 23 years as CEO at three different councils.



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
- Environmental Health Services
- Ranger Services
- Emergency Services
- Rockingham Strategic Metropolitan Centre.

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.





Sam Assaad

Director Engineering and Parks Services

Bachelor Engineering (Civil), Diploma Project Management,
Member Institute of Public Works (WA).

Key Responsibilities

- Lead the Engineering and Parks Services Division to work with the community, achieving the best possible outcomes for all stakeholders.
- Provide strong direction and feedback to the Executive in relation to strategic engineering and parks services issues and trends that affect the Rockingham community.
- Develop the leadership capabilities and legislative understanding of all staff members in engineering and parks services that supports community outcomes.

Area of Responsibility

- Asset Management Services
- Fleet Management Services
- Traffic Management and Road Safety Services
- Road, Civil and Coastal Engineering and Management Services
- Building and Facility Management Services
- Streetscape, Parks and Playground Management Services
- Project Planning
- Infrastructure Project Delivery
- Civil Maintenance, Renewal and Operations
- Parks Maintenance, Renewal and Operations
- Environmental Maintenance and Operations
- Building Maintenance, Renewal and Operations.

Sam has worked in private industry, federal government and local government in NSW, Victoria and Western Australia. For more than 20 years he has dedicated his career to the local government industry.

Sam has experience in delivering major civil, building, coastal and parks projects, managing maintenance and services contracts and leading engineering and parks operations and services. Sam has spent 13 years developing and embedding asset management principles in local government practices.

Sam joined the City in 2017 and looks forward to building and developing his area of responsibility to deliver excellent outcomes for all the Rockingham community.



Michael Holland

Director Community Development



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

Key Responsibilities

Lead the Community Development Division to work with the community to achieve the best possible outcomes for both the City and community through the following departments:

- Community Capacity Building
- Library Services
- Community and Leisure Facilities
- Community Safety and Support Services
- Community Infrastructure Planning.

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. Michael is passionate about both his job and his community and considers himself very fortunate to work with and be part of his local community.





John Pearson

Director Corporate Services

Master of Accounting, Bachelor of Commerce.

Key Responsibilities

- Financial Services
- Procurement
- Property Services
- Customer and Corporate Support
- Waste Services
- Information Systems.

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 15 years of executive management experience in local government and is responsible for corporate operations in the City of Rockingham.



Peter Doherty

Director Legal Services and General Counsel



Bachelor of Jurisprudence (Honours), Bachelor of Laws (Honours), 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:

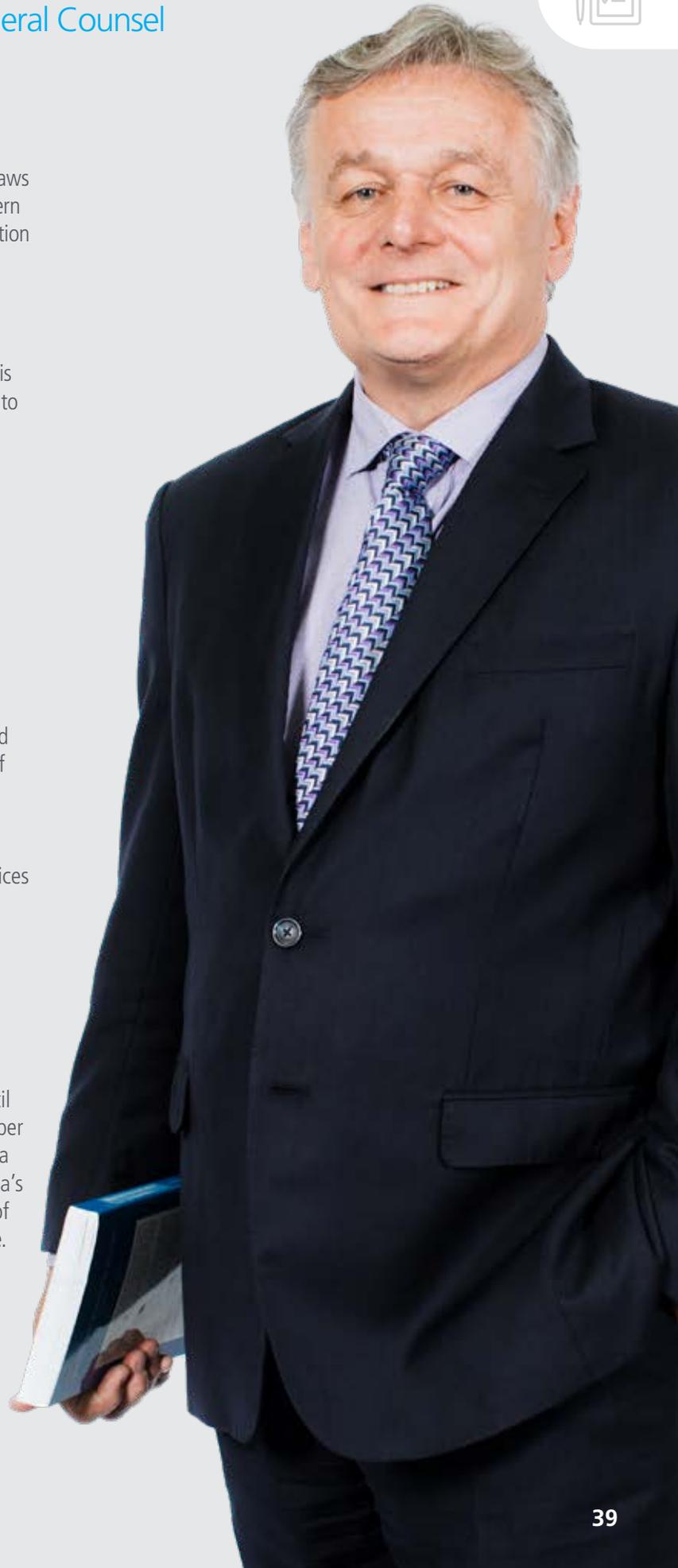
- the City's operational functions; and
- litigious and potentially litigious matters.

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 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 a deputy-chairman of its Competition and Consumer Law Committee.







Compliance

Disability Access and Inclusion

In line with the requirements of the Western Australian Disability Services Act 1993, the City 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 is reported annually to the Department of Communities. The most recent report was provided in June 2019.

The City also has a Disability Access and Inclusion Strategy 2016-2019 (DAIS) which identifies broad strategic aspirations regarding disability access and inclusion for the Rockingham 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”. The DAIS was also endorsed by Council in June 2016.

In 2018/2019 the City continued implementing the actions outlined in the DAIP and the DAIS for the period 2016-2019. In 2018/2019 the City:

- Facilitated the Rockingham Access and Inclusion Network, which comprises local service providers and other stakeholders from the disability sector. The network provides regular opportunities for members to share information, build networks and establish collaborative partnerships.
- 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 to address City controlled disability access and inclusion issues.
- Continued to provide events and programs at the City’s libraries that are accessible and inclusive for all members of the community. New initiatives include:
 - The Home Library Service enables delivery of library items to community members who are unable to visit the library due to age, ill health or disability.
 - STEAM (science, technology, engineering, art and maths) Lab sessions incorporate sensory awareness and are structured in a way to cater to the needs of children with disability, in particular autism.
 - All Ability Switch Adapted toys are being added to the Toy Library. This will allow the Toy Library to better meet the play and developmental needs of children with disability.
 - Lego Club was introduced to provide an activity that met STEAM guidelines and to give participants access to an environment where they can connect with others, access a resource that may not be present at home and provide opportunities to learn, be challenged, work with others and make new friends. The Adult Lego Club provides a friendly environment for people to engage with one another on an adult level. Participants include a number of adults with disability, who attend along with their carers.
- Presented Celebrate Ability, an annual community event that celebrates and acknowledges International Day of People with Disability. More than 600 people attended this event in 2018.
- Enhanced access to the Seniors and Carers Expo and Celebrate Ability by implementing targeted promotions to engage the deaf and hard-of-hearing community. Participants at these events also had access to Auslan interpreters.

- Continued to deliver programs for people living with dementia and their carers, including a twice-monthly walking group (RAD Walkers – Rockingham Alzheimer’s and Dementia Walking Group) and a monthly memory café (A Drop In The Ocean Memory Café). Supported users of mobility scooters and gophers by participating in the RECHARGE program, providing locations where users can safely and securely recharge while out and about in the community. The first two RECHARGE Points were launched at the Autumn Centre, the City’s senior’s centre, in November 2018.
- Continued to enhance access to the beach for people with disability through the purchase of two beach walkers, which will be available for people to hire at no cost. Additionally, access to the beach at Singleton Foreshore was improved through the installation of an accessible pathway with handrail and use of beach access matting, creating an accessible pathway from the carpark to the end of the dunes. Access to the outdoor shower and water fountain was also improved at this location.
- Enhanced the promotion of beach access matting and beach wheelchairs to improve community awareness of these initiatives. 120m of access matting is installed on Rockingham beaches annually from October to April. The City also makes five beach wheelchairs available to the community through partnerships with Rockingham Visitors Centre, The Cruising Yacht Club and the Seaside Camp for Kids.
- The Rockingham Beach Foreshore Revitalisation has included elements which significantly enhance the extent to which people with disability can access and enjoy the beach.
- Implemented streetscape improvements to enhance access to the Secret Harbour Shopping Centre from Oasis Drive.
- To enhance the accessibility of the City’s communications generally, the Digital Media Officer completed a certificate in website disability and inclusion practices in 2018.
- Undertook planning work to prioritise and commence implementation of recommendations from a large scale access audit of 42 City facilities and reserves, which was completed in 2018. This high level planning work progressed through 2018/2019 to ensure the City is well positioned to implement an appropriately staged and adequately resourced program of access improvements.
- Provided a range of training opportunities for City staff and volunteers to raise awareness about disability access and inclusion. Training provided in 2018/2019 included:
 - General disability awareness training
 - Deafness awareness
 - Dementia awareness
 - Accessible and Inclusive events
- Continued to implement an Equal Opportunity Management Plan (2015-2017), which incorporates bi-annual training for staff, delivered by the Equal Opportunity Commission and LGIS.
- Continued to work with Disability Employment Services to identify and support employment and traineeship opportunities for people with disability.
- Prepared an Employment Strategy, incorporating actions to support the employment of people with disability; consultation is underway before the Employment Strategy is finalised. Commenced planning the review and update of the DAIP and the DAIS.

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 revised Record Keeping Plan was approved for a five-year period by the State Records Commission on 7 December 2018. The next review is due in 2023.

The City is committed to continuous improvement. It provides online record keeping awareness training for new employees and refresher training for all employees every two years. Regular orientation sessions are held for new employees which provide an overview of their record keeping responsibilities. Furthermore, employees are provided training in the Electronic Document Records Management System.

During 2018/2019 the City's back scanning program continued for its ninth year. In excess of 66,000 building licences have been converted into digital format, which equates to approximately 36,000 property records being stored electronically.

Executive Remuneration (as at 30 June 2019)

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	No. of Executives
120,001 – 130,000	1
130,001 – 140,000	5
140,001 – 150,000	1
150,001 – 160,000	10
160,001 – 170,000	5
170,001 – 180,000	0
180,001 – 190,000	0
190,001 – 200,000	0
200,001 – 210,000	1
210,001 – 220,000	0
220,001 – 230,000	2
230,000 – 240,000	0
240,001 – 250,000	1
250,001 – 260,000	1
260,001 – 270,000	0
270,001 – 280,000	1
280,001 – 290,000	0
290,001 – 300,000	0



2018-2019 Record of Meeting Attendance by Councillors

	Cr Sammels	Cr Hamblin	Cr Downham	Cr Whitfield
Council	11/12	11/12	10/12	10/12
Special Council	1/1	1/1	0/1	1/1
Annual Electors	1/1	1/1	1/1	1/1
Planning and Engineering Services Committee	11/12	9/12		
Corporate and Community Development Committee			8/12	
Audit Committee	3/3	3/3		
Australia Day Awards Selection Panel				
Bush Fire Advisory Committee				
CEO Performance Review Committee	1/1	0/1		
Christmas Festival Occasional Committee				
City Safe Advisory Committee	11/12	9/12		
Coastal Facilities Advisory Committee			3/4	
Community Grants Program Committee	3/4			
Cultural Advisory Committee				
Customer Review Committee	1/1			
Disability Access and Inclusion Advisory Committee				
Global Friendship Committee	7/7	6/7		
Governance Review Committee	1/1	0/1		
Heritage Reference Group				
RoadWise Advisory Committee				1/1 *
Rockingham Education and Training Advisory Committee		4/4		
Seniors Advisory Committee				
Sports Advisory Committee				
Tourism Strategy Development Advisory Committee				

Cr Elliott	Cr Stewart	Cr Liley	Cr Summers	Cr Jones	Cr Burns
12/12	12/12	12/12	11/12	10/12	11/12
1/1	0/1	1/1	0/1	1/1	1/1
1/1	1/1	1/1	0/1	1/1	1/1
12/12	1 x dep	3 x dep	11/12	8/10 *	
1 x dep	12/12	12/12		10/12	11/12
3/3		0/3			
	1/1				1/1
					3/4
1/1		1/1			
	4/4			4/4	4/4
					9/10 *
		4/4			
4/4		4/4		1 x dep	4/4
			2/6		1 x dep
1/1					1/1
	6/6			6/6	
					7/7
1/1		0/1			
	2/2				
					8/9 *
			3/4		
	5/6				5/6
		2/4		4/4	
					3/3

Red denotes that the Councillor deputised at the meeting

*Cr Whitfield resigned from all Committees and other Councillors were appointed (GM-027/18 – August 2018 Council Meeting).

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 2018/19 year, 31 requests were received for information under FOI and no public interest disclosures were received.

Freedom of Information Statistics 2007/2008 to 2018/2019

Financial Years	FOI Applications	Transfers	Completed	Withdrawn	Not yet completed	Internal Review Applications
2018-2019	31	0	30	3	3	1
2017-2018	15	0	16	0	3	1
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.

The following local laws were adopted at the 27 November 2018 Council Meeting and published in the Government Gazette No.9 on 18 January 2019:

- Cats Local Law 2018
- Repeal and Amendment Local Law 2018 (This local law repealed the Extractive Industries Local Law 2000 and made amendments to the Cemeteries Local Law 2000 and Health Local Law 1996)
- Pest Plants Amendment Local Law 2018
- Dogs Amendment Local Law 2018
- Sand Drift Local Law 2018
- Bush Fire Control and Bush Fire Brigades Amendment Local Law 2018

The Parking Local Law 2018 was adopted by Council on 18 December 2018 and published in the Government Gazette No. 23 on 22 February 2019.

The Public Places and Local Government Property Local Law 2018 was adopted at the 26 February 2019 Council Meeting and published in Government Gazette No. 63 on 8 May 2019.

The State Government Joint Standing Committee on Delegated Legislation (JSCDL) reviewed the Bush Fire Control and Bush Fire Brigades Amendment Local Law 2018 and requested that amendments be made. Due to the City progressing the transfer of all bush fire brigades to the responsibility of the WA Department of Fires and Emergency Services, Council resolved not to pursue the amendments and agreed to the JSCDL to disallow the Amendment Local Law. The substantive Local Law will be repealed within three months of the transfer of the brigades.

During the review we note that there are still a few local laws under review, some due to legislative changes and others need further review, these are:

- Fencing Local Law 2000
- Health Local Law 1996
- Signs, Hoardings and Bill Posting By-law 1960
- Standing Orders Local Law 2001

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 916 people became Australian citizens this year.

Register of Complaints and Minor Breaches

Section 5.53(hb) of the Local Government Act 1995 specifies that the annual report is to contain details of entries made in the register of complaints during the financial year in review. Two complaints were recorded in the register during the period, as follows –

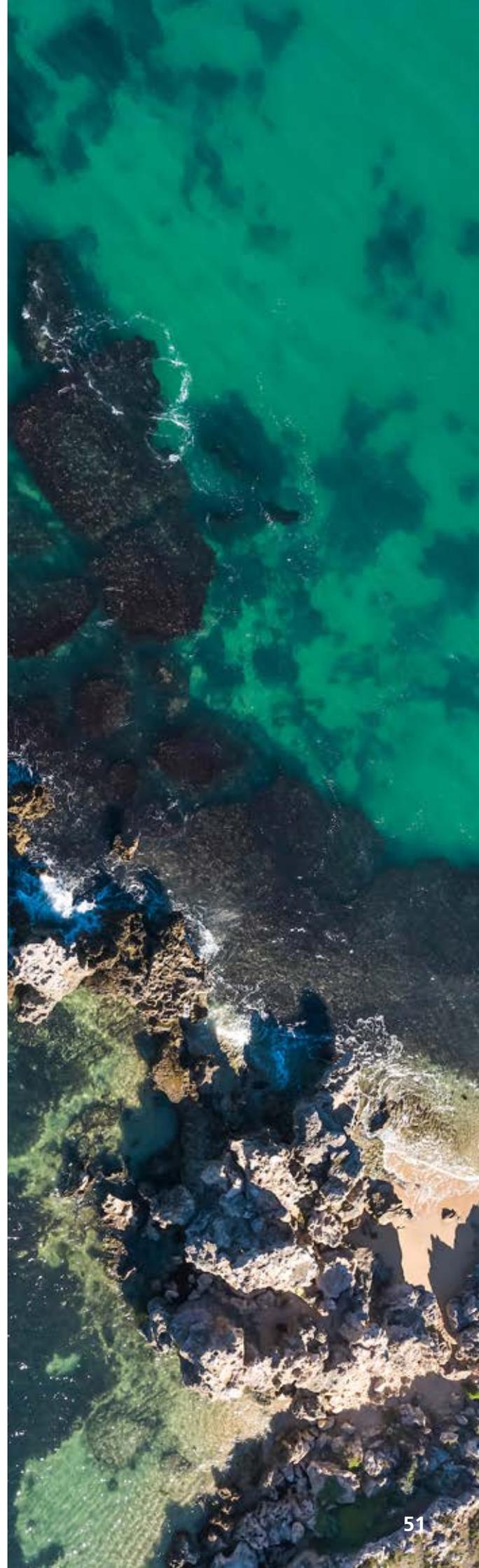
Register of certain complaints of minor breaches – Section 5.121 Local Government Act 1995

22/02/2019	Cr Lee Downham	City of Rockingham	SP43 of 2018	Complaint Regulation 7 Local Government (Rules of Conduct) Regulations 2007 – Securing personal advantage or disadvantaging others Re: Facebook post – pamphlet in Councillor pigeonholes.	22 February 2019 Local Government Standards Panel ordered the following: Within 4 months of the date of this Order, Councillor Lee Downham, a Councillor for the City of Rockingham, shall undertake: 1. The training course for Elected members “Serving on Council” provided by WA Local Government Association (WALGA) for a period of no less than 7 hours; or 2. A training course with substantially similar learning outcomes provided by an alternative registered training organisation for a period of not less than 7 hours. The City booked Cr Downham in training “Serving on Council” 15 and 16 April 2019, 9.00am to 4.30pm at a cost of \$950. Cr Downham attended the first day of training only, however met the requirements of the Order.
16/03/2019	Cr Matthew Whitfield	City of Rockingham	SP64 of 2018	Complaint Regulation 9 Local Government (Rules of Conduct) Regulations 2007 – Prohibition against involvement in administration Re: Meeting with developers Millers Landing	16 March 2019 Local Government Standards Panel ordered the following: 1. By 30 April 2019, Councillor Matthew Whitfield, a member of the City of Rockingham, shall undertake: a) the training course for Elected Members “Serving on Council” provided by WA Local Government Association (WALGA) for a period of no less than 7.5 hours; or b) a training course with substantially similar learning outcomes provided by an alternative registered training organisation for a similar duration, but at least 4 hours. The City booked Cr Whitfield in training “Serving on Council” 15 and 16 April 2019, 9.00am to 4.30pm at a cost of \$950. Cr Whitfield attended the first day of training only, however met the requirements of the Order.

Risk Management

Risk management is an integral part of the City's decision making process. The Council Policy – Risk Management defines the fundamental principles that establish and maintain an integrated risk management system across all strategic and operational functions of the City. Underpinning this policy is compulsory risk training.

The City fulfils its requirement under Regulation 17 of the Local Government (Audit) Regulations 996 by conducting regular reviews of its Risk Management Framework to ensure continuous improvement and meet industry best practice.





Priorities for the Future

In the coming year the City will continue to work towards achieving its visions for the future. Some of the key projects and events to take place in 2019/2020 include:

Completion of the \$15.75 million Rockingham Beach Foreshore Revitalisation (Stage One).

Council adoption of the Master Plan for the future enhancement of the Safety Bay and Shoalwater foreshore area.

The return of the City's premier art and culture event, the Castaways Sculpture Awards.

Prepare building design and construction documents for the Baldivis District Sporting Complex.

Opening of the new Port Kennedy Skate Park.

Council to adopt a Coastal Hazard Risk Management and Adaptation Plan that will guide future management of the City's coastal areas.

Commence detailed design for upgrades to Koorana Reserve in Warnbro.





Financial Report

For the year ended 30 June 2019

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Statement By Chief Executive Officer

FOR THE YEAR ENDED 30 JUNE 2019

**CITY OF ROCKINGHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Rockingham for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the City of Rockingham at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the *twelve* day of *November* 2019



Acting Chief Executive Officer
John Pearson



Statement of Comprehensive Income by Nature or Type

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	28(a)	90,786,393	87,054,300	83,154,317
Operating grants, subsidies and contributions	2(a)	12,247,981	3,595,002	6,199,377
Fees and charges	2(a)	41,817,240	45,846,205	46,070,884
Service charges	28(b)	0	0	769,885
Interest earnings	2(a)	4,238,313	4,293,501	4,093,642
Other revenue	2(a)	6,998,542	16,435,947	6,155,402
		156,088,469	157,224,955	146,443,507
Expenses				
Employee costs		(57,307,429)	(59,436,266)	(53,358,708)
Materials and contracts		(38,158,890)	(41,811,102)	(38,115,853)
Utility charges		(6,402,989)	(5,191,746)	(6,045,032)
Depreciation on non-current assets	11(c)	(38,144,756)	(73,855,442)	(71,103,873)
Interest expenses	2(b)	(755,105)	(781,187)	(987,470)
Insurance expenses		(1,137,184)	(1,811,373)	(1,095,994)
Other expenditure		(10,308,610)	(24,997,704)	(15,783,070)
		(152,214,963)	(207,884,820)	(186,490,000)
		3,873,506	(50,659,865)	(40,046,493)
Non-operating grants, subsidies and contributions	2(a)	19,119,224	11,409,757	17,167,872
Profit on asset disposals	11(a)	132,622	1,000,387	10,501
(Loss) on asset disposals	11(a)	(1,117,166)	(1,637,314)	(346,198)
Loss on Impairment	11(b)	(757,684)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	7(b)	122,620	0	0
Share of profit or loss of associates and joint ventures	23	80,829	0	0
		17,580,445	10,772,830	16,832,175
Net Result		21,453,951	(39,887,035)	(23,214,318)
Other comprehensive income				
Changes in asset revaluation surplus	10	0	0	730,834,066
Total other comprehensive income		0	0	730,834,066
Total comprehensive income		21,453,951	(39,887,035)	707,619,748

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

Statement of Comprehensive Income by Program

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue	2(a)			
Governance		975,079	265,157	294,069
General purpose funding		100,638,195	94,975,528	92,052,993
Law, order, public safety		2,227,194	1,072,761	1,602,190
Health		395,804	233,241	288,070
Education and welfare		471,278	458,005	442,917
Housing		3,907,976	3,598,630	3,650,044
Community amenities		32,224,629	45,518,549	37,437,870
Recreation and culture		12,593,765	8,323,503	6,787,917
Transport		561,910	65,000	490,393
Economic services		584,737	1,607,478	1,906,016
Other property and services		1,507,902	1,107,103	1,491,029
		156,088,469	157,224,955	146,443,508
Expenses	2(b)			
Governance		(1,691,930)	(5,243,023)	(3,990,634)
General purpose funding		(697,753)	(630,100)	(2,677,891)
Law, order, public safety		(8,127,699)	(7,596,799)	(7,116,737)
Health		(2,170,080)	(2,356,763)	(2,251,724)
Education and welfare		(6,663,212)	(7,189,122)	(5,680,084)
Housing		(3,750,454)	(3,364,781)	(3,527,377)
Community amenities		(34,480,570)	(52,531,345)	(36,445,143)
Recreation and culture		(52,383,181)	(51,469,242)	(50,571,493)
Transport		(36,213,908)	(70,310,899)	(69,105,510)
Economic services		(2,442,230)	(2,912,925)	(3,092,211)
Other property and services		(2,838,841)	(3,498,634)	(1,043,727)
		(151,459,858)	(207,103,633)	(185,502,531)

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Finance Costs	2(b)			
Law, order, public safety		(39,361)	(39,477)	(42,160)
Education and welfare		0	0	(12,331)
Housing		(150)	0	0
Recreation and culture		(711,746)	(732,514)	(907,614)
Economic services		(3,848)	(9,196)	(25,365)
		(755,105)	(781,187)	(987,470)
		3,873,506	(50,659,865)	(40,046,493)
Non-operating grants, subsidies and contributions	2(a)	19,119,224	11,409,757	17,167,872
Profit on disposal of assets	11(a)	132,622	1,000,387	10,501
(Loss) on disposal of assets	11(a)	(1,117,166)	(1,637,314)	(346,198)
Loss on Impairment	11(b)	(757,684)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	7(b)	122,620	0	0
Share of net profit of associates and joint ventures accounted for using the equity method	23	80,829	0	0
		17,580,445	10,772,830	16,832,175
Net Result		21,453,951	(39,887,035)	(23,214,318)
Other comprehensive income				
Changes in asset revaluation surplus	10	0	0	730,834,066
Total other comprehensive income		0	0	730,834,066
Total comprehensive income		21,453,951	(39,887,035)	707,619,748

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

Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	3	19,380,833	13,387,474
Trade and other receivables	5	13,281,837	11,606,816
Other financial assets at amortised cost	7(a)	78,129,414	77,071,754
Inventories	6	190,597	175,667
Total current assets		110,982,681	102,241,711
Non-current assets			
Trade and other receivables	5	1,751,833	1,394,185
Other financial assets at amortised cost	7(b)	38,839	0
Financial assets at fair value through profit and loss	7(b)	122,620	0
Property, plant and equipment	8	300,310,980	299,294,063
Infrastructure	9	1,811,310,523	1,803,212,287
Total non-current assets		2,113,534,795	2,103,900,535
Total assets		2,224,517,476	2,206,142,246
Current liabilities			
Trade and other payables	13	13,863,238	14,327,546
Borrowings	15	1,070,955	1,556,415
Employee related provisions	16	9,336,809	8,938,993
Total current liabilities		24,271,002	24,822,954
Non-current liabilities			
Borrowings	15	8,991,010	10,061,965
Employee related provisions	16	1,761,248	1,910,016
Other provisions	17	9,255,303	10,562,349
Total non-current liabilities		20,007,561	22,534,330
Total liabilities		44,278,563	47,357,284
Net assets		2,180,238,913	2,158,784,962
Equity			
Retained surplus		438,038,222	419,242,431
Reserves - cash backed	4	45,677,182	43,019,022
Revaluation surplus	10	1,696,523,509	1,696,523,509
Total equity		2,180,238,913	2,158,784,962

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	Retained Surplus \$	Reserves Cash Backed \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2017		442,703,978	42,771,793	965,689,443	1,451,165,213
Comprehensive income					
Net result		(23,214,318)	0	0	(23,214,318)
Other comprehensive income	10	0	0	730,834,066	730,834,066
Total comprehensive income		(23,214,318)	0	730,834,066	707,619,748
Transfers from/(to) reserves	4	(247,229)	247,229	0	0
Balance as at 30 June 2018		419,242,431	43,019,022	1,696,523,509	2,158,784,962
Comprehensive income					
Net result		21,453,951	0	0	21,453,951
Total comprehensive income		21,453,951	0	0	21,453,951
Transfers from/(to) reserves	4	(2,658,160)	(2,658,160)	0	0
Balance as at 30 June 2019		438,038,222	45,677,182	1,696,523,509	2,180,238,913

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash flows from operating activities				
Receipts				
Rates		89,546,259	89,054,300	82,678,617
Operating grants, subsidies and contributions		12,862,055	2,840,366	5,888,026
Fees and charges		41,817,240	45,846,205	46,070,884
Service charges		0	0	769,885
Interest received		4,238,313	4,293,501	4,093,642
Goods and services tax received		5,328,422	4,594,832	6,115,853
Other revenue		6,998,542	16,435,947	5,975,402
		160,790,831	163,065,151	151,592,309
Payments				
Employee costs		(56,509,796)	(59,076,266)	(53,262,858)
Materials and contracts		(43,363,457)	(44,853,102)	(38,101,099)
Utility charges		(6,402,989)	(5,191,746)	(6,045,032)
Interest expenses		(755,105)	(781,187)	(1,010,476)
Insurance paid		(1,137,184)	(1,811,373)	(1,095,994)
Goods and services tax paid		(5,424,913)	(4,589,832)	(5,879,888)
Other expenditure		(10,308,610)	(24,997,704)	(15,783,069)
		(123,902,054)	(141,301,210)	(121,178,416)
Net cash provided by operating activities	18	36,888,777	21,763,941	30,413,893

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash flows from investing activities				
Payments for purchase of property, plant and equipment		(9,510,975)	(31,943,272)	(9,550,866)
Payments for construction of infrastructure		(26,381,830)	(42,443,077)	(21,176,521)
Net proceeds/(payments) on financial assets		(1,050,352)	0	(4,373,765)
Non-operating grants, subsidies and contributions		4,902,664	11,409,757	7,453,837
Proceeds from sale of property, plant and equipment		698,943	1,910,534	600,263
Proceeds from sale of infrastructure		0	0	79,727
Net cash provided by (used in) investing activities		(31,341,550)	(61,066,058)	(26,967,325)
Cash flows from financing activities				
Repayment of borrowings		(1,556,415)	(1,556,413)	(2,920,026)
Proceeds from self supporting loans		6,885	20,364	7,007
Proceeds from new borrowings		0	5,000,000	0
Net cash provided by (used In) financing activities		(1,549,530)	3,463,951	(2,913,019)
Net increase (decrease) in cash held		3,997,697	(35,838,166)	533,549
Reclassification of trust fund to restricted cash		1,995,662	0	0
Cash at beginning of year		13,387,474	96,104,668	12,853,925
Cash and cash equivalent at the end of the year	18	19,380,833	60,266,502	13,387,474

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

Rate Setting Statement

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating activities				
Net current assets at start of financial year - surplus/(deficit)	29 (b)	42,773,583	38,239,694	39,420,979
		42,773,583	38,239,694	39,420,979
Revenue from operating activities (excluding rates)				
Governance		977,287	265,157	307,483
General purpose funding		9,851,802	9,821,228	8,888,174
Law, order, public safety		2,296,791	1,213,443	1,621,764
Health		395,804	233,241	288,070
Education and welfare		472,397	458,005	442,917
Housing		3,907,976	3,598,630	3,650,044
Community amenities		32,982,561	45,764,621	39,566,851
Recreation and culture		17,134,949	12,984,078	10,396,116
Transport		14,327,137	4,830,789	11,909,102
Economic services		791,738	1,626,762	1,906,016
Other property and services		1,618,930	1,784,845	1,491,029
		84,757,371	82,580,799	80,467,566
Expenditure from operating activities				
Governance		(1,692,650)	(5,257,281)	(3,990,634)
General purpose funding		(697,753)	(630,100)	(2,677,891)
Law, order, public safety		(9,071,225)	(7,693,363)	(7,181,059)
Health		(2,173,173)	(2,356,763)	(2,254,829)
Education and welfare		(6,687,382)	(7,189,122)	(5,693,947)
Housing		(3,750,604)	(3,364,781)	(3,527,377)
Community amenities		(34,554,275)	(53,619,643)	(36,628,563)
Recreation and culture		(53,830,677)	(52,202,350)	(51,577,005)
Transport		(36,347,154)	(70,310,899)	(69,105,510)
Economic services		(2,446,078)	(2,922,121)	(3,118,301)
Other property and services		(2,838,840)	(3,975,711)	(1,081,083)
		(154,089,811)	(209,522,134)	(186,836,199)
Non-cash amounts excluded from operating activities	29(a)	24,975,781	74,889,857	59,698,124
Amount attributable to operating activities		(1,583,076)	(13,811,784)	(7,249,530)

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Investing activities				
Proceeds from disposal of assets	11(a)	698,943	1,910,534	679,990
Purchase of property, plant and equipment		(9,510,974)	(31,943,272)	(9,550,867)
Purchase and construction of infrastructure		(26,381,830)	(42,443,077)	(21,176,521)
Amount attributable to investing activities		(35,193,861)	(72,475,815)	(30,047,398)
Financing activities				
Repayment of long term borrowings	15(b)	(1,556,415)	(1,556,413)	(2,920,026)
Proceeds from new long term borrowings	15(c)	0	5,000,000	0
Proceeds from self supporting loans	15(b)	6,885	20,364	83,448
Transfers to reserves (restricted assets)	4	(3,420,750)	(3,925,501)	(3,694,244)
Transfers from reserves (restricted assets)	4	762,590	3,516,434	3,447,016
Amount attributable to financing activities		(4,207,690)	3,054,884	(3,083,806)
Surplus/(deficit) before imposition of general rates		(40,984,627)	(83,232,715)	(40,380,734)
Total amount raised from general rates	28	90,786,393	87,054,300	83,154,317
Surplus/(deficit) after imposition of general rates	29(b)	49,801,766	3,821,585	42,773,583

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



Basis of Preparation and Significant Accounting Policies

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

The Local Government (*Financial Management Regulations 1996*) take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the 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.

Grants, donations and other contributions

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

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(a). 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.

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

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. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Trade and other receivables

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

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

(i) Impairment and risk exposure

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

(ii) Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

(iii) Classification and subsequent measurement

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

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

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

Inventories

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.

(i) Land held for resale

Land held for development and resale 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.

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

Other current assets

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

Non-current assets held for sale

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

Other financial assets

(i) Other financial assets at amortised cost

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

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

Amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and maturity amount, adjusted for any loss allowance.

(ii) Financial assets at fair value through profit and loss

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

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

(iii) Impairment and risk

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

(iv) Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

(v) Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 33 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

Fixed assets

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

(i) Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

(ii) Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

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

(iii) 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.

(iv) 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, the City 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.

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.

(v) Depreciation

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

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

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

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

(vi) Depreciation rates

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

Asset Class	Useful Life
Property Plant and Equipment	
Land Infrastructure	5 to 40 years
Buildings	20 to 50 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	4 to 10 years
Miscellaneous Assets	50 to 80 years
Infrastructure	
Infrastructure-Roads Footpaths and Drainage	10 to 100 years
Other Infrastructure	10 to 80 years

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:

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

Revision of useful lives of Non Current Assets

During the year, the estimated useful lives of certain non current assets were revised. The net effect is a net decrease in depreciation of \$32,959,117.

Financial Liabilities

(i) 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.

(ii) Other Financial liabilities

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

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

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

(iii) 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.

(iv) Risk

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

Employee benefits

(i) 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.

(ii) Other long-term employee benefits

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

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 employees are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

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 of 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 on a straight line basis over the lease term.

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

Interests in joint arrangements

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

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

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

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.

Rates

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

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.

Current and non-current classification

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

Rounding off figures

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

Comparative figures

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

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

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.

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.

Fair value of assets and liabilities

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

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

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the 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:

(i) 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.

(ii) 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.

(iii) Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

Impairment of assets

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

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

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

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

Notes to and Forming Part of the Financial Report

FOR THE YEAR ENDED 30 JUNE 2019

2. REVENUE AND EXPENSES

	2019 Actual \$	2019 Budget \$	2018 Actual \$
a) Revenue			
Grant Revenue			
Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:			
Operating grants, subsidies and contributions			
Governance	6,650	33,300	29,554
General purpose funding	4,956,124	2,383,372	4,570,148
Law, order, public safety	534,861	282,796	179,415
Health	5,420	7,390	4,745
Education and welfare	209,951	216,200	222,763
Housing	270	0	270
Community amenities	501,733	36,210	54,956
Recreation and culture	4,397,207	311,734	325,538
Transport	459,634	0	416,864
Economic services	2,097	0	2,392
Other property and services	1,174,034	324,000	392,733
	12,247,981	3,595,002	6,199,377
Non-operating grants, subsidies and contributions			
General purpose funding	0	1,900,000	0
Law, order, public safety	69,597	0	17,586
Community amenities	750,018	93,934	2,128,979
Recreation and culture	4,534,382	4,650,034	3,602,599
Transport	13,765,227	4,765,789	11,418,708
	19,119,224	11,409,757	17,167,872
Total grants, subsidies and contributions	31,367,205	15,004,759	23,367,249

2. REVENUE AND EXPENSES (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
a) Revenue			
Significant revenue			
Other revenue			
Reimbursements and recoveries	1,674,930	8,000	1,731,025
Bert England Lodge income	3,431,030	3,152,240	3,246,254
Landfill Internal Charge	0	10,501,000	0
Other	1,892,582	2,774,707	1,178,123
	6,998,542	16,435,947	6,155,402
Fees and Charges			
Governance	236,643	7,820	11,930
General purpose funding	302,997	517,000	307,413
Law, order, public safety	1,645,533	763,318	1,384,766
Health	314,861	213,232	274,277
Education and welfare	240,983	214,025	196,911
Housing	476,676	446,390	403,520
Community amenities	30,815,532	34,268,498	36,275,522
Recreation and culture	6,876,986	7,308,386	5,892,675
Transport	74,119	65,000	79,325
Economic services	696,331	1,572,950	1,123,063
Other property and services	136,579	469,586	121,482
	41,817,240	45,846,205	46,070,884

2. REVENUE AND EXPENSES (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
a) Revenue			
Significant revenue			
Other revenue			
Interest earnings			
Reserve Funds	1,188,543	3,365,501	1,466,456
Other Funds	1,834,226	928,000	1,527,706
Rates instalment and penalty interest (refer Note 28(d))	1,215,543	0	1,099,480
	4,238,313	4,293,501	4,093,642
b) Expenses			
Significant expense			
Depreciation	38,144,756	73,855,442	71,103,873
Operating expense - Miller Road - Refuse disposal levy	7,843,637	8,210,000	10,154,896
	45,988,393	82,065,442	81,258,770
Auditors remuneration			
- Audit of the Annual Financial Report	98,160	65,000	53,000
	98,160	65,000	53,000
Interest expenses (finance costs)			
Borrowings (refer Note 15(b))			
Finance Charges Bert England Lodge	149	0	12,332
Long term borrowings	754,956	781,187	975,138
	755,105	781,187	987,470

3. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	Note	2019 \$	2018 \$
Unrestricted		13,870,281	10,310,165
Restricted		5,510,552	3,077,309
Cash and Cash Equivalents - Total		19,380,833	13,387,474
Term Deposit (More than 3 months)- Unrestricted		27,653,021	31,072,224
Term Deposit (More than 3 months)- Restricted		50,469,086	45,999,529
Term Deposit - Total		78,122,107	77,071,754
Total Cash and Cash Equivalent and Term Deposits		97,502,940	90,459,227
Comprises:			
- Unrestricted cash and Term Deposits		41,523,302	41,382,389
- Restricted cash and Term Deposits		55,979,638	49,076,838
		97,502,940	90,459,227
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Town Planning Scheme Review	4	444,824	433,824
Public Car Park Reserve- Cash in Lieu Contributions	4	2,337,069	1,996,410
Waste and Landfill Preservation	4	15,845,711	15,453,862
CLAG- Peel Mosquito Control	4	23,986	23,393
Administration Building and Community Building	4	1,115,608	1,088,020
City Centre Carpark- Cash in Lieu	4	257,641	251,270
City Centre Development	4	2,721,665	2,658,565
Workers Compensation	4	769,750	1,268,762
Anstey Park Shared Costs	4	1,240,922	1,209,249
Legal Fees	4	968,498	944,548
Strategic Master Planning	4	674,793	658,106
Active Aging Development Reserve	4	189,077	184,401
Bert England Lodge Capital Works Bank	4	2,197,293	2,142,956
Capital Works	4	4,827,404	4,708,027
Employee Leave	4	5,951,075	5,803,911
Developer Contributions Scheme	4	5,325,548	3,198,030
Challenger Court	4	210,308	205,107
Life Long Learning	4	576,010	790,581
Total Reserves		45,677,182	43,019,022
Other Restricted funds:			
Bond Liabilities- Municipal bonds	13	1,995,662	0
Bert England Lodge Bonds		3,514,890	3,077,309
Unspent grants	27	4,791,904	2,980,507
Total Reserves and Restricted funds		55,979,638	49,076,838

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance \$	2019 Actual Transfer to \$	2019 Actual Transfer (from) \$	2019 Actual Closing Balance \$
Town Planning Scheme Review	433,824	11,000	0	444,824
Public Car Park Reserve- Cash in Lieu Contributions	1,996,410	340,659	0	2,337,069
Waste and Landfill Preservation	15,453,862	391,849	0	15,845,711
CLAG- Peel Mosquito Control	23,393	593	0	23,986
Administration Building and Community Building	1,088,020	27,588	0	1,115,608
City Centre Carpark- Cash in Lieu	251,270	6,371	0	257,641
City Centre Development	2,658,565	63,100	0	2,721,665
Workers Compensation	1,268,762	27,294	(526,306)	769,750
Anstey Park Shared Costs	1,209,249	37,967	(6,294)	1,240,922
Legal Fees	944,548	23,950	0	968,498
Strategic Master Planning	658,106	16,687	0	674,793
Harrington Waters Specified Area Rates	0	0	0	0
Active Aging Development Reserve	184,401	4,676	0	189,077
Bert England Lodge Capital Works Bank	2,142,956	54,337	0	2,197,293
Capital Works	4,708,027	119,377	0	4,827,404
Employee Leave	5,803,911	147,164	0	5,951,075
Developer Contributions Scheme	3,198,030	2,127,518	0	5,325,548
Challenger Court	205,107	5,201	0	210,308
Life Long Learning	790,581	15,419	(229,990)	576,010
	43,019,022	3,420,750	(762,590)	45,677,182

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

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

Name of Reserve	Purpose of the reserve
Town Planning Scheme Review	to be used to fund preparation of new and/or existing Town Planning Schemes.
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.
Waste and Landfill Preservation	to be used to fund expenditure associated with providing a refuse disposal service.
CLAG- Peel Mosquito Control	to be used to fund the controlling of mosquitos through the Peel Mosquito Management Group.
Administration Building and Community Building	to be used to fund capital expenditure administration and community building.
City Centre Carpark- Cash in Lieu	to be used to fund costs associated with provisions of public infrastructure.
City Centre Development	to be used to fund development of the City Centre.
Workers Compensation	to be used to meet expenditure associated with workers compensation premiums.
Anstey Park Shared Costs	to be used to receive developers funds in advance to meet future project costs.
Legal Fees	to be used to meet future expenditure incurred by Council on legal fees.

2019 Budget Opening Balance \$	2019 Budget Transfer to \$	2019 Budget Transfer (from) \$	2019 Budget Closing Balance \$	2018 Actual Opening Balance \$	2018 Actual Transfer to \$	2018 Actual Transfer (from) \$	2018 Actual Closing Balance \$
434,266	17,342	0	451,608	423,023	10,801	0	433,824
1,998,446	79,807	0	2,078,253	1,946,704	49,706	0	1,996,410
15,469,628	617,773	0	16,087,401	15,069,098	384,765	0	15,453,862
23,416	935	0	24,351	22,810	582	0	23,393
1,089,130	43,472	0	1,132,602	1,060,931	27,089	0	1,088,020
251,526	17,428	0	268,954	245,014	6,256	0	251,270
2,657,027	106,281	(700,000)	2,063,308	2,426,606	231,960	0	2,658,565
1,077,522	43,030	0	1,120,552	1,049,623	219,139	0	1,268,762
1,498,889	47,858	0	1,546,747	1,460,081	37,281	(288,113)	1,209,249
945,511	37,759	0	983,270	921,031	23,517	0	944,548
658,777	26,308	0	685,085	641,721	16,385	0	658,106
0	0	0	0	54,813	1,400	(56,213)	0
184,589	7,371	0	191,960	179,809	4,591	0	184,401
2,145,143	85,665	0	2,230,808	2,089,601	53,355	0	2,142,956
6,428,726	2,274,749	0	8,703,475	4,590,808	117,219	0	4,708,027
5,800,327	232,013	0	6,032,340	5,659,407	144,504	0	5,803,911
6,118,640	265,283	(2,726,434)	3,657,489	4,137,770	2,155,448	(3,095,188)	3,198,030
205,316	8,199	0	213,515	200,000	5,107	0	205,107
787,706	14,228	(90,000)	711,934	592,942	205,140	(7,500)	790,581
47,774,585	3,925,501	(3,516,434)	48,183,652	42,771,792	3,694,244	(3,447,016)	43,019,022

Name of Reserve	Purpose of the reserve
Strategic Master Planning	to be used to meet strategic planning expenses associated with the growth of the City.
Active Aging Development Reserve	to be used to meet expenses of Active Aging Programmes and Initiatives.
Bert England Lodge Capital Works Bank	to be used to meet future capital expenditure at Bert England Lodge.
Active Aging Coordinator and Consultancy	to be used to meet expenses of Active Aging Programmes and Initiatives.
Capital Works	to be used to fund capital works.
Employee Leave	to be used to fund Employee Leave Liabilities.
Developer Contributions Scheme	to be used to fund Capital Works and Administration of Scheme.
Challenger Court	to meet future capital expenditure.
Life Long Learning	to increase tertiary education opportunities for Rockingham residents as per the City's Learning City Strategy.

5. TRADE RECEIVABLES

	2019	2018
	\$	\$
Current		
Rates Outstanding	6,219,460	6,522,553
Sundry debtors	6,043,193	4,702,389
Self supporting loans	0	6,885
Sundry debtors - Southern Cross Care	987,523	994,289
GST receivable	671,386	574,895
	13,921,562	12,801,011
Less: Allowance for impairment of receivables	(639,725)	(1,194,195)
	13,281,837	11,606,816
Non-current		
Rates outstanding - pensioners	1,751,833	1,348,039
Self Supporting Loans	0	46,146
	1,751,833	1,394,185

6. INVENTORIES

	2019	2018
	\$	\$
a) Inventories		
Current		
Fuel and materials	190,597	175,667
	190,597	175,667

7. OTHER FINANCIAL ASSETS

	2019 \$	2018 \$
a) Current assets		
Other financial assets at amortised cost	78,129,414	77,071,753
	78,129,414	77,071,753
Other financial assets at amortised cost		
- Financial assets at amortised cost - term deposits	78,122,107	77,071,753
- Financial assets at amortised cost - self supporting loans	7,307	0
	78,129,414	77,071,753
b) Non-current assets		
Other financial assets at amortised cost	38,839	0
Financial assets at fair value through profit and loss	122,620	0
	161,459	0
Other financial assets at amortised cost		
- Financial assets at amortised cost - self supporting loans	38,839	0
	38,839	0
Financial assets at fair value through profit and loss		
- Unlisted equity investments		
Financial assets at fair value through profit and loss - WALGA Housing Trust	122,620	0
	122,620	0
During the year, the following gains/(losses) were recognised in profit and loss:		
Fair value gains on equity investments at fair value through profit and loss are recognised in other gains and classified as other property and services	122,620	0
	122,620	0

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 15(b) as self supporting loans.

8. PROPERTY, PLANT AND EQUIPMENT

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

	Land \$	Land Infrastructure \$	Buildings \$
a) Movements in Carrying Amounts			
Balance at 1 July 2017	94,463,919	18,001,948	171,534,218
Additions	0	442,027	6,243,298
(Disposals)	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	0	(796,928)	0
Depreciation (expense)	0	(1,479,018)	(5,819,070)
Transfers	0	0	0
Carrying amount at 30 June 2018	94,463,919	16,168,029	171,958,446
Comprises:			
Gross carrying amount at 30 June 2018	94,463,919	20,170,789	171,595,496
Accumulated depreciation at 30 June 2018	0	(4,002,760)	(6,637,050)
Accumulated impairment loss at 30 June 2018	0	0	0
Carrying amount at 30 June 2018	94,463,919	16,168,029	171,958,446
Additions	820,000	2,896,507	7,345,256
(Disposals)	(4,150)	0	(1,016,572)
Impairment (losses) / reversals	0	0	(59,090)
Depreciation (expense)	0	(1,298,401)	(6,039,869)
Transfers	0	11,332	0
Carrying amount at 30 June 2019	95,279,769	17,777,467	172,188,172
Comprises:			
Gross carrying amount at 30 June 2019	95,279,769	23,078,628	184,859,751
Accumulated depreciation at 30 June 2019	0	(5,301,161)	(12,612,489)
Accumulated impairment loss at 30 June 2019	0	0	(59,090)
Carrying amount at 30 June 2019	95,279,769	17,777,467	172,188,172

During the year, the estimated useful lives of property plant and equipment were revised. The net effect is a net decrease in depreciation expense of \$688,866.

Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Miscellaneous Assets \$	Property, plant and equipment \$
284,000,085	4,679,152	14,039,284	448,330	303,166,851
6,685,326	326,010	2,466,925	72,606	9,550,867
0	0	(918,106)	(17,853)	(935,959)
(796,928)	0	0	160,428	(636,500)
(7,298,088)	(1,318,664)	(2,942,318)	(10,690)	(11,569,760)
0	(281,436)	0	0	(281,436)
282,590,395	3,405,062	12,645,785	652,821	299,294,063
293,230,204	6,076,839	18,116,430	652,821	318,076,294
(10,639,810)	(2,671,777)	(5,470,645)	0	(18,782,231)
0	0	0	0	0
282,590,395	3,405,062	12,645,785	652,821	299,294,063
11,061,763	293,043	2,608,310	32,240	13,995,356
(1,020,722)	(193,649)	(739,948)	(93,545)	(2,047,864)
(59,090)	0	0	0	(59,090)
(7,338,270)	(639,264)	(2,890,940)	(12,420)	(10,880,894)
11,332	(1,923)	0	0	9,409
285,245,408	2,863,269	11,623,207	579,096	300,310,980
303,218,148	6,025,829	19,153,048	589,447	328,986,472
(17,913,650)	(3,162,560)	(7,529,841)	(10,351)	(28,616,402)
(59,090)	0	0	0	(59,090)
285,245,408	2,863,269	11,623,207	579,096	300,310,980

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Asset Class	Hierarchy	Valuation Technique	Valuation	Valuation	Inputs Used
b) Fair Value Measurements					
Land and buildings					
Land					
Independent valuation 2014	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Purchase costs and residual values
Independent valuation 2017	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2017	Purchase costs and residual values
Land Infrastructure					
Independent valuation 2014	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Purchase costs and residual values
Independent valuation 2018	3	Cost Approach. Current replacement cost calculating depreciated value	Independent valuers	July 2018	Unit rates obtained by using cost guides and through the prices supplied by the COR Useful life estimated using condition, known age and estimated age
Buildings					
Management valuation 2017	2	Market approach using recent observable market data for similar properties	Management valuation	June 2017	Purchase costs and residual values
Independent valuation 2017	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2017	Purchase costs and residual values
Furniture and equipment					
Management valuation 2016	2	Market approach using recent observable market data for similar properties	Management valuation	June 2016	Purchase costs and current condition
Independent valuation 2016	3	Market approach using recent observable market data for similar properties	Independent valuers	June 2016	Residual values and remaining useful life assessments

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Asset Class	Hierarchy	Valuation Technique	Valuation	Valuation	Inputs Used
b) Fair Value Measurements					
Plant and equipment					
Independent valuation 2016	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2016	Purchase costs and current condition
Miscellaneous Assets					
Independent valuation 2015	2	Market approach using recent observable market data for similar properties	Management valuation	June 2015	Purchase costs and current condition
Independent valuation 2018	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2018	Market price for comparable public artworks by the same artist. Comparative market analysis for subjective and objective adjustments includes reputation of the artist and a condition of the artwork. Highest realistic price from a major art gallery, organisation, individual in Australia that has similar like subject, medium, mannerism and condition, size and age. (not including cost approach)

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.

All buildings are identified as non-specialised.

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.

9. INFRASTRUCTURE

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

a) Movements in Carrying Amounts

Balance at 1 July 2017

Additions

(Disposals)

Revaluation increments / (decrements) transferred to revaluation surplus

Depreciation (expense)

Transfers

Carrying amount at 30 June 2018

Comprises:

Gross carrying amount at 30 June 2018

Accumulated depreciation at 30 June 2018

Accumulated impairment loss at 30 June 2018

Carrying amount at 30 June 2018

Additions

(Disposals)

Impairment (losses) / reversals

Depreciation (expense)

Transfers

Carrying amount at 30 June 2019

Comprises:

Gross carrying amount at 30 June 2019

Accumulated depreciation at 30 June 2019

Accumulated impairment loss at 30 June 2019

Carrying amount at 30 June 2019

During the year, the estimated useful lives of infrastructure assets were revised. The net effect is a net decrease in depreciation expense of \$32,270,251.

	Infrastructure - Roads, Footpaths and Drainage \$	Other Infrastructure \$	Total Infrastructure \$
	997,693,546	100,497,461	1,098,191,007
	21,632,667	11,250,451	32,883,118
	0	(79,727)	(79,727)
	718,986,191	12,484,374	731,470,565
	(51,956,034)	(7,578,079)	(59,534,113)
	0	281,437	281,437
	1,686,356,370	116,855,917	1,803,212,287
	1,686,356,370	116,933,968	1,803,290,338
	0	(78,051)	(78,051)
	0	0	0
	1,686,356,370	116,855,917	1,803,212,287
	21,050,272	15,063,736	36,114,008
	0	(43,907)	(43,907)
	(38,417)	(660,177)	(698,594)
	(20,406,551)	(6,857,311)	(27,263,862)
	0	(9,409)	(9,409)
	1,686,961,674	124,348,849	1,811,310,523
	1,707,406,642	131,942,660	1,839,349,302
	(20,406,551)	(6,933,634)	(27,340,185)
	(38,417)	(660,177)	(698,594)
	1,686,961,674	124,348,849	1,811,310,523

9. INFRASTRUCTURE (continued)

Asset Class	Hierarchy	Valuation Technique	Valuation	Valuation	Inputs Used
b) Fair Value Measurements (continued)					
Infrastructure - Roads					
Management valuation 2015	2	Market approach using recent observable market data for similar properties	Management valuation	01 June 2015	Construction costs and residual values
Management valuation 2018	3	Cost Approach - Depreciated replacement cost	Management valuation	30 June 2018	Current condition and remaining useful life assessments
Footpaths and Crossovers					
Management valuation 2015	2	Market approach using recent observable market data for similar properties	Management valuation	01 June 2015	Construction costs and residual values
Management valuation 2018	3	Cost Approach - Depreciated replacement cost	Management valuation	30 June 2018	Inspections are carried out by City's Asset Inspector as per IPWEA guidelines under grading system. All Boardwalks inspections were carried out by external consultant under similar guidelines. Quantity, condition and unit rates data are highly reliable
Drainage					
Management valuation 2015	2	Market approach using recent observable market data for similar properties	Management valuation	01 June 2015	Construction costs and residual values
Management valuation 2018	3	Cost Approach - Depreciated replacement cost	Management valuation	30 June 2018	All the pits and pipes condition assessments were carried out by external consultant where quantity and condition data are uncertain.

9. INFRASTRUCTURE (continued)

Asset Class	Hierarchy	Valuation Technique	Valuation	Valuation	Inputs Used
b) Fair Value Measurements (continued)					
Infrastructure - Other					
Management valuation 2015	2	Market approach using recent observable market data for similar properties	Management valuation	01 June 2015	Construction costs and residual values
Management valuation 2018	2	Cost Approach - Depreciated replacement cost	Management valuation	30 June 2018	Unit rates are derived from the City's Tender rates.
Independent valuation 2018	2	1) Market price for comparable artworks by the same artist 2) Cost approach - Replacement/Reproduction method	Independent valuers	30 June 2018	Market price for comparable public artworks by the same artist and comparative market analysis for subjective and objective adjustments includes reputation of the artist and a condition of the artwork In cases where Mkt price is not available: Cost approach used on a judgement made on methodology 'reproduction method' or 'replacement method'
Management valuation 2018	3	Cost Approach - Depreciated replacement cost	Management valuation	30 June 2018	All inspections were carried out by the City Asset Management Officers as per IPWEA grading system and WALGA guidelines for asphalt and binder condition Quantity, condition and cost data are reliable.

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 2 and 3 inputs.

10. REVALUATION SURPLUS

	2019 Opening Balance \$	2019 Revaluation Increment \$	2019 Revaluation (Decrement) \$
Revaluation surplus - Land and Land Infrastructure	63,707,098	0	0
Revaluation surplus - Buildings	85,343,086	0	0
Revaluation surplus - Furniture and equipment	3,554,563	0	0
Revaluation surplus - Plant and equipment	2,311,533	0	0
Revaluation surplus - Miscellaneous Assets	160,428	0	0
Revaluation surplus - Infrastructure - Roads, Footpaths and drainage	1,491,971,187	0	0
Revaluation surplus - Other infrastructure	49,475,614	0	0
	1,696,523,509	0	0

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

2019 Total Movement on Revaluation \$	2019 Closing Balance \$	2018 Opening Balance \$	2018 Revaluation Increment \$	2018 Revaluation (Decrement) \$	2018 Total Movement on Revaluation \$	2018 Closing Balance \$
0	63,707,098	64,504,026	0	(796,928)	(796,928)	63,707,098
0	85,343,086	85,343,086	0	0	0	85,343,086
0	3,554,563	3,554,563	0	0	0	3,554,563
0	2,311,533	2,311,533	0	0	0	2,311,533
0	160,428	-	160,428	0	160,428	160,428
0	1,491,971,187	772,984,996	718,986,191	0	718,986,192	1,491,971,187
0	49,475,614	36,991,240	12,484,374	0	12,484,374	49,475,614
0	1,696,523,509	965,689,444	731,630,993	(796,928)	730,834,066	1,696,523,509

11. FIXED ASSETS

	2019 Actual Net Book Value \$	2019 Actual Sale Proceeds \$	2019 Actual Profit \$	2019 Actual Loss \$	2018 Actual Net Book Value \$	2018 Actual Sale Proceeds \$	2018 Actual Profit \$	2018 Actual Loss \$
a) Disposal of Assets								
Buildings	1,002,610	12,000	1,578	(992,188)	0	0	0	0
Furniture and equipment	3,970	0	0	(3,970)	0	0	0	0
Plant and equipment	667,033	686,943	131,044	(111,133)	820,525	582,410	10,501	(248,617)
Property Plant and Equipment	0	0	0	0	35,707	17,853	0	(17,854)
Other infrastructure	9,875	0	0	(9,875)	159,454	79,727	0	(79,727)
	1,683,488	698,943	132,622	(1,117,166)	1,015,686	679,990	10,501	(346,198)

11. FIXED ASSETS (continued)

The following assets were disposed of during the year.

	2019 Actual Net Book Value \$	2019 Actual Sale Proceeds \$	2019 Actual Profit \$	2019 Actual Loss \$
a) Disposal of Assets (continued)				
Plant and Equipment				
Governance				
Mobile plant Equipment	28,704	30,912	2,208	0
Computer	720	0	0	(720)
Law, order, public safety				
Mobile plant Equipment	67,947	32,058	0	(35,887)
Plant and Machinery and Equipment	965	0	0	(965)
Buildings	867,311	0	0	(867,311)
Health				
Mobile plant Equipment	37,514	34,421	0	(3,093)
Education and welfare				
Mobile plant Equipment	29,855	30,974	1,119	0
Plant and Machinery and Equipment	170	0	0	(170)
Community amenities				
Mobile plant and Equipment	22,531	28,866	6,336	0
Plant and Machinery and Equipment	180,875	109,857	0	(71,018)
Buildings	10,422	12,000	1,578	0
Recreation and culture				
Mobile plant Equipment	20,514	26,420	5,905	0
Plant and Machinery and Equipment	53,527	54,423	896	0
Miscellaneous Infrastructure	9,875	0	0	(9,875)
Buildings	124,877	0	0	(124,877)
Furniture	3,250	0	0	(3,250)
Economic services				
Mobile plant Equipment	11,353	14,906	3,553	0
Other property and services				
Mobile plant Equipment	115,007	164,969	49,961	0
Plant and Machinery and Equipment	98,071	159,137	61,066	0
	1,683,488	698,943	132,622	(1,117,166)

11. FIXED ASSETS (continued)

	2019 Actual \$	2018 Actual \$
b) Impairment of Assets		
Buildings	59,089	0
Drainage	23,023	0
Footpaths and Crossovers	13,776	0
Miscellaneous Infrastructure	100,465	0
Parks Reserves and Foreshore	559,712	0
Roads	1,619	0
	757,684	0

11. FIXED ASSETS (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
c) Depreciation			
Land Infrastructure	1,298,401	1,690,358	1,479,018
Buildings	6,039,869	5,942,983	5,819,070
Furniture and equipment	639,264	120,134	1,318,664
Plant and equipment	2,890,940	4,984,539	2,942,318
Miscellaneous Assets	12,420	0	10,690
Infrastructure - Roads, Footpaths and drainage	20,406,551	53,854,981	51,956,034
Other infrastructure	6,857,311	7,262,447	7,578,079
	38,144,756	73,855,442	71,103,873

12. INVESTMENT PROPERTIES

City does not have any investment property for further development purpose as at 30 June 2019.
(30 June 2018 - NIL)

13. TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
Current		
Sundry creditors	5,874,472	9,743,955
Accrued salaries and wages	652,263	557,056
Bert England Lodge Liabilities	5,280,707	3,953,772
Accrued interest on long term liabilities	60,134	72,763
Bond Liabilities	1,995,662	0
	13,863,238	14,327,546

14. RESTRICTED FUNDS HELD

	2019 \$	2018 \$
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Bond Liabilities- Municipal bonds	1,995,662	0
Bert England Lodge Bonds	3,514,890	3,077,309
Unspent Grants	4,791,904	2,980,507
	10,302,456	6,057,816

15. INFORMATION ON BORROWINGS

	2019 \$	2018 \$
a) Borrowings		
Current	1,070,955	1,556,415
Non-current	8,991,010	10,061,965
	10,061,965	11,618,380

15. INFORMATION ON BORROWINGS (continued)

	Institution	30 June 2019			
		Actual Opening Principal	Actual Principal Repayments	Actual Interest Repayments	Actual Principal Outstanding
b) Repayments - Borrowings					
Particulars					
Law, order, public safety					
Loan No. 263- Dog Pound	WATC*	539,930	38,024	37,830	501,906
Recreation and culture					
Loan No. 242 - Rockingham Bowling Club	WATC	56,077	14,781	2,435	41,296
Loan No. 244H - Warnbro Recreation Centre	WATC	0	0	0	0
Loan No. 244I - Warnbro Recreation Centre	WATC	0	0	0	0
Loan No. 244J - Warnbro Recreation Centre	WATC	537,576	105,300	32,885	432,276
Loan No. 245 (1) - Waterfront Village	WATC	243,204	28,986	7,705	214,218
Loan No. 245 (2) - Waterfront Village	WATC	245,260	29,066	9,817	216,194
Loan No. 245 (3) - Waterfront Village	WATC	247,766	29,160	11,447	218,606
Loan No. 245 (4) - Waterfront Village	WATC	243,779	29,008	11,754	214,771
Loan No. 252 (1) - Larkhill Development	WATC	243,204	28,986	7,705	214,218
Loan No. 252 (2) - Larkhill Development	WATC	367,891	43,599	14,725	324,292
Loan No. 252 (3) - Larkhill Development	WATC	247,767	29,160	11,447	218,607
Loan No. 264 (1) - Larkhill Regional Sporting Complex	WATC	487,551	58,016	23,508	429,535
Loan No. 270B - Larkhill Development	WATC	276,094	27,417	17,040	248,677
Loan 274 - Larkhill Development	WATC	1,536,831	128,369	98,797	1,408,462
Loan 275 - Larkhill Development	WATC	1,687,285	118,825	118,219	1,568,460
Loan 276 - Larkhill Development	WATC	4,049,484	285,181	283,727	3,764,303
Loan 277 - Jetties	WATC	0	0	0	0
Loan - Baldivis District Sportsplex	WATC	0	0	0	0
Economic Services					
Loan 280 - Shoalwater Underground Power Project	WATC	555,650	555,652	3,848	(2)
		11,565,349	1,549,530	692,889	10,015,819
Self Supporting Loans					
Recreation and Culture					
Loan No. 212 (1) - R'ham Entertainers		53,031	6,885	1,933	46,146
		53,031	6,885	1,933	46,146
		11,618,380	1,556,415	694,822	10,061,965
Loan Interest Accrued (included in current liabilities)				60,134	60,134
Total loan repayments including accrued interest		11,618,380	1,556,415	754,956	10,122,099

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 7 as other financial assets at amortised cost. All other loan repayments were financed by general revenue.

	30 June 2019					30 June 2018			
	Budget Opening Principal	Budget New Loans	Budget Principal Repayments	Budget Interest Repayment	Budget Principal Outstanding	Actual Opening Principal	Actual Principal Repayments	Actual Interest Repayments	Actual Principal Outstanding
	539,930	0	38,024	39,476	501,906	575,275	35,345	42,155	539,930
	56,077	0	14,781	3,304	41,296	69,955	13,878	4,192	56,077
	0	0	0	0	0	423,254	423,254	14,987	0
	0	0	0	0	0	423,952	423,952	15,082	0
	537,575	0	105,300	35,871	432,275	635,770	98,194	42,877	537,576
	243,205	0	28,986	13,928	214,219	270,553	27,348	15,565	243,204
	245,260	0	29,066	14,477	216,194	272,636	27,376	16,166	245,260
	247,766	0	29,160	15,157	218,606	275,173	27,407	16,911	247,766
	243,779	0	29,008	14,079	214,771	271,135	27,356	15,731	243,779
	243,205	0	28,985	13,928	214,220	270,553	27,348	15,565	243,204
	367,891	0	43,599	21,715	324,292	408,955	41,064	24,250	367,891
	247,768	0	29,160	15,157	218,608	275,174	27,407	16,911	247,767
	515,309	0	58,016	28,159	457,293	542,264	54,713	31,463	487,551
	276,094	0	27,417	17,184	248,677	301,842	25,748	18,853	276,094
	1,536,831	0	128,369	103,413	1,408,462	1,656,815	119,984	111,797	1,536,831
	1,687,285	0	118,825	123,364	1,568,460	1,797,740	110,455	131,735	1,687,285
	4,049,484	0	285,180	296,075	3,764,304	4,314,575	265,091	316,164	4,049,484
	0	0	0	0	0	54,507	54,507	3,089	0
	0	5,000,000	0	13,603	5,000,000	0	0	0	0
	554,449	0	555,652	9,196	(1,203)	1,638,761	1,083,111	45,384	555,650
	11,591,908	5,000,000	1,549,528	778,086	15,042,380	14,478,888	2,913,539	898,878	11,565,349
	53,031	0	6,885	3,101	46,146	59,518	6,487	3,498	53,031
	53,031	0	6,885	3,101	46,146	59,518	6,487	3,498	53,031
	11,644,938	5,000,000	1,556,413	781,187	15,088,525	14,538,406	2,920,026	902,376	11,618,380
	11,644,938	5,000,000	1,556,413	781,187	15,088,525	14,538,406	2,920,026	902,376	11,618,380

15. INFORMATION ON BORROWINGS (continued)

	2019 \$	2018 \$
c) New Borrowings - 2018/19		
There were no new borrowings during the year 2019. (2018 - NIL)		
d) Unspent Borrowings		
There are no unspent borrowings as at 30 June 2019. (30 June 2018 - NIL)		
e) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	250,000	250,000
Credit card limit	500,000	500,000
Credit card balance at balance date	(147,452)	(133,684)
Total amount of credit unused	602,548	616,316

16. EMPLOYEE RELATED PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Sick \$	Total \$
Opening balance at 1 July 2018				
Current Provision	4,247,618	2,604,809	2,086,566	8,938,993
Non-current Provision	0	1,910,016	0	1,910,016
	4,247,618	4,514,825	2,086,566	10,849,009
Additional provision	176,735	525,691	(453,378)	249,048
Balance at 30 June 2019	4,424,353	5,040,516	1,633,188	11,098,057
Comprises				
Current	4,424,353	3,279,268	1,633,188	9,336,809
Non-current	0	1,761,248	0	1,761,248
	4,424,353	5,040,516	1,633,188	11,098,057
	2019 \$			2018 \$
Amounts are expected to be settled on the following basis:				
Less than 12 months after the reporting date		9,336,809		8,938,993
More than 12 months from reporting date		1,761,248		1,910,016
		11,098,057		10,849,009

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

17. OTHER PROVISIONS

	Provision for Millar Road Landfill \$	Total \$
Opening balance at 1 July 2018		
Non-current provisions	10,562,349	10,562,349
	10,562,349	10,562,349
Additional provision	(1,307,046)	(1,307,046)
Balance at 30 June 2019	9,255,303	9,255,303
Comprises		
Non-current	9,255,303	9,255,303
	9,255,303	9,255,303

The Millar Road Landfill Facility was granted approval under the Environmental Protection Act 1986 on 1 July 1992 subject to conditions that the City is responsible for construction, operation, decommissioning and post-closure management of the site until such time as the waste has fully degraded, to the satisfaction of the Environmental Protection Authority. The Provision for Rehabilitation has been calculated based on an anticipated operational life of 30 years with a 30 year post-closure management period. The expected requirements for the final decommissioning and post-closure management plan are based on current regulatory and industry experience.

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Trust funds moved to restricted cash	1,995,662	0	0
Other cash	17,385,171	60,266,502	13,387,474
Cash and cash equivalents (Including restricted muni bonds)	19,380,833	60,266,502	13,387,474

Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	21,453,951	(39,887,035)	(23,214,316)
Less: Non Cash Contribution	(14,216,560)	0	(11,706,597)

Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(122,620)	0	0
Depreciation	38,144,756	73,855,442	71,103,873
(Profit)/loss on sale of asset	984,544	636,927	335,697
Loss on Impairment	757,684	0	0
Reversal of capitalisation of assets (Threshold)	408,283	0	0
Share of profits of associates and joint ventures	(80,829)	0	0
Loss on revaluation of fixed assets	0	0	0
Reversal of loss on revaluation of fixed assets	0	0	0

Changes in assets and liabilities:			
(Increase)/decrease in receivables	(2,004,870)	1,250,364	1,441,479
(Increase)/decrease in inventories	(14,930)	(1,202,000)	205,728
Increase/(decrease) in payables	(2,459,970)	(1,800,000)	(393,767)
Increase/(decrease) in provisions	(1,057,998)	320,000	95,636
Grants contributions for the development of assets	(4,902,664)	(11,409,757)	(7,453,840)
Net cash from operating activities	36,888,777	21,763,941	30,413,893

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019 \$	2018 \$
Governance	23,792,100	24,350,684
Law, order, public safety	7,766,629	8,896,920
Health	1,394,926	1,457,650
Education and welfare	26,304,682	26,685,021
Housing	12,990,315	13,375,485
Community amenities	31,336,873	29,845,323
Recreation and culture	260,978,599	247,375,606
Transport	1,688,930,771	1,684,666,882
Economic services	3,137,387	3,136,573
Other property and services	36,425,010	36,503,643
Unallocated	131,460,184	129,848,459
	2,224,517,476	2,206,142,246

20. CONTINGENT LIABILITIES

The City of Rockingham has no contingent liabilities as at 30 June 2019. (30 June 2018 - NIL)

21. CAPITAL AND OPERATING COMMITMENTS

	2018 \$	2017 \$
Capital Expenditure Commitments		
Contracted for:		
- Capital expenditure projects		
Road Construction	1,215,864	498,941
Building Land and Fixed Equipment	634,366	4,306,065
Reserve and Infrastructure	4,232,375	850,032
Plant, Machinery and Equipment - Various	2,857,339	511,382
Computer	7,906	448,118
Footpath and Crossovers	891,080	24,137
Miscellaneous Infrastructure	662,999	1,650
- Plant and equipment purchases		
Total	10,501,929	6,640,325
Operating Expenditure Commitments		
Library Lease Commitment	1,139,134	0
	1,139,134	0
Comprises of:		
Payable:		
- Not later than one year	10,750,468	6,640,325
- After one year	890,595	0
Total	11,641,063	6,640,325

22. RELATED PARTY TRANSACTIONS

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Elected Members Remuneration			
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.			
Meeting Fees	324,450	340,673	305,444
Mayor/President's allowance	92,472	94,000	87,550
Deputy Mayor/President's allowance	16,416	24,000	21,888
Travelling expenses	17,184	25,000	12,964
Telecommunications allowance	35,000	36,750	32,847
Members Incidental Expenses	3,729	0	1,555
	489,250	520,423	462,248

Key Management Personnel (KMP) Compensation Disclosure

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

Short-term employee benefits	6,100,636	5,688,344
Post-employment benefits	718,160	674,546
Other long-term benefits	134,541	127,600
Termination benefits	102,691	18,128
	7,056,028	6,508,618

Short-term employee benefits

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

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.

Transactions with related parties

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

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

22. RELATED PARTY TRANSACTIONS (continued)

	2019 Actual \$	2018 Actual \$
The following transactions occurred with related parties:		
Sale of goods and services	9,935	0
Purchase of goods and services	2,166,315	133,648
Short term employee benefits -other related parties	0	0
Joint venture entities:		
Distributions received from joint venture entities	0	0
Amounts outstanding from related parties:		
Trade and other receivables	0	0
Loans to associated entities	0	0
Loans to key management personnel	0	0
Amounts payable to related parties:		
Trade and other payables	0	0
Loans from associated entities	0	0

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. Also includes close family, members of key management personnel and entities controlled, jointly controlled by any of the key management personnel or their close family members.
- 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 proportionate consolidation method*
The City has a interest in South West Management Group. City's share in the net assets of the group is disclosed in Note 23.

23. JOINT VENTURE ARRANGEMENTS

The Council is a member participant in a project for the South West Group with the cities of Cockburn, Fremantle, Kwinana and Melville, and Town of East Fremantle. The purpose of the joint arrangement is to facilitate and promote economic and community development of the South West Metropolitan Region. City's share in the net assets of the South West Group was:

	2019 \$	2018 \$
Amount of Interest	80,829	83,538
Cost/Project Sharing Ratio	23.86%	23.20%

The interest amount consist of unspent monies at end of year.

24. INVESTMENT IN ASSOCIATES

The City has no investment in associates.

25. MAJOR LAND TRANSACTIONS

Current year transactions

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating Expenditure			
- Loss on sale	0	0	(18,766)
Capital income			
- Sale proceeds	0	0	161,234

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

26. 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.

	2018/19 Actual \$	2018/19 Budget \$	2017/18 Actual \$
Operating			
Operating Revenue			
Landfill Operations	16,973,904	20,746,500	22,410,135
Transfer Station	3,277,708	3,510,000	3,196,035
Recycling Operations	394,341	460,000	553,160
	20,645,953	24,716,500	26,159,330
Operating Expenditure			
Landfill Operations	(13,893,878)	(16,927,470)	(16,487,790)
Transfer Station	(1,744,316)	(1,903,751)	(1,626,450)
Recycling Operations	(611,241)	(522,628)	(458,092)
Waste Education Centre	(206,357)	(213,169)	(196,124)
	(16,455,792)	(19,567,018)	(18,768,456)
Net Operating Result	4,190,161	5,149,482	7,390,874
Non Operating			
Non Operating Revenue			
Landfill Operations	54,498	0	0
Waste Education Centre	12,000	0	0
	66,498	0	0
Non Operating Expenditure			
Landfill Operations	(3,411,126)	(2,711,149)	(451,891)
Transfer Station	0	(31,120)	0
Recycling Operations	0	(21,935)	0
Waste Education Centre	0	(30,987)	0
	(3,411,126)	(2,795,191)	(451,891)
Net Capital Movement	(3,344,628)	(2,795,191)	(451,891)
Net Overall Result	845,533	2,354,291	6,938,983

27. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution

	Opening Balance ⁽¹⁾ 1/07/2017 \$
Governance	
WA Police - Graffiti Management Solutions Grant	7,007
General purpose funding	
DLG - Financial Assistance Grants (FAGS)	2,361,755
Law, order, public safety	
Department of Fire and Emergency Services Grant VBFB	21,640
Department of Fire and Emergency Services Grant SES	16,245
Safer Community Grant	0
Department of Fire and Emergency Services Activity Funding Grant	0
Baldivis-Single Bush Fire Brigade	0
Grant-Community Safety, WAOPL Grant	0
AWARE- FESA Grant Community Safety	0
Education and welfare	
Department of Community Development- Youth Outreach Operating Grant	50,774
Healthway Grant- Music Festival and Schools Take Part	0
Department of Industry, Stronger Communities Grant	0
Department of Communities - Age friendly Rockingham communication	0
Community amenities	
Public Transport and Bus shelters grant	0
Stronger Communities Grant - Port Kennedy Skate Park	0
Emergency Beach Network Grant	0
Recreation and culture	
Department of Transport - Point Peron Coastal Erosion Project	75,012
WA Tourism - Mersey Point Jetty	436,001
Department of Sport and Rec-Baldivis South Sports Pavilion (Eighty Road)	157,213
Department of Sport and Rec - Sport 4 All - KidSport Programme	254
Department of Sport and Rec - Club Development Officer Scheme	0
Children's Book Council of Australia - Book Week	0
Department of Infrastructure and Regional Development-Rockingham Foreshore Redevelopment	0
Department of Planning, Coast West Projects 2018	0
Lotterywest Grant- Outdoor Community Facility	0
Stronger Communities Grant - Department of Industry	0
Coastwest Grant Pt Kennedy foreshore rehabilitation	0
Good Things Foundation Limited-Activation Grant	0
Healthway Grant - PhotoVoice	8,760
Seniors Week Community Grant	0

Received ⁽²⁾ 2017/2018 \$	Expended ⁽³⁾ 2017/2018 \$	Closing Balance ⁽¹⁾ 30/06/2018 \$	Received ⁽²⁾ 2018/2019 \$	Expended ⁽³⁾ 2018/2019 \$	Closing Balance 30/06/2019 \$
0	0	7,007	0	0	7,007
4,571,966	(4,506,345)	2,427,376	4,956,124	(4,786,796)	2,596,704
84,589	(89,787)	16,442	52,442	(68,513)	371
61,875	(60,682)	17,438	74,550	(78,970)	13,018
0	0	0	233,407	0	233,407
0	0	0	172,400	(172,400)	0
17,586	(17,586)	(0)	69,597	(69,597)	0
25,000	0	25,000	0	(23,225)	1,775
3,988	(3,988)	0	0	0	0
180,729	(166,676)	64,827	182,229	(198,163)	48,893
5,470	(5,470)	0	49	(49)	0
20,239	(20,239)	0	3,909	(3,909)	0
4,700	0	4,700	0	(4,700)	0
45,722	(29,388)	16,334	0	(16,334)	0
0	0	0	20,000	(20,000)	0
0	0	0	29,507	(27,321)	2,186
0	0	75,012	0	0	75,012
0	(436,001)	0	0	0	0
112,500	(269,713)	0	0	0	0
192,945	(193,199)	0	25,000	(25,000)	0
40,000	(40,000)	0	0	0	0
24,000	(22,000)	2,000	0	(2,000)	0
0	0	0	4,249,714	(4,249,714)	0
7,375	(7,375)	0	875	(875)	0
400,000	(400,000)	0	50,000	(50,000)	0
20,000	(20,000)	0	0	0	0
7,375	(7,375)	0	0	0	0
1,500	(1,500)	0	2,000	0	2,000
3,481	(12,241)	0	19,800	(18,877)	923
0	0	0	500	(500)	0

27. CONDITIONS OVER GRANTS/CONTRIBUTIONS (continued)

Grant/Contribution

	Opening Balance ⁽¹⁾ 1/07/2017 \$
Transport	
WA Planning Commission Area Assistance Grant - Dixon Rd Conservation Reserve	51,826
WA Planning Commission Area Assistance Grant - Tamworth Swamp Baldivis	36,539
MRRG Program Specific - Baldivis Rd (S'Bay to Highbury Boulevard)	248,786
Australand Pty Ltd- Contribution to Pike/Eighty Road Roundabout	80,000
Federal Roads to Recovery Grants (R2R)	0
MRRG Program Capital	0
National Black Spot Funding	0
State Black Spot (SBS)	0
DLGC Grant	0
Main Roads WA Direct Grant	0
Samoan Independent Seventh Day-Mundijong/St Albans Roads Intersection upgrade	53,826
WALGA Road Wise Committee	1,500
Peet No. 73 Pty Ltd - Baldivis Road Upgrade Contribution	1,688,859
Other property and services	
WA Property investor Pty Ltd- Landscape Contribution Lot 250 Secret Harbour Blvd	0
DLGSCI-SR Baldivis Sport Field Grant	0
Stronger Communities Grant-Baldivis enclosed-Leash dog exercise	0
Lotterywest - Baldivis South Community Centre Grant	0
Total	5,295,997

Notes:

- (1) Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) 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.
- (3) 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 current reporting period in the manner specified by the contributor.

Received ⁽²⁾ 2017/2018 \$	Expended ⁽³⁾ 2017/2018 \$	Closing Balance ⁽¹⁾ 30/06/2018 \$	Received ⁽²⁾ 2018/2019 \$	Expended ⁽³⁾ 2018/2019 \$	Closing Balance 30/06/2019 \$
0	0	51,826	0	(51,826)	0
0	0	36,539	0	(36,539)	0
0	(248,786)	0	384,873	0	384,873
0	0	80,000	0	0	80,000
1,276,748	(1,276,748)	0	1,112,789	(1,112,789)	0
1,376,097	(1,376,097)	0	2,178,900	(1,225,570)	953,330
67,166	(67,166)	0	236,399	0	236,399
57,200	(57,200)	0	89,066	(89,066)	0
150,000	0	150,000			150,000
0	0	0	450,077	(450,077)	0
0	(53,826)	0	0	0	0
0	(1,500)	0	0	0	0
0	(1,688,859)	0	0	0	0
6,006	0	6,006	0	0	6,006
100,000	(100,000)	0	0	0	0
20,000	(20,000)	0	0	0	0
0	0	0	900,000	(900,000)	0
8,884,257	(11,199,747)	2,980,507	15,494,206	(13,682,809)	4,791,904

28. RATING INFORMATION

Rate Type	Rate in \$	Number of Properties	2019 Rateable Value \$	2019 Actual Rate Revenue \$	2019 Actual Interim Rates \$
a) Rates					
Differential general rate / general rate					
Gross rental valuations					
Residential	7.009580	33,147	659,681,684	46,240,642	472,213
Non Residential	8.288000	1,285	194,184,621	16,094,021	703,503
Unimproved valuations					
Improved	0.103300	48	74,920,000	77,392	(1,243)
Vacant	0.103300	107	289,900,000	299,467	(4,969)
Sub-Total		34,587	1,218,686,305	62,711,523	1,169,504
Minimum payment	Minimum				
Gross rental valuations					
Residential	1,158	20,128	273,010,110	23,308,224	0
Non Residential	1,158	308	2,692,728	356,664	0
Unimproved valuations					
Improved	630	62	24,733,000	39,060	0
Vacant	630	70	28,977,099	44,100	0
Sub-Total		20,568	329,412,937	23,748,048	0
		55,155	1,548,099,242	86,459,571	1,169,504
Written off Rates					
Total amount raised from general rate					
Ex-gratia rates					
Rates received in advance					
Totals					

	2019 Actual Total Revenue \$	2019 Budget Rate Revenue \$	2019 Budget Interim Rate \$	2019 Budget Total Revenue \$	2018 Actual Total Revenue \$
	46,712,855	46,116,223	700,000	46,816,223	45,170,159
	16,797,524	16,094,021	75,000	16,169,021	14,591,968
	76,149	100,160	0	100,160	117,741
	294,498	279,747	0	279,747	254,658
	63,881,026	62,590,151	775,000	63,365,151	60,134,525
	23,308,224	23,245,692	0	23,245,692	22,418,136
	356,664	356,664	0	356,664	367,822
	39,060	50,400	5,000	55,403	56,070
	44,100	33,390	0	33,390	34,650
	23,748,048	23,686,146	5,000	23,691,149	22,876,678
	87,629,074	86,276,297	780,000	87,056,300	83,011,203
	(14,744)			(2,000)	(8,132)
	87,614,330			87,054,300	83,003,071
	148,779			0	151,246
	3,023,284			0	0
	90,786,393			87,054,300	83,154,317

28. RATING INFORMATION (continued)

Rate Type	Amount of Charge	2019/2019 Actual Revenue Raised	2019/2019 Actual Charges Applied to Costs	2019/2019 Actual Charges Set Aside to Reserve	2019/2019 Actual Reserve Applied to Costs
b) Service Charges					
Service Charges					
Shoalwater North Underground Power - 22	0	0	0	0	0
Shoalwater North Underground Power - 23	0	0	0	0	0
Shoalwater North Underground Power - 24	0	0	0	0	0
Shoalwater North Underground Power - 25	0	0	0	0	0
Shoalwater North Underground Power - 26	0	0	0	0	0
Shoalwater North Underground Power - 27	0	0	0	0	0
Shoalwater North Underground Power - 28	0	0	0	0	0
Shoalwater North Underground Power - 30	0	0	0	0	0
Shoalwater North Underground Power - 31	0	0	0	0	0
Shoalwater North Underground Power - 32	0	0	0	0	0
Shoalwater North Underground Power - 33	0	0	0	0	0
Shoalwater North Underground Power - 35	0	0	0	0	0
		0	0	0	0

Nature of the Service Charge

Underground Power

	2019 Actual \$	2019 Budget \$	2018 Actual \$
c) Discounts, Incentives, Concessions, and Write-offs			
Rate Discounts			
Rate or Fee Write-offs:			
Rates written off	14,744	2,000	8,132
	14,744	2,000	8,132

Incentives:

The National Australia Bank provides ten prizes of \$500, which is drawn on a random basis by computer generation of ratepayer who have paid their rates and services charges in full (including arrears) by the due date for payments of rates.

Revenue	2018/2019 Budget Charges Applied to Costs	2018/2019 Budget Charges Set Aside to Reserve	2018/2019 Budget Reserve Applied to Costs	2017/2018 Total Actual Revenue
0	0	0	0	215,660
0	0	0	0	10,897
0	0	0	0	19,556
0	0	0	0	29,419
0	0	0	0	14,564
0	0	0	0	445,049
0	0	0	0	5,906
0	0	0	0	19,694
0	0	0	0	3,441
0	0	0	0	4,358
0	0	0	0	880
0	0	0	0	462
0	0	0	0	769,885

Objects of the Charge	Reasons for the charge	Area/Properties Charge Imposed
For the provision of Underground Power to properties	Fund underground power to Shoalwater North	Shoalwater North

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
d) Interest Charges and Instalments				
		3.50	5.50%	10.00%
Option One				
Single full payment	17 Aug 2018			
Option Two				
First instalment	17 Aug 2018			
Second instalment	17 Dec 2018			
Option Three				
First instalment	17 Aug 2018			
Second instalment	17 Oct 2018			
Third instalment	17 Dec 2018			
Fourth instalment	18 Feb 2019			
Penalty Interest for outstanding ESL outstanding balance				11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	665,669	400,000	595,067
Interest on instalment plan	549,874	450,000	504,413
Charges on instalment plan	154,511	200,000	157,228
Pensioner Deferred Rate interest	42,530	35,000	35,997
	1,412,584	1,085,000	1,292,705

29. RATE SETTING STATEMENT INFORMATION

	NOTE	2018/19 (30 June 2019 Carried Forward) \$	2018/19 (1 July 2018 Brough Forward) \$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	11(a)	(132,622)	(10,501)
Less: Fair value adjustments to financial assets at amortised cost	7(b)	(122,620)	0
Less: Share of profit or loss of associates and joint ventures	23	(80,829)	0
Movement in pensioner deferred rates (non-current)		(403,793)	138,164
Movement in employee benefit provisions (current)		397,816	(744,614)
Add: Loss on disposal of assets	11(a)	1,117,166	346,198
Movement in employee benefit provisions (non current)		(148,768)	840,249
Movement in provision for rehabilitation (non current)		(1,307,046)	0
Provision for Sick Leave		0	(268,648)
Other Provisions and Accruals-movement		562,314	0
Purchase and Construction of Infrastructure (Non-Cash Developer Contribution)		(14,216,560)	(11,706,597)
Add: Impairment of Assets	11(b)	757,684	0
Add: Reversal of capitalisation of assets (Threshold)		408,283	0
Add: Depreciation on assets	11(c)	38,144,756	71,103,873
Non cash amounts excluded from operating activities		24,975,781	59,698,124

		2018/19 (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)
	NOTE	\$	\$

(b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - restricted cash	4	(45,677,182)	(43,019,023)
Less: Financial assets at amortised cost - self supporting loans	7(a)	(7,307)	0
Less: Land held for resale - cost		0	(28,109)
Less: Self supporting loans		0	(6,885)
Add: Borrowings	15(a)	1,070,955	1,556,415
Add: Provision for annual leave	16	4,424,353	4,247,618
Add: Provision for long service leave	16	3,279,268	2,604,809
Total adjustments to net current assets		(36,909,913)	(34,645,175)

Net current assets used in the Rate Setting Statement

Total current assets		110,982,681	102,241,712
Less: Total current liabilities		(24,271,002)	(24,822,954)
Less: Total adjustments to net current assets		(36,909,913)	(34,645,175)
Net current assets used in the Rate Setting Statement		49,801,766	42,773,583

30. FINANCIAL RISK MANAGEMENT

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

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

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

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

30. FINANCIAL RISK MANAGEMENT (continued)

a) Interest rate risk

Cash and cash equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. City is not utilising any short term overdraft facility.

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2019					
Cash and cash equivalents	0.50%	19,380,833	3,000,000	14,375,825	2,005,008
Financial assets at amortised cost - term deposits	2.39%	78,122,107	78,122,107	0	0
2018					
Cash and cash equivalents	2.65%	13,387,474	77,071,755	13,387,474	0
Financial assets at amortised cost	0	0	0	0	0

Sensitivity

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

	2019 \$	2018 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	975,029	904,592

Impact of a 1% movement in interest rates on profit and loss and equity*

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 15(b).

30. FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk

Trade Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the

receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Total
30 June 2019	
Rates receivable	7,971,293
Expected credit loss	0
Gross carrying amount	7,971,293
Loss allowance	0
01 July 2018	
Rates receivable	7,870,592
Expected credit loss	0
Gross carrying amount	7,870,592
Loss allowance	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Gross Receivables	3,933,569	186,908	125,000	1,797,716	6,043,193
ECL	2,332	888	784	77,692	(81,696)
Time factor Loss	0	820	700	37,917	(39,437)
Allowance	0	0	0	0	(518,592)
01 July 2018					
Sundry Receivables					
Gross Receivables	1,546,528	90,616	90,989	2,974,256	4,702,389
Allowance	0	0	0	0	(1,194,195)

27. FINANCIAL RISK MANAGEMENT (continued)

c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15(e).

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

	Due within 1 year \$	Due between 1 and 5 years\$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2019					
Payables	13,863,238	0	0	13,863,238	13,863,238
Borrowings	1,070,955	4,657,451	4,333,559	10,061,965	12,463,249
	14,934,193	4,657,451	4,333,559	23,925,203	26,326,487
2018					
Payables	14,327,546	0	0	14,327,546	14,327,546
Borrowings	1,556,415	5,892,868	4,169,097	11,618,380	11,618,380
	15,883,961	5,892,868	4,169,097	25,945,926	25,945,926

31. TRUST FUNDS

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

	1 July 2018	Amounts Received	Amounts Paid	30 June 2019
Cash in Lieu POS Contributions	1,321,313	246,462	0	1,567,775
Lease Agreement Bond Deposit	15,000	0	0	15,000
	<u>1,336,313</u>	<u>246,462</u>	<u>0</u>	<u>1,582,775</u>

In the previous year, following bonds and deposits were held as trust funds. These are now included in restricted cash at Note 3 and shown as a current liabilities in Note 13.

	1 July 2018	Amounts Received	Amounts Paid	Reclassified to restricted cash	30 June 2019
Appeal Fund	592	0	0	592	0
Autumn Centre	750	1,400	1,000	1,150	0
Baldivis South Bonds	0	6,550	1,750	4,800	0
Castaways	213	2,755	2,968	0	0
Cat Trap Deposits	160	0	40	120	0
Cleaning Bond	34,930	80,650	81,750	33,830	0
Nomination Deposits	560	0	0	560	0
Key Deposits	31,340	11,150	8,520	33,970	0
Landscape Bonds	1,200	0	0	1,200	0
Mary Davies Library	44,545	60,130	58,925	45,750	0
Subdivisional Bonds	1,981,697	518,442	715,753	1,784,386	0
Town Planning Scheme Amendments	3,331	0	1001	2,330	0
Trust - Other	27,064	1,656	1000	27,720	0
Unclaimed Monies	32,279	1,451	0	33,730	0
Work Deposit Prepayments	25,524	0	0	25,524	0
Total	2,184,185	684,184	872,707	1,995,662	0

32. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No significant events occurred after the end of the reporting period, which may adversely affect financial position of City of Rockingham.

33. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The City applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the City has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

There were no adjustments as a result of adopting AASB 9.

a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the City's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the City's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the City. The following are the changes in the classification of the City's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as Financial assets at amortised cost beginning 1 July 2018.

- The City did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the City had the following required (or elected) reclassifications as at 1 July 2018:

	AASB 139 value \$	AASB 9 category amortised cost \$	Fair value through OCI \$	Fair value through P/L \$
AASB 139 category				
Loans and receivables				
Trade receivables*	4,702,389	4,702,389	0	0
Loans and advances	53,031	53,031	0	0
	4,755,420	4,755,420	0	0

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

33. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (continued)

b) Impairment

The adoption of AASB 9 has fundamentally changed the City's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the City to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the City did not recognise any impairment on the City's receivable balances.

34. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the City, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

a) Revenue from Contracts with Customers

The City will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the City will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current				
Unspent grants, contributions and reimbursements		0	2,195,200	2,195,200
Contract liabilities non-current				
Developer contributions		0	5,325,548	5,325,548
Cash in lieu of parking		0	2,337,069	2,337,069
Adjustment to retained surplus from adoption of AASB 15	34(d)		(9,857,817)	(9,857,817)

34. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (continued)

b) Leases

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the City will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the City will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 2%.

	Note	2019 \$
Operating lease commitments disclosed as at 30 June 2019		1,139,134
Lease liability recognised as at 1 July 2019 discounted using the City's incremental borrowing rate of 2%	34(d)	1,039,830
Right-of-use asset recognised at at 1 July 2019		1,039,830

On adoption of AASB 16, the City will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. The right of use of asset is to be measured at the carrying amount of lease liability as of 1st July 2019, being the date of initial application. Property, plant and equipment increases by \$1,039,830 on 1 July 2019 resulting in no impact on retained earnings on 1 July 2019.

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

In applying AASB 16 for the first time, the City will use the following practical expedient permitted by the standard.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the City is not required to make any adjustments on transition for

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

34. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (continued)

c) Income For Not-For-Profit Entities

The City will adopt AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the City will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

	Note	AASB 1004 Carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 Carrying amount 01 July 2019 \$
Trade and other payables		13,863,238	3,023,284	16,886,522
Adjustment to retained surplus from adoption of AASB 1058	34(d)		(3,023,284)	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the City. When the taxable event occurs the financial liability will be extinguished and the City will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the City to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

d) Impact of changes to Retained Surplus

The impact on the City of the changes as at 1 July 2019 is as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			438,038,222
Adjustment to retained surplus from adoption of AASB 15	34(a)	(9,857,817)	0
Adjustment to retained surplus from adoption of AASB 16	34(b)	0	0
Adjustment to retained surplus from adoption of AASB 1058	34(c)	(3,023,284)	(12,881,101)
Retained surplus - 01 July 2019			425,157,121

35. CHANGE IN ACCOUNTING POLICY

On the 26 June 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

The adoption of the regulation constitutes a change in accounting policy. Due to the effect on the financial statements not being material, the City did not retrospectively apply the changes in accounting policy arising from the new regulations and has not restated the comparative figures.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the City and written off in the statement of comprehensive income. These balances did not have a material effect on the reported results for the current year.

36. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	2.27	2.27	2.34
Asset sustainability ratio	1.30	0.59	0.77
Debt service cover ratio	18.32	7.77	9.44
Operating surplus ratio	0.02	(0.32)	(0.36)
Own source revenue coverage ratio	0.94	0.68	0.66
Asset consumption ratio	0.87	0.90	0.73
Asset renewal funding ratio	0.98	0.92	0.86

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

37. ACTIVITIES/PROGRAMS

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

Program Name	Objective
GOVERNANCE	Members of Council, Executive Services, Information Technology, Human Resources, Records, Legal Services and Finance.
GENERAL PURPOSE FUNDING	All Rates Revenue and Penalties, General Purpose grant, Pensioners Deferred Rates Grant, Investment Revenue and Emergency Services Levy.
LAW, ORDER, PUBLIC SAFETY	Fire Emergency Services, Animal Control/Ranger General and Other Law, Order and Public Safety.
HEALTH	Maternal and Infant Health, Preventative Services (Immunisation), Inspections and Pest Control.
EDUCATION AND WELFARE	Care of Families and Children, Aged and Disabled Senior Citizens and Other Welfare.
HOUSING	Administration and operations of housing programs other than those for the benefit of council staff. These included housing for aged persons.
COMMUNITY AMENITIES	Sanitations Household Refuse, Sanitation Other, Protection of Environment and town Planning and Regional Development.
RECREATION AND CULTURE	Swimming Areas and Beaches, Other Recreation and Sport, Libraries and Other Culture.
TRANSPORT	Construction and Maintenance of Streets, Roads and Bridges.
ECONOMIC SERVICES	Economic Development and Area Promotion, Building Control and Other Economic Services.
OTHER PROPERTY AND SERVICES	Other Property and Services, Public Works Overheads and Unclassified.

38. 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.

	2019 \$	2018 \$
Revenue		
Other Revenue	3,431,031	3,246,253
Operating Expenditure		
Other Expenses	(27,266)	(17,528)
Building Maintenance	(1,316)	(9,625)
Operating Expenses	(8,860)	(8,575)
Salaries	(10,153)	(9,246)
Utility Charges	(87,684)	(84,073)
Contractor Expense	(2,114,078)	(1,973,109)
Consultancy Costs	(268,583)	(251,052)
Minor Capital Expenditure	(37,576)	(16,971)
Property Expense	(210,069)	(184,437)
Food Expense	(159,364)	(132,139)
Training Costs	(3,697)	(3,557)
Stationery	(7,110)	(6,083)
Transport	(495)	(2,090)
Residential care expense	(99,132)	(92,514)
Interest Expenses	(4,105)	(12,332)
Total Operating Expenditure	(3,039,488)	(2,803,330)
Non Cash Expenditure		
Depreciation- Building and Fixed Equip	(122,430)	(126,964)
Depreciation- Furniture and Equip	(1,404)	(2,530)
Profit/Loss on Sale of Assets	(8,036)	0
Total Non Cash Expenditure	(131,870)	(129,494)
Operating Result	259,673	313,429
Assets		
Total Assets	12,866,162	11,279,555
Liabilities		
Total Liabilities	5,280,705	3,953,770
Net Assets	7,585,457	7,325,785
Equity		
Accumulated Surplus	7,325,784	7,012,356
Current Year Surplus	259,673	313,429
	7,585,457	7,325,785

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.

Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2019



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Rockingham

Report on the Audit of the Annual financial report

Opinion

I have audited the annual financial report of the City of Rockingham which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the City of Rockingham:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant 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 my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Annual financial report

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of an annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the City.

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

Auditor's Responsibility for the Audit of the Annual financial report

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the annual financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Auditor's Report (continued)

FOR THE YEAR ENDED 30 JUNE 2019

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2017 in Note 36 of the annual financial report were audited by another auditor when performing their audit of the City for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited financial report

This auditor's report relates to the annual financial report of the City of Rockingham for the year ended 30 June 2019 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
/4 November 2019



where the coast comes to life