



# **SHIRE OF CHRISTMAS ISLAND**



## **ANNUAL REPORT 2018**

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# ELECTED MEMBERS

## 2018



Front row – Cr Rosnah Pal, Cr Gordon Thomson (Shire President) and Cr Nora Koh  
 Middle row – Cr Kelvin Lee, Cr Hafiz Masli and Cr Foo Kee Heng (Deputy President)  
 Back row – Cr Vincent Saw, David Price (CEO), Cr Azmi Yon and Cr Philip Woo

Gordon <b>THOMSON</b>	Shire President	Retiring 2021
<b>FOO</b> Kee Heng	Deputy President	Retiring 2021
Hafiz <b>MASLI</b>	Councillor	Retiring 2021
Vincent <b>SAW</b>	Councillor	Retiring 2021
Philip <b>WOO</b>	Councillor	Retiring 2021
Nora <b>KOH</b>	Councillor	Retiring 2019
Rosnah <b>PAL</b>	Councillor	Retiring 2019
Kelvin <b>LEE</b>	Councillor	Retiring 2019
Azmi <b>YON</b>	Councillor	Retiring 2019



## **PRESIDENT'S REPORT**

On behalf of the Council of the Shire of Christmas Island, I present the Shire of Christmas Island Annual Report 2017/2018.

This Annual Report has been prepared by the section managers of the Shire, with the oversight of the Chief Executive Officer. I thank our staff for their excellent work in preparing this report for our Council and our community.

The Auditor has given us a clean bill of health. Again I congratulate our Shire staff on their achievement in compliance and management of our resources. I thank our Shire managers and staff for the support that they have given the Councillors throughout the year.

I thank the Shire's employees working in Roads, parks and gardens development and maintenance for their work in completing the programme of works determined by Council; the staff of the Finance and Administration, Planning, Building and Health sections for timely and efficient completion of their duties and programmes; the Community Services section which continues to perform well with another great Seniors Week celebration this year, School holiday programmes and an extension of programmes for young people through links with other organisations: the Christmas Island Neighbourhood Centre, CLA and the Christmas Island Women's Association.

I think the huge engagement of the community in the recent Territory Week 60<sup>th</sup> Anniversary celebrations demands special mention. It was a fantastic effort of organisation by Shire Manager Olivier Lines and his Shire team over many months. On behalf of the Council I heartily thank our Shire employees for giving up their time and efforts to the cause of bringing the show to the people. For the visit of the Governor-General General the Honourable Sir Peter Cosgrove and Lady Cosgrove the highlight must have been the Community Cultural Celebration on the 29 September. For many others the Cove Day was the best of the celebrations. A week later that was followed up by the Shire team bringing us the most successful Christmas Island Marathon in many years. Over one hundred and sixty participants, including; six from overseas, eight from interstate and the many Christmas Islanders, took part in seven events. Again a fantastic, selfless effort by the Shire team.

For the past six years the Shire has provided practical support to the MINTOPE (Mining to Plant Enterprises) Project. The MINTOPE project was formed on the initiative of Phosphate Resources Limited (PRL) and Murdoch University and funded by PRL and the Department of Infrastructure, Regional Development and Cities. World renowned plant scientists, farmers and academics have been brought together to research best options for agriculture on Christmas Island. The recent millet crop proved this cereal crop could be part of our agricultural future alongside sorghum which have both proved suitable as components of fish and poultry feed and beer and spirit production as demonstrated on Island this year. The MINTOPE team's activities have opened the Island to the real possibilities of ongoing tertiary

educational and research programmes through Murdoch University and other regional universities in the fields of: bio-security, bio-prospecting, ecological diversity monitoring, intensive agriculture/urban farming, brewing and distillation, mining land rehabilitation, sustainable mine closure, forestry management, environmental land management, small business development, food security and marine science. All of these courses could be activated on Christmas Island with appropriate stewardship and advocacy. The leadership of the MINTOPE Project is currently preparing the business case for the implementation of these programmes.

We continue our advocacy for a say in the government of the Island that is consistent with the democratic institutions and rights applying to mainland Australian citizens. We are requesting proper consultation with the community and decision-making powers in the making of the SDAs (Service Delivery Arrangements) that provide state type services on the Island. When necessary we have adopted a direct approach to WA Government departments as we re-tune our own consultation processes about the decisions of government that determine how we live, work and socialise on our Island. In particular we are continually engaged with the State Department of Planning about the decisions around land use and management, such as the release of Crown Land for development, where Commonwealth and Shire responsibilities intersect. Over the past three years our representations to the Ministers for Territories have included reference to the provisions of the United Nations Charter relating to non-self-governing territories; the responsibility of the Australia Government to provide for economic, educational and social development and democratic government of the people of the Island. There is a democracy deficit here. We want that addressed by the Commonwealth in consultation with the community.

Australia is a signatory to the Charter of the United Nations, as the UK was at the time sovereignty over the British Colony of Christmas Island was passed to the Commonwealth of Australia in 1958. The UN Charter has a specific provision about how colonies such as Christmas Island should be governed. The relevant section is Chapter XI Article 73:

## **CHAPTER XI: DECLARATION REGARDING NON-SELF-GOVERNING TERRITORIES**

### **Article 73**

*Members of the United Nations which have or assume responsibilities for the administration of territories whose peoples have not yet attained a full measure of self-government recognize the principle that the interests of the inhabitants of these territories are paramount, and accept as a sacred trust the obligation to promote to the utmost, within the system of international peace and security established by the present Charter, the well-being of the inhabitants of these territories, and, to this end:*

- 1. to ensure, with due respect for the culture of the peoples concerned, their political, economic, social, and educational advancement, their just treatment, and their protection against abuses;*
- 2. to develop self-government, to take due account of the political aspirations of the peoples, and to assist them in the progressive development of their free political institutions, according to the particular circumstances of each territory and its peoples and their varying stages of advancement;*
- 3. to further international peace and security;*
- 4. to promote constructive measures of development, to encourage research, and to co-operate with one another and, when and where appropriate, with specialized international bodies with a view to the practical achievement of the social, economic, and scientific purposes set forth in this Article; and*

5. *to transmit regularly to the Secretary-General for information purposes, subject to such limitation as security and constitutional considerations may require, statistical and other information of a technical nature relating to economic, social, and educational conditions in the territories for which they are respectively responsible other than those territories to which Chapters XII and XIII apply.*
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Councillors have been heavily engaged in advocacy with the Commonwealth, particularly Ministers, about the economic future of the Island: including with former Minister Dr John McVeigh MP in Canberra in June; on Christmas Island in July; and our most recent meeting, 2 October, here on Christmas Island with the Honourable Sussan Ley MP, Assistant Minister for Regional Development and Territories. Many of the issues arising from discussions in Council and Community Consultative Committee meetings become the subject of our submissions to government about services and facilities for our community.

This year our meetings with Ministers John McVeigh MP and Sussan Ley MP have dealt with several matters raised by the Council including:

- Commonwealth of Australia Plan for Christmas Island
- Christmas Island – Singapore Strategy 2018
- Casino License for Christmas Island Resort
- Release of Crown Land, Mining Leases and Land Clearing Permits
- Indian Ocean Territories Health Service 5 Year Strategic Plan
- Aged Care Services
- Air Services between Christmas Island, Cocos (Keeling) Islands and Northern ports
- Settlement Sports Hall Redevelopment
- Social Infrastructure
- Landslide / Rockfall Fence matters in Flying Fish Cove
- Rent to buy arrangements for public housing

The Shire is represented by the President on the Indian Ocean Territories Economic Development Organisation (IOTRDO). In the past year the Commonwealth has granted \$100,000 to the RDO to develop an economic strategic plan for Christmas Island, which is nearing completion. A similar plan is to be developed for the Cocos (Keeling) Islands. The Commonwealth has also funded the position of Regional Investment Officer (RIO) to be employed by the RDO.

The Shire acknowledges the support and assistance of many partners in service provision on the Island, particularly the Department of Infrastructure, Regional Development and Cities. We also enjoy good support from our parliamentary representatives in Canberra. Local businesses and organisations continue to make financial contributions to community services and events like Cove Day and the Marathon and the many cultural activities that make our Island a great place to live.

I congratulate all of the Shire staff on their achievements and continuing commitment to fulfilling our programmes. I commend this report to the community of Christmas Island.

**Gordon Thomson**  
**President Shire of Christmas Island**



## **CHIEF EXECUTIVE OFFICER'S REPORT**

Ratepayers and residents of the Shire of Christmas Island. It is with pleasure that in my capacity as the Chief Executive Officer, I present this report for 17/18.

The realignment of Murray Road at Drumsite has been completed. The new alignment proves a safe road away from the old alignment close to a landslip area. I would like to thank the community for their patience in this, as it was essential that road be realigned away from the unsafe old alignment.

There was a combined project between the SOCI and the IOT Administration to remove the abandoned and derelict cars. This results in over 160 vehicles being pickup and removed. It is the intention of the SOCI in conjunction with CIP to have those vehicles removed off the Island as scrape and not deposited into the landfill waste site. I would like to express my thanks to the IOT Administration for their participation in that project and to CIP for their initiative to potentially provide the removal of those vehicles off the Island.

The Shire has completed the disabled access to George Fam Centre main office block and is now planning similar access to the lower office block, we have also replaced all the old decking at the George Fam Centre.

At the time of writing this report we have seen 3 ministers since the Minister Nash. There is a necessity for directional stability as we enter a critical period with the closure of the Detention Centre. The President has written to our new Minister the Hon Sussan Ley MP urging a speedy decision of the issuing of a Casino Licence and we await that decision with anticipation and hope.

The Shire looks forward to working with the community in 18/19 to meet the challenges and to build on that relationship for the betterment of the community.

### **Finance and Administration**

Members of Council and Management staff were involved in the preparation of Council's annual budget for 17/18 which was adopted at the Ordinary Meeting held 25<sup>th</sup> July 2017.

Throughout the year, monthly reports were prepared to enable members and management staff to review Council finances and ensure that expenditure spent within the budget.

Further information can be found under the Finance and Administration section of the Council operations of the Annual Report.

### **Planning Building and Health**

The Planning, Building & Health Section provides a number of services to the CI community:

Planning & Building Control - Council through its consultants provides an information and assessment role on development and planning matter to SOCI customers whom include both the private sector and government agencies.

Environmental Health - Council environmental health personnel carry out periodic inspections of food premises / eating houses, food recall and disposal as per WA Health Department instructions.



Ranger Services/Animal Control - Ranger Services enforce relevant Shire of Christmas Island Local Laws and WA State legislation.

Waste Management Services – Core waste management services provide to the community through this section.

Property Maintenance & Management - Facilities owned by Council, others under its control and Commonwealth owned public amenities which are cleaned and maintained regularly under arrangement.

Further information can be found under the Planning Building and Health section of the Council operations of the Annual Report.

### **Governance and Policy**

Shire's commitment to good governance has consistently been demonstrated by positive auditor reports from our third party auditors Moore Stephens WA. The 2017/2018 report showed no major concerns. Further information can be found under the Government and Policy section of the Council operations of the Annual Report.

### **Community and Recreation Services**

Community Services - The annual Seniors Week held in July 2017 organized by the Community Services Section was another great success. The Community Services section has responsibility in coordinating meetings with the Senior Citizens Centre Advisory Committee for the management of the Senior Citizens Centre. The Community Services section continues with responsibility for the ongoing implementation of the Council Community Strategic Plan that was formally the CI 2018 Our Future Community Plan. The Youth section continues with the excellent work in coordinating the annual local government Banners in the Terrace project as well as various school holidays programs.

Recreation Services - Recreation Services continues to promote and improve Sports and Recreation facilities and spaces within the Shire, identifying Community Sports and Recreation opportunities, liaising with Sports and Recreation Clubs and Associations.

The Manager of Recreation Services provides the Community Bus Service to the:

- Christmas Island District High School
- Celebrations occasions such as ANZAC DAY
- Community Charity organisations and appeals such as the C.I Ball
- For hire services in conjunction to the Shires Community Bus Fees and Charges.

Further information can be found under the Community & Recreation Services section of the Council operations of the Annual Report.

### **Works & Services**

The Civil Works, Special Projects and Parks and Gardens crews have continued during 17/18 to carry our planned and emergency work.

The Shire has also continued to upgrade and replace its plant and equipment.

Details of that work and plant replacement and further information can be found under the Works and Services section of the Council operations of the Annual Report.



**David Price**  
**Chief Executive Officer**



## FINANCE & ADMINISTRATION



**Front row – Gan So Hon, Darren Marsh**  
**Back row – Nurashikin Mohd Hasinudin**  
**Ho Chia Vee, Zuraishah Ismail, Ng Cheau**  
**Ling, Susan De Cruz, Rostyna Oh**

### Financial Reporting

The Financial Reports (Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Rate Setting Statement) have been presented in accordance with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996. Notes to, and forming part of the Financial Reports have been provided to assist in the interpretation.

Council performed a range of Local Government type of functions throughout the Island.

### Finance

Grants from Western Australia Local Government Grants Commission, Department of Regional Australia Regional Development Local Government (DRARDLG), Commonwealth and Roads to Recovery were Council's main source of revenue and accounted for 43.10 % of revenue for the year 2017/18.

Grants	2017/18	2016/17
	\$	\$
WA Local Government Grants Commission	2,129,825	6,118,211
Commonwealth (Special Grants)	15,000	3,064
Central Road Authority Grants	600,000	600,000
Roads to Recovery	231,608	301,305
Total	2,976,433	5,340,775

Rates revenue represented 19.06% of Council's total revenue. Garbage charges and other revenues accounted for 37.84%.

### Assets

Council's plant, equipment, buildings and infrastructure were provided principally from General-Purpose Grant, Department of Regional Australia Regional Development and Local Government (DRARDLG) Grants, Commonwealth Grants and Roads to Recovery Grants.

Reserve funds have been established to assist with the purchase of major or unexpected plant, equipment and buildings requirements.

Council has implemented fair value for plant, equipment, buildings and infrastructure assets in accordance with Local Government (Financial Management) Regulations 1996.

At 30 June 2018 grand total balance was \$45,117,230.

### Budget

Council adopted the Annual Budget for the year ended 30 June 2018 at an Ordinary Meeting of Council held on 25 July 2017.

Members of Council and Management staff were involved in the preparation of Council's annual budget. Throughout the year, monthly reports were prepared to enable members and management staff to review Council finances and ensure that expenditure spent within the budget.

### Computer System

Council continued to use SnergySoft for Financial Reports and Records Management Systems and Microsoft Windows 2010 for other reports.

### Creditors

At 30 June 2018 grand total outstanding balance was \$169,883.

### Debtors

At 30 June 2018 grand total outstanding balance was \$144,365..

Council continued to pursue debtors in accordance with accepted debt recovery policy.

### Payroll

Payments of salaries and wages were made fortnightly. Payments were made by direct deposit into employees' accounts at a bank on the Island or in Mainland. Total payroll for the year was \$6,343,921.

### Rates

The general rate on residential property based on its Gross Rental Value had been set at 9.1817 cents in the dollar and unimproved property at 20.1238 cents in the dollar of unimproved value.

There were 646 rateable properties for the year. Total analysis of property was summarised as follows:

• Residential single	250
• Residential flat	208
• Residential Multiple	1
• DIMIA Site	21
• Casino	2
• Unallocated	41
• Commercial/shops	87
• Industrial - GRV	16
• Industrial – UV	2
• Mining tenement-GRV	1
• Mining tenement-UV	4
• Rural	2
• Private club	6
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Total	641
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At 30 June 2018 grand total outstanding balance was \$42,283.

### Records Management

Council's records management system is computerised. The System is managed by a part-time officer.

### Website

A range of information is available about the Council such as functional areas, Council policies, confirmed minutes of Council meetings and contact details. Council's website address is [www.shire.gov.cx](http://www.shire.gov.cx).

### Compliance

The Finance Section provided an efficient service with a high level of accountability and separation of duties to ensure compliance with local government accounting and financial regulations.

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## WORKS & SERVICES

### 2017/18 Achievements

- Extension to sealed section of Murray Road from crab crossing bridge to past the banana plantation.
- Preparation of project for the sealing of unsealed section of North South Baseline Road between the twelve crab crossings from Margaret Knoll Access to just past the Greta/Dolly Beach Access.
- Installation of solar lighting at Lily Beach picnic area.
- Re-Seals were completed on Murray Road, Phosphate Hill Road, Gaze Road, Upper Poon Saan (Murray Road) to Drumsite, Irvine Hill Road, Triadic Crescent.
- Rocky Point Crescent and Tampa View, (outside the Golden Bosun Tavern).
- Installation of power and plumbing to Shire tip-site by Special Projects group, also construction of batching plant and new flooring at George Fam centre, also by this group.
- **Private works:** Sealing of Parks Aust. Parking area, at storage/sign shed.
- Rear access to wharf ship-loading area for CIP.
- Sealing of 800m section of Murray Road between Central Area workshop and East West Baseline Road to enable road trains to attain better grip whilst carting phosphate on steep uphill section, (CIP).
- Re-align crab crossing on North West Point road and seal Eastern approach side, to enable road trains to cart phosphate from the Dales pit safely, (CIP).
- Construction and sealing completed on section of NWP Point Road.
- Sealing of main Shire Depot has been completed.
- Site works on Light Industrial Area (LIA) Stage One completed.
- Drumsite drainage and parking improvements.

- Car parks, upgrade line marking works, ongoing.
- Completion of construction of the store at the Shire depot.
- Shire housing upgrades- ongoing.
- Construction of disabled access at the Poon Saan Community Hall.
- Plant and equipment upgrades and modernisation.
- Pad-foot Roller purchased and delivered and operational.
- Mini Cement Agitator Truck received, and operational.
- Bitumen Emulsion storage tank purchased and delivered, now operational.
- New Truck Mounted Crane purchased and fitted, now operational.
- New Sentinel road sweeper purchased and operational.
- New Crew Cab Truck (Special Projects) purchased and delivered, and operational.
- New Gen Set 12.5 KVA (Special Projects) purchased and delivered, and operational.
- New Line Marking machine purchased and delivered, and operational.

The Works and Services Department consists of the following operational areas:

**Civil Works** – Responsible for the maintenance and construction of the CRA Network and the Shires Township roads and stormwater network. The Island has approximately 131 kilometres of roads almost 70% of which are unsealed.



#### **Civil Works**

**Standing L to R** - Kassim Ibrahim, Yusri Amat, Hoe Kit Ngan, Anwar Ramlan, Lim Liong, Tan Eng Chai.

**Seated L to R** – Shahrar Salleh, Johari Hassan, Salih Abu, Robert Yeap, Darren Yeap, Norezefizi Melan and Foreman Seet (not pictured), Yan Foong Choy (not pictured).



Civil Works crew were sealing the North South Baseline Road.

**Parks and Gardens** - maintains and improves community parks, reserves and recreational facilities.



#### **Parks and Gardens**

**L to R** – Tee Kok Seong ( not pictured) Ong Kim Seong, Foreman Chen Weng Aun, Su Ha Chai, Tony Ho, Nazreen Nasaruddin (not pictured).

**Plant Operations** - provides whole of organisation support through maintenance of the plant and vehicle fleet and vehicle inspection services for the Motor Vehicle Registry.



#### **Plant Operations**

**L to R:** Chris Wong, Fadal Maswari, Richard Foo, Ibrahim Hussain.

This crew led by Richard Foo, carries out all major repair work and servicing of Council's plant and vehicle fleet. Ibrahim, Fadal and Chris are all qualified motor and heavy plant mechanics.

### Motor Vehicle Inspections

The Shire has continued to carry out vehicle inspections on an appointment basis, and is now carried out over five weekdays instead of one day per week.

### Management and Operations Support

Responsible for the overall management, planning and general administration of the department. In early 2014 Council implemented the MEX asset maintenance system, this system is currently operated by Wei Ho, who has replaced the previous officer, Yvonne McKenzie.



**L to R - MEX/RAMM Officer, Wei Ho, Manager of Works & Services, Terry Clarke and Operations Support Officer, Iris Lim.**



**Stores Officer Anwar Afan**

**Special Projects Team: Consists of Team leader, Peter Tan, plant operators Rashidi Abd Rahman, Khairul Razaqin and Craig Wood.**

This team carries out some very important work on: structural projects, footpaths, fencing, boardwalk re-furbishing, and many other facets of required community requirements, such as building and beautification projects.

## PLANNING/BUILDING & HEALTH



**Shire Ranger**  
Sho Yit Meng



**Maintenance**  
Othman Dardak



**Health/Waste**  
Ron De Cruz



**Landfill**  
Alex Goh



**Driver**  
Koh Tiang Kok



**Driver**  
Rashid Saptu

<b>Gatekeeper</b>	<b>Cleaner</b>	<b>Plant Operator</b>
Bahari Yussof	Madam Eng	Sujangi Buang

### SECTION ACTIVITIES

During the 2017- 2018 financial year SOCI Planning, Building & Health Section provided the following services to the CI community:

- local town planning service;
- building permit assessment and approvals service;
- an environmental health service;
- a ranger service;
- waste collection and management service;
- cleaning & hygiene service of community buildings under SOCI control; and
- property and building maintenance of council owned or council controlled buildings.

### Planning & Building Control

#### Planning Approvals

Council CEO provides the planning approval function via the Council as there is no delegated authority regards planning matters.

Planning consultants are utilised to evaluate and recommend to Council on development and planning matters.

Information and assessment is provided to all SOCI customers being the private, commercial / business and government sectors.

#### Building Approvals

The CEO provides the building approval function regards information and the processing and issuing of Building Permits inclusive of associated certifications, the

assessing new applications submitted in ensuring plans and specifications are in order, that structural conditions have been satisfactorily addressed by practising structural engineers and other various certifiers as part of the approval process.

#### **Environmental Health**

Council's designated Waste and Health Officer Ron De Cruz is the Council's field officer regards attending to health related matters and conducting field inspection duties examples being :

- periodic inspections of food premises /eating houses;
- actioning food recall notices received from the WA Health Department where food products have been identified as posing some form of risk to the public health. Recalled products are removed from the shelves and disposed of as per WA Health Department instructions; and
- checks re accommodation premises including the issue of annual renewal notices for lodging houses and short-stay accommodation licences are conducted.

#### **Ranger Services/Animal Control**

Ranger Services are tasked with responding to callouts, educating and where necessary enforcing relevant Shire of Christmas Island Local Laws and WA State legislation re issues concerning:

- feral poultry, cats, burning and/or smoke nuisances;
- the policing and follow up of complaints inclusive of littering;
- loose loads regards both safety and littering when same are observed upon vehicles;
- overgrown vegetation matters to ensure fire safety and that road sides are maintained clear;
- vehicle surveillance with regards to illegal parking;
- traffic management and assistance to the AFP when requested;
- regular monitoring and testing of the island cyclone warning lights and ensuring the required, and
- repair or replacement of defective cyclone warning lights units is quickly actioned/completed.

#### **Waste Management Services**

Waste management services provide the following core services to our community:

- pickup and disposal of all residential and commercial waste in an efficient and timely manner;
- acceptance and subsequent burial of quarantine waste from aircraft and ships;
- acceptance and subsequent burial of the hazardous waste materials - asbestos; and
- acceptance and subsequent burial of bio-solids from the WA Water Corporation.

Waste management services duties further include:

- the current rehabilitation, remediation and re-development of the landfill site which continues to be progressed in meeting the Department of Environment and Regulation Licensing Conditions.

This has been a major role for the Manager Planning Building & Health over the past 8 years, working in conjunction with the Plant Operators namely Alex Goh and Sujangi Buang a very noticeable and positive impact has occurred upon the site with a readily visible difference.

Recycling whilst still fledgling in nature is planned to occur in coming years. The current high cost, quarantine restrictions, tyranny of distance and lack of funding available and hence what would be a major impost re costs upon the community have all served to delay this process.

- SOCI's new CAT D6 Bulldozer and 24T Komatsu Excavator remain well utilised in reaching and accomplishing new milestones regards the ongoing improvement of the landfill site;
- a dedicated Bobcat and a small tipper truck assist in the current remediation and upgrade of the landfill site and are also being productively used in the overall remediation process; and
- SOCI provides an efficient grease trap cleaning service and disposal of same for all Island customers requiring same.



### **Property Maintenance & Management**

Council both owns and has vested with it many properties which it maintains such as the George Fam Centre, Council Depot, Poon Saan Community Hall, Sports Hall, 5 x Council houses and 1 x Flat, many smaller buildings including bus stops/shelters and public toilets.

Between the Building Maintenance Officer and the Cleaner both SOCI and Commonwealth owned public amenities such as the Cove facilities are being maintained regularly with the latter/ Commonwealth facilities being maintained serviced under an arrangement.

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## **COMMUNITY SERVICES**



(L to R) Ron Foo (Community Development Officer), Arfah Omar (Community Services Officer), Suzane Chan (Community Development Officer), Susan De Cruz (Librarian) and Chew Boon Beng (Manager Community Services)

### **The Community Services Section**

The Community Services Section continued to provide services in regard to community consultation and service delivery information, library, seniors and youth services, community newsletter, community facilities, and the promotion of community events and functions.

### **Local Government Elections**

The Community Services Section assisted with the coordination of the local government elections for the Shire of Christmas Island. An Ordinary Election was held on 21 October 2017. A total of five (5) vacancies of Councillors were elected unopposed. The next Ordinary Election will be held in October 2019.

### **The Community Consultative Committee**

The Community Consultative Committee (CCC), a management committee of the Shire of Christmas Island established in 1992 as part of the Law Reform Process, is the primary forum for community consultation regarding the impact of WA laws and Service Delivery Arrangements (SDAs) services that affect the wider community. Following the withdrawal of the Commonwealth's funding for Provision of Information and Consultation Services on Christmas Island in July 2013, the CCC continues to serve as a management committee of the Shire coordinating community information and referral services relating to new legislation and Services Delivery Arrangements (SDAs).

### **Community Welfare Fund**

The Community Welfare Fund (formerly the Retired Employees, Widows and Orphans Fund) was re-established in 2001 to provide financial support and services to people in need. Cr Azmi Yon and Cr Nora Koh represent the Council on the Community Welfare Management Committee along with the Manager Community Services. At 30 June 2018, the Community Welfare Fund provided a total of \$34,396.00 in financial support to 34 applicants since 2001.

### **Interpretation and Translation Services**

The Community Services Section provides interpretation services to the Shire's organisational meetings and arranges translation of Shire Public Notices and other information. On a fee for service basis, interpretation services are provided to other on-Island organisations in accordance with the Shire's approved Fees and Charges rate.

### **Seniors Week 2017**

The 19<sup>th</sup> Anniversary of Seniors Week in July 2017 was another success. Cash contributions and in-kind support from community organisations, businesses and individuals facilitated a full week program of events for senior residents including visitors over the age of 65. Preparatory work for the 20<sup>th</sup> Anniversary of Seniors Week to be held in mid July 2018 commenced from April in 2018. Sponsorship of cash contributions and in-kind support from individuals and various organisations at the time this report was prepared is well underway. The overall support from our community towards this

annual event has continued to improve each year since 1999. Thanks to all the generous sponsors!

### **Seniors Activities and Programs**

The Shire continues to support the senior's fitness program – "*Stay on Your Feet*", a collaborative effort between the Shire of Christmas Island and the Christmas Island Hospital and Line Dancing Session for seniors jointly organised with the Christmas Island Dance Troupe. The weekly *Stay on Your Feet* program is popular with over 30 regular senior members of our community attending. This section is looking into other activities in the near future.

### **Senior Citizens Centre and Building Fund**

The Shire of Christmas Island initiated the establishment of a Senior Citizens Centre Building Fund in 2002 and continues to raise funds for this community project through donations and surplus sponsorship from the annual Seniors Week since 1999, including a donation from the CI Charities Association in early 2003.

In 2013 the Commonwealth approved funding of \$450k for a Senior Citizens Centre, a project under the Community Development Grants Programme. The Shire also contributed \$50k plus additional project costs. The new Senior Citizens Centre was officially opened on Friday 26 August 2016. The Senior Citizens Centre continues to receive community support through donations and sponsorship of recreational equipment made through the Christmas Island Seniors Association.

### **Senior Citizens Centre Advisory Committee**

A Senior Citizens Centre Advisory Committee was established in July 2015 to assist with managing the Senior Citizens Centre's programs and activities and its general operations. The Committee comprised a total of 6 members (4 representatives from the CI Seniors Association, 1 Councillors representative and the Manager Community Services).

### **Library**

The Community Services Section continues to improve our service to library users. Under the current Service Delivery Arrangement with the Commonwealth, the State Library of Western Australia

continued to provide a large range of reading materials on loan to the Shire. The Shire also funds the purchase of books, magazines and newspapers. Library users have access to free use of computers in the library with an Internet service fee being applicable. The Library has entered into a partnership agreement with the State Library of WA for the Better Beginnings program which commenced from July 2009.

### **Community Newsletter – *The Islander***

The Community Services Section continues to publish and distribute the fortnightly non-profit local community newsletter *The Islander*. Local programs and activities formed an integral part of this publication. Relevant general and regional news items were also included when appropriate.

### **Community Facilities**

The Community Services Section continued to be responsible for bookings of community facilities under the care and control of the Shire including Poon Saan Community Hall and the Conference and Training Room at George Fam Centre. This Section continues to provide free amenities including plastic chairs, folding tables, indoor stage equipment and other facilities to not-for-profit activities and community events.

### **School Holiday and Youth Activities**

The Community Services Section continued to provide a School Holiday Program during 2017. Activities funded by the Shire included water slides, children games, crafts and movies that were well attended by children during school holiday period.

### **Community Events - Australia Day, Harmony Day and ANZAC Day**

The Community Services Section continued to assist with the organisation of a number of annual community events including Australia Day Breakfast, Australia Day Active Citizenship Awards and Harmony Day. The ANZAC Day Ceremony is now organized by a specific ANZAC Day Service Committee; however, the Shire of Christmas Island continues to extend its support by providing a range of items and facilities to assist the ANZAC Day Dawn Service and Remembrance Day.

### **Australian Citizenship and Ceremonies**



The Community Services Section assisted residents in the application and preparation of Australian Citizenship Ceremonies on behalf of the Commonwealth of Australia. These are arranged throughout the year as needed.

## **HUMAN RESOURCES**

As reported in previous Annual Reports, the most significant advancement in the human resources management area was the development and subsequent adoption of Councils Workforce Development Strategic Plan, completed by the CEO and adopted by Council in June 2013. The Workforce Development Strategic Plan is a legislative requirement by Council as part of the overall 'Integrated Planning Framework' that all Councils in Western Australia were required to comply with for implementation in the 2013/14 year. Through our Workforce Development Strategic Plan, Council is focused on attracting and retaining quality people, including trainees, further investing in developing our leaders and recognising and rewarding our high performers and remains an active document for the development of Councils workforce. Council needs to take our people with us to create the 'fit for the future' that we need to deliver our communities' priorities. We need to continue to involve our staff and support them in learning new ways of working.

In 17/18 there were 4 employees with a salary over \$100k.

The Shire has continued to commit investment in employee's training and skills development to improve efficiency and performance of the Council. During the 2017/18 financial year, approximately 50% of the Shire's workforce attended various training courses ranging from skills development, vocational education, formal education, work experience to conferences to improve their skills, knowledge and abilities required to perform their work efficiently and effectively.

The Shire is in the process of reviewing its Organisation Structure to ensure it reflects the long-term ongoing management structure and employee set the Shire requires in the future.

Moving forward, the Shire will build upon the policies, practices and procedures implemented in the current and previous financial periods that will further strengthen the Human Resources section of the Shire of Christmas Island.

## **GOVERNANCE, RESEARCH, POLICY AND GRANTS**



**Chris Su (Governance, Research, Policy and Grants Officer)**

2017/2018 is the fourth year in which Council has employed a full time Governance, Research, Policy and Grants Officer to assist Council in compliance with legislation and delivery of goals in the Community Strategic Plan 'CI 2021.' The position reports to the CEO and involves either representative or secretarial commitments in the Transport, Land and Communications Committee, Community Consultative Committee, Immigration Community Reference Group, Joint Consultative Committee, CI 2021 Planning Forum, MINTOPE Reference Group, Indian Ocean Group Training Association and the Commonwealth Roads Authority.

### **Governance and Policy**

The previous year has seen the full overhaul of SOCI's Policies. It has also seen an increasing amount of Governance related research in terms of assisting Council in progressing the Crown Land Management Plan in tandem with the Commonwealth and WA State agencies. GRPG has also completed the four year Corporate Business Plan, adopted in 2017, to deliver on the final components of the CI 2021 Plan.

### **Research**

SOCI has undertaken a WA Local Government Grants Commission hearing in 2018 to assess the amount of Federal Assistance Grants funding to be delivered to the island. GRPG spent a considerable amount of time drafting the submission to the WALGGC which has resulted for the first time a decision by the WALGGC to recommend FAGs funding sans-factor back.

### **Grants**

SOCI has been successful in receiving a \$15,000 grant from the Commonwealth to develop universal access to the George Fam Centre. Three applications to the Building Better Regions Fund were unsuccessful; SOCI is awaiting Round 3 of the IOT Community Development Grant Scheme expected this financial year.

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## **RECREATION SERVICES AND TRAINING**



**Oliver Lines (Manager Recreation Services/Training Officer)**

### **Recreation Services & Training:**

Has this year developed and coordinated activities, planned upgrading of public spaces as well as seen to Shire training requirements.

2019 will see the fruition of projects currently on hold due to issues such as weather and availability of offshore contractors to carry out works.

### **Christmas Island Sports and Recreation Strategic Plan:**

The Strategic Plan is a living document reflecting the Sports & Recreational needs, gaps and aspirations within the community.

Recommendations made within the plan may be impacted over time by changes in population, demographics, trends, funding, and town planning requiring ongoing revision.

Recreation Services has been successful in directly delivering, advocating for, or auspicing a number of recommendations made within the Strategic Plan.

### **Poon Saan Basketball Courts**

Delayed with a late and heavy rain monsoon season contractors were unable to fly to the Island as the extended rain period overlapped on works planned on

the mainland. Work on the Basketball court will commence after the rain season in June 2019.

Sports Surfaces in Perth have been engaged to resurface the court with a 3 colour acrylic paint cover. Paint and equipment are already on Island with contractors waiting to be flown in to commence work as soon as local contractors are free to commence initial court surface repair. Factors such as weather have also been an issue which could compromise the acrylic surface if not laid in dry conditions.

### **Coach in Residence Program:**

The Coach in Residence Program is funded by the Department of Sports and Recreation which allows funding for four sports coaches to visit both Cocos and Christmas Island, (financial year) to enhance coaching practises as well as promote and develop specific sports agreed to and requested by the Islands. 2018 has seen the engagement of Rugby League, Athletics and Netball coaches with planned visits by AFL & Cricket coaches in the latter part of 2018.

### **Public Parks:**

New children's play equipment has been purchased for Drumsite Park including Activity Nets, Bird Nest swing and a picnic table and seating.

The equipment is on Island awaiting installation.

### **Inter-Island Games:**

The Inter Island Games unfortunately were cancelled in 2017 due to the Saturday flight being cancelled and in Territory Week this year because of no available seating on flights to Christmas Island due to the 60<sup>th</sup> Anniversary Celebrations.

The Inter Island Games will be held in a later date on Saturday November 4<sup>th</sup>.

Recreation Services are looking to assist providing airport and event transportation for the visiting Cocos teams.

It is being considered in future to hold the games on an alternate day instead of Territory Day Sports Day as a standalone sporting event. This would allow less

competition with traditional activities usually held on the Cricket ground on Territory Week Sports Day as well as flight and accommodation issues.

### **Casino to Cove**

Held on June 24<sup>th</sup> this event was planned as a social community activity as well as a lead up and awareness of the Marathon later in October.

The activity entailed a 10km competitive run from the main entrance of the Casino to the Cove with sponsorship of medals from ARMADA Tax & Accounting Services. The event was opened to bicycles prams and walker's to make for an inclusive healthy community event.

The fee of \$10.00 saw all participants receive a place or participation medal as well as a sausage sizzle and drink at the Cove after the event.

There were 68 participants with positive feedback to make for an annual event. All proceeds went towards the Christmas Island Neighbourhood Centre.

### **Christmas Island Marathon**

The Christmas Island Marathon has been run by the Shire since 2014.

This year the event took place in October on Sunday 14<sup>th</sup>.

The course has been further changed now taking in more National Park consisting close to 3 ¼ of the Marathon course.

The 2018 event attracted competitors from New Zealand, America, and United Kingdom as well as from Western and South Australia, attracted by the Marathon and Facebook Website site.

The Marathon received very good feedback from the International competitors relaying to organisers that Christmas Island was one of, even as far as the best Marathon that they had competed in.

The Marathon attracted 168 participants with many more at the Cove to spectate and enjoy the event.

The event is marked as a Shire signature competitive and social sports activity with Family Fun and short challenge events alongside the main 42.2 and 21.8km central attractions.

Volunteer Shire staff members organised and ran the registration, timing and Cove based activities, whilst the event organisation and course preparation was conducted by another dedicated group of Shire employees.

The Marathon team hopes to further develop the potential and opportunities of the Marathon including posting advertisements incorporating accommodation and flight packages on Indonesian and Singaporean web sites in particular expat sites in step and as part of the Christmas Island future recreation tourism strategy.

### **Christmas Island 60<sup>th</sup> Anniversary:**

Recreation Services with the assistance of Shire staff members were able to coordinate and organise a successful 60<sup>th</sup> Territory Week Celebration.

Activities included were in chronological order:

- Photo Car Rally
- Bosun Charity Auction
- Cricket Match at CICSC
- Indonesian Rock Group visit
- Mine Tours
- Opening Ceremony
- Gala Evening Tai Jin House
- Traditional Performers from Malaysia and Indonesia
- Sports Day
- Cove Day
- Magicians
- Movie Sponsorship & Fancy Dress
- Slippery Slide
- Indoor Soccer Competition - Rec Centre
- Aqua Run Challenge – Rec Centre

- Photo Exhibition
- A Captured Moment heritage discussion and meal
- Billy Cart Derby

Main events were organised in partnership with business or associations including CIP & 6RCI.

Other events were taken on by local individuals & community groups such as the Cricket Match, Auction and Billy Cart Derby.

#### **Community Bus Service:**

Recreation Services still provide ongoing bus services mainly to the Recreation Centre from CIDHS.

Other services include events and activities such as ANZAC Day, visiting Inter Island Cocos team transport, Senior outings, Country Week Volleyball after school practice and Charity events.

The Christmas Island Community Bus is included within the Emergency Response and Recovery Plan as an evacuation asset which has been used twice this year in relation to Rock Fall concerns in Kampong.

The Community Bus is funded \$30,000 annually by the Department of Infrastructure & Regional Affairs.

The Community has been resprayed after rust removal and panel beating and are waiting on Shire panel decals

#### **Community Awareness Activities:**

Recreation Services has placed signage at the Cove around visible areas of the Cove. The signs "*Don't Drink & Drown*" are hoped to heighten awareness of the dangers of alcohol consumption & swimming.

This project was organised in partnership with the AFP, DSR & RLSSWA

#### **Future Goals:**

Future goals are to see:

- realisation of the Skate Park development.
- completion of the Poon Saan Basketball Court upgrade
- upgrading of community public spaces, Parks in particular
- implementation of further recommendations made within the Christmas Island Sports and Recreation Strategic Plan
- development of the Inter Island Games
- improvement of the Christmas Island Marathon event
- introduction of additional events such as the Casino to Cove run
- investigate and pursue mountain bike and trails opportunities
- Heritage Trails
- continue liaising with sports associations and clubs
- continue to explore regional sports and recreational opportunities

#### **Training Officer Role**

The Training Officer has continued to oversee Shire employee requirements in keeping with National, Western Australian Industry and Local Government regulations, standards and Shire policy such as:

- Allocation of Staff USI numbers. (Unique Student Identification)
- White Card – Construction Site Permit Card application and online / course testing.
- Renewing of Work Safe Cards
- Yearly CPR refresher courses in maintaining currency for Shires CPR entitlement Policies.
- 1<sup>st</sup> Aid Courses (3yr).
- Plant refresher courses

#### **Training courses undertaken in 2018 have included:**

- CPR
- 1<sup>st</sup> Aid
- Cert 3 Business – Arfah Omar & Chia Vee Ho (Wei) (Community Services and IT Finance)
- Traffic Management – Yit Meng Sho & Garry Foo (Ranger)
- Warehouse Operations – Anwar Afan (Stores)
- Skid Steer – Yan Foong Choy (Civil Works)

**Recreation Services & Training** look forward to further settling in its new role at the George Fam Shire Office since its transition from the Recreation Centre to identify and promote positive community activities, events and spaces as well as cover the requirements of training for Shire staff.

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## **PLAN FOR THE FUTURE - OVERVIEW**

Following is a summary of major initiatives proposed in the plan to commence or continue in the 2017/18 financial year.

### **GOVERNANCE & CORPORATE DEVELOPMENT**

- Implement comprehensive policy review.
- Develop and implement community research / feedback model.
- Establish an asset replacement program.
- Conduct Council elections.

### **WELFARE**

- Continue to develop and implement Disability Services plan.
- Develop Youth Services policies and procedures.
- Development of implementation plan for Cemeteries Heritage management.
- Work with the Commonwealth to improve the affordability and accessibility of air and sea transport.

### **WASTE MANAGEMENT**

- Development and implementation of a comprehensive waste management strategy.
- Establishment of a waste transfer facility for the processing of domestic and recyclable waste.
- Establish community recycling station.
- Develop and implement an education campaign relating to recycling programs.
- Develop a new tip site.
- Rehabilitation of Phosphate Hill tip site.

### **TOWN PLANNING & DEVELOPMENT**

- Adoption of the Local Planning Strategy.
- Development of LIA Stage 2

## **RECREATION & CULTURE**

- Continue implementation of streetscape beautification plan.
- Skate Park relocation.
- Basket Ball Court upgrade.
- Implementation of recommendations made within the Christmas Island Sports and Recreation Strategic Plan.

## **TRANSPORT**

- Quarry Road construct & seal.
- EW Baseline Road resheet/drainage humps/signage.
- North West Point Road-construct two coats seal.

## **PUBLIC HEALTH**

- Upgrade pound
  - Food surveillance program and promotion of public health policy and programs
  - Continue to review Health Local Laws.
- 

## **COMPETITIVE NEUTRALITY**

All Local Governments with business activities with an annual user pays income of more than \$200,000 must assess these activities and, if considered necessary, introduce measures to eliminate any net advantages that arise out of public sector ownership.

The Shire of Christmas Island has no significant business activities and therefore has no requirement for assessment.

## **2. DISABILITY SERVICE PLAN 2017/18**

Section 29 of the Disability Services Act 1993 requires all public authorities to report on the implementation of their Disability Service Plans. Amendments to the Act in 1999 require that any Local Government that has a Disability Service Plan must include in its Annual Report.

This report covers the five Disability Service Plan key outcomes.

### **Outcome 1**

Existing services are adapted to ensure they meet the needs of people with disabilities.

*The Shire has in all instances taken into consideration the needs of people with disabilities whenever practical.*

#### **Outcome 2**

Access to buildings and facilities is improved.

*The Shire continues to install wheelchair access where possible throughout the town.*

*The Shire has resolved wheelchair access to the George Fam Centre.*

#### **Outcome 3**

Information about services is provided in formats, which meet the communication requirements of people with disabilities.

*The Shire is fortunate in having very few residents with disabilities. Information supplied by organisations is available at the George Fam centre.*

#### **Outcome 4**

Advice and services are delivered by staff that are aware of and understand the needs of people with disabilities.

*Those that do seek advice or services are treated with respect by staff that understand the need for additional assistance in some instances.*

#### **Outcome 5**

Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and the decision-making processes.

*If made aware of anyone with a disability every attempt would be taken by the Shire to assist the person concerned.*

### **3. STATE RECORDS ACT 2000**

State Records Commission Standard 2 (Recordkeeping Plans), Principle 6 (Compliance), states that 'Government Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Recordkeeping Plan'

*The Shire of Christmas Island Recordkeeping Plan has not been endorsed by the Commission as there is no Service Delivery Arrangement between*

*the Commonwealth and State Records Commission.*

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### **REGISTER OF COMPLAINTS**

#### **Governance Issues**

No complaints received by the Shire of Christmas Island as at 30 June 2018.

#### **Community Relations and Customers Services:**

No complaints received by the Shire of Christmas Island as at 30 June 2018.

**SHIRE OF CHRISTMAS ISLAND**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

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Principal place of business:  
Shire of Christmas Island  
2 Murray Road  
Christmas Island 6798



**SHIRE OF CHRISTMAS ISLAND  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the SHIRE OF CHRISTMAS ISLAND for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the SHIRE OF CHRISTMAS ISLAND at 30 June 2018 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

23<sup>RD</sup>

day of

OCTOBER

2018



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Chief Executive Officer

David Price

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Name of Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	20(a)	1,316,902	1,285,916	1,247,736
Operating grants, subsidies and contributions	2(a)	2,996,243	4,708,807	7,236,486
Fees and charges	2(a)	1,557,809	1,191,968	411,656
Service charges	22(c)	0	0	1,100,195
Interest earnings	2(a)	151,332	170,950	202,832
Other revenue	2(a)	30,739	500,146	569,025
		<u>6,053,025</u>	<u>7,857,787</u>	<u>10,767,930</u>
<b>Expenses</b>				
Employee costs		(6,343,921)	(7,084,496)	(6,259,855)
Materials and contracts		(501,205)	(500,000)	(773,340)
Utility charges		(103,067)	(140,000)	(89,070)
Depreciation on non-current assets	10(b)	(2,252,114)	(1,694,300)	(1,788,129)
Insurance expenses		(164,457)	(170,000)	(151,776)
Other expenditure		(1,626,620)	(385,697)	(1,029,631)
		<u>(10,991,384)</u>	<u>(9,974,493)</u>	<u>(10,091,801)</u>
		(4,938,359)	(2,116,706)	676,129
Non-operating grants, subsidies and contributions	2(a)	505,849	462,000	301,305
Profit on asset disposals	10(a)	1,751	0	1,757
(Loss) on asset disposals	10(a)	(3,409)	0	(81,116)
Fair value adjustments to financial assets at fair value through profit or loss	4	2,958	0	2,762
Reversal of prior year loss on revaluation of Infrastructure - Others	11	344,589	0	0
		<u>(4,086,621)</u>	<u>(1,654,706)</u>	<u>900,837</u>
<b>Net result</b>				
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	3,460,197	0	5,182,405
<b>Total other comprehensive income</b>		<u>3,460,197</u>	<u>0</u>	<u>5,182,405</u>
<b>Total comprehensive income</b>		<u>(626,424)</u>	<u>(1,654,706)</u>	<u>6,083,242</u>

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

**STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		7,714	5,000	146,991
General purpose funding		4,076,547	6,012,420	8,035,056
Law, order, public safety		679	1,000	2,641
Health		35,328	17,000	23,949
Education and welfare		5,257	6,200	14,755
Housing		69,927	74,400	43,118
Community amenities		1,086,532	856,167	1,108,048
Recreation and culture		76,039	167,600	480,813
Transport		627,002	672,000	837,552
Economic services		31,307	32,000	37,983
Other property and services		36,693	14,000	37,024
		<u>6,053,025</u>	<u>7,857,787</u>	<u>10,767,930</u>
<b>Expenses</b>				
	2(a)			
Governance		(811,104)	(782,303)	(783,242)
General purpose funding		(118,635)	(132,850)	(158,388)
Law, order, public safety		(289,467)	(317,733)	(303,018)
Health		(304,777)	(348,975)	(168,574)
Education and welfare		(564,534)	(592,905)	(583,931)
Housing		(148,474)	(175,725)	(199,684)
Community amenities		(1,555,753)	(1,595,128)	(1,578,266)
Recreation and culture		(1,722,466)	(2,055,697)	(1,543,513)
Transport		(4,752,057)	(3,684,986)	(4,208,016)
Economic services		(99,722)	(88,191)	(63,203)
Other property and services		(624,395)	(200,000)	(501,966)
		<u>(10,991,384)</u>	<u>(9,974,493)</u>	<u>(10,091,801)</u>
		<u>(4,938,359)</u>	<u>(2,116,706)</u>	<u>676,129</u>
Non-operating grants, subsidies and contributions	2(a)	505,849	462,000	301,305
Profit on disposal of assets	10(a)	1,751	0	1,757
(Loss) on disposal of assets	10(a)	(3,409)	0	(81,116)
Fair value adjustments to financial assets at fair value through profit or loss	4	2,958	0	2,762
Reversal of prior year loss on revaluation of Infrastructure - Others	11	344,589	0	0
		<u>851,738</u>	<u>462,000</u>	<u>224,708</u>
<b>Net result</b>		<u>(4,086,621)</u>	<u>(1,654,706)</u>	<u>900,837</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	3,460,197	0	5,182,405
<b>Total other comprehensive income</b>		<u>3,460,197</u>	<u>0</u>	<u>5,182,405</u>
<b>Total comprehensive income</b>		<u>(626,424)</u>	<u>(1,654,706)</u>	<u>6,083,242</u>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	5,313,719	8,088,921
Investments	4	18,129	15,171
Trade and other receivables	6	187,645	191,793
Inventories	7	486,826	342,768
<b>TOTAL CURRENT ASSETS</b>		<b>6,006,319</b>	<b>8,638,653</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	14,413,924	15,141,770
Infrastructure	9	30,703,306	27,759,270
<b>TOTAL NON-CURRENT ASSETS</b>		<b>45,117,230</b>	<b>42,901,040</b>
<b>TOTAL ASSETS</b>		<b>51,123,549</b>	<b>51,539,693</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	487,557	451,531
Provisions	14	1,808,394	1,633,984
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,295,951</b>	<b>2,085,515</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	14	90,983	91,139
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>90,983</b>	<b>91,139</b>
<b>TOTAL LIABILITIES</b>		<b>2,386,934</b>	<b>2,176,654</b>
<b>NET ASSETS</b>		<b>48,736,615</b>	<b>49,363,039</b>
<b>EQUITY</b>			
Retained surplus		12,260,833	15,783,258
Reserves - cash backed	5	4,919,595	5,483,791
Revaluation surplus	11	31,556,187	28,095,990
<b>TOTAL EQUITY</b>		<b>48,736,615</b>	<b>49,363,039</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018**

		RETAINED	RESERVES CASH	REVALUATION	TOTAL
	NOTE	SURPLUS	BACKED	SURPLUS	EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		<b>14,559,228</b>	<b>5,806,984</b>	<b>22,913,585</b>	<b>43,279,797</b>
Comprehensive income					
Net result		900,837	0	0	900,837
Changes on revaluation of assets	11	0	0	5,182,405	5,182,405
Total comprehensive income		900,837	0	5,182,405	6,083,242
Transfers from/(to) reserves		323,193	(323,193)	0	0
<b>Balance as at 30 June 2017</b>		<b>15,783,258</b>	<b>5,483,791</b>	<b>28,095,990</b>	<b>49,363,039</b>
Comprehensive income					
Net result		(4,086,621)	0	0	(4,086,621)
Changes on revaluation of assets	11	0	0	3,460,197	3,460,197
Total comprehensive income		(4,086,621)	0	3,460,197	(626,424)
Transfers from/(to) reserves		564,196	(564,196)	0	0
<b>Balance as at 30 June 2018</b>		<b>12,260,833</b>	<b>4,919,595</b>	<b>31,556,187</b>	<b>48,736,615</b>

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,350,751	1,294,578	1,180,093
Operating grants, subsidies and contributions		2,953,041	4,708,807	7,236,486
Fees and charges		1,571,310	1,419,672	511,929
Service charges		0	0	1,100,195
Interest earnings		151,332	170,950	202,832
Other revenue		30,739	500,146	569,025
		6,057,173	8,094,153	10,800,560
<b>Payments</b>				
Employee costs		(6,190,671)	(6,680,782)	(6,217,110)
Materials and contracts		(588,233)	(481,868)	(712,340)
Utility charges		(103,067)	(140,000)	(89,070)
Insurance expenses		(164,457)	(170,000)	(151,776)
Other expenditure		(1,348,478)	(385,697)	(996,347)
		(8,394,906)	(7,858,347)	(8,166,643)
<b>Net cash provided by (used in) operating activities</b>	15	(2,337,733)	235,806	2,633,917
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of				
Land held for resale		0	0	(188,388)
Payments for purchase of				
property, plant & equipment		(597,000)	(1,360,000)	(693,803)
Payments for construction of				
infrastructure		(349,568)	(262,000)	(734,248)
Non-operating grants, subsidies and contributions		505,849	462,000	301,305
Proceeds from sale of fixed assets		3,250	0	39,202
Proceeds from advances		0	(2,039,404)	0
<b>Net cash provided by (used in) investment activities</b>		(437,469)	(3,199,404)	(1,275,932)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Net cash provided by (used in) financing activities</b>		0	0	0
<b>Net increase (decrease) in cash held</b>		(2,775,202)	(2,963,598)	1,357,985
Cash at beginning of year		8,088,921	8,088,884	6,730,936
<b>Cash and cash equivalents at the end of the year</b>	15	5,313,719	5,125,286	8,088,921

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

**RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)		2,513,070	663,334	857,878
		2,513,070	663,334	857,878
<b>Revenue from operating activities (excluding rates)</b>				
Governance		7,714	5,000	146,991
General purpose funding		2,765,126	4,729,504	6,785,037
Law, order, public safety		679	1,000	2,641
Health		35,328	17,000	23,949
Education and welfare		5,257	6,200	14,755
Housing		69,927	74,400	43,118
Community amenities		1,086,532	856,167	1,112,567
Recreation and culture		76,039	167,600	480,813
Transport		628,753	672,000	837,552
Economic services		31,307	32,000	37,983
Other property and services		36,693	14,000	37,024
		4,743,355	6,574,871	9,522,430
<b>Expenditure from operating activities</b>				
Governance		(811,104)	(782,303)	(783,242)
General purpose funding		(118,635)	(132,850)	(153,869)
Law, order, public safety		(289,467)	(317,733)	(303,018)
Health		(304,777)	(348,975)	(168,574)
Education and welfare		(564,534)	(592,905)	(583,931)
Housing		(148,474)	(175,725)	(199,684)
Community amenities		(1,556,533)	(1,595,128)	(1,590,635)
Recreation and culture		(1,724,226)	(2,055,697)	(1,554,316)
Transport		(4,752,926)	(3,684,986)	(4,270,479)
Economic services		(99,722)	(88,191)	(63,203)
Other property and services		(279,806)	(200,000)	(501,966)
		(10,650,204)	(9,974,493)	(10,172,917)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	10(a)	(1,751)	0	(1,757)
Loss on disposal of assets	10(a)	3,409	0	81,116
Fair value adjustments to financial assets at fair value throughout profit or loss	4	2,958	0	2,762
Reversal of prior year loss on revaluation of Infrastructure - Others	11	(344,589)	0	0
Movement in employee benefit provisions (non-current)		67,439	99,218	138,149
Depreciation on assets	10(b)	2,252,114	1,694,300	1,788,129
<b>Amount attributable to operating activities</b>		(1,414,199)	(942,770)	2,215,790
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		505,849	462,000	301,305
Proceeds from disposal of assets	10(a)	3,250	0	39,202
Purchase of land held for resale		0	0	(188,388)
Purchase of property, plant and equipment	8(b)	(597,000)	(1,360,000)	(693,803)
Purchase and construction of infrastructure	9(b)	(349,568)	(262,000)	(734,248)
<b>Amount attributable to investing activities</b>		(437,469)	(1,160,000)	(1,275,932)
<b>FINANCING ACTIVITIES</b>				
Transfers to reserves (restricted assets)	5	(301,700)	(499,966)	(163,481)
Transfers from reserves (restricted assets)	5	865,896	1,319,820	486,674
<b>Amount attributable to financing activities</b>		564,196	819,854	323,193
<b>Surplus(deficiency) before general rates</b>		(1,287,472)	(1,282,916)	1,263,051
<b>Total amount raised from general rates</b>	20	1,314,379	1,282,916	1,250,019
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	21	<b>26,907</b>	<b>0</b>	<b>2,513,070</b>

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



## **1. BASIS OF PREPARATION**

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

### **CRITICAL ACCOUNTING ESTIMATES (Continued)**

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 Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 23 to these financial statements.

### **AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Land under roads**

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

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

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 Shire.

## 2 REVENUE AND EXPENSES

(a) Revenue	2018	2017
	Actual	Actual
	\$	\$
<b>Other revenue</b>		
Councillors Local Government Week Conference/Insurance claim/	30,739	569,025
Sale of bricks/concrete blocks/Refund of vehicle licence IOTA		
	30,739	569,025
<b>Fees and Charges</b>		
Governance	52	608
Law, order, public safety	0	1,700
Health	33,946	22,563
Housing	69,927	43,119
Community amenities	1,086,533	5,842
Recreation and culture	44,295	44,582
Transport	73,958	80,123
Economic services	31,307	37,983
Other property and services	217,791	175,136
	1,557,809	411,656

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

## 2 REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Grant Revenue

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

	2018	2017
	\$	\$
<b>Operating grants, subsidies and contributions</b>		
Governance	1,514	1,411
General purpose funding	2,608,312	6,584,487
Law, order, public safety	539	661
Health	1,382	1,386
Community amenities	5,257	4,791
Recreation and culture	30,300	35,314
Transport	340,759	600,000
Other property and services	8,180	8,436
	<u>2,996,243</u>	<u>7,236,486</u>
<b>Non-operating grants, subsidies and contributions</b>		
Recreation and culture	15,000	0
Transport	490,849	301,305
	<u>505,849</u>	<u>301,305</u>
<b>Total grants, subsidies and contributions</b>	<u>3,502,092</u>	<u>7,537,791</u>

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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

##### Grants, Donations and Other Contributions (Continued)

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 19. 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 period.

#### Interest earnings

- Loans receivable - clubs/institutions
- Reserve funds
- Other funds
- Other interest revenue - refer note 20 (e)

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
- Loans receivable - clubs/institutions	118,307	127,950	163,601
- Reserve funds	25,528	40,000	31,703
- Other funds	7,497	3,000	7,528
- Other interest revenue - refer note 20 (e)	<u>151,332</u>	<u>170,950</u>	<u>202,832</u>

## 2 REVENUE AND EXPENSES (Continued)

### (b) Expenses

	2018	2017
	\$	\$
<b>Significant expense</b>		
Payment of early termination of contract to Planning/Building/ Health Manager	157,820	107,804
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	25,686	25,495
- Assistance with the finalisation of Annual Financial Report	0	900
- Other services	2,550	2,500
	<u>28,236</u>	<u>28,895</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
<b>3 CASH AND CASH EQUIVALENTS</b>			
Unrestricted		251,545	2,605,130
Restricted		5,062,174	5,483,791
		<u>5,313,719</u>	<u>8,088,921</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employees benefits reserve	5	1,514,276	1,457,223
Plant & machinery reserve	5	1,097,008	1,316,188
Furniture & equipment reserve	5	720,241	761,430
Buildings reserve	5	656,926	858,119
Welfare fund reserve	5	86,438	86,569
Recreation services reserve	5	310,344	438,845
Waste management reserve	5	436,750	469,867
Road works & materials reserve	5	97,612	95,550
Unspent grants	19	142,579	0
		<u>5,062,174</u>	<u>5,483,791</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of

**Cash and cash equivalents (Continued)**

cash and which are subject to an insignificant risk of changes in value.

#### 4 INVESTMENTS

Financial assets at fair value through profit and loss

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

At the beginning of the year  
Revaluation to income statement  
Governance

At the end of the year

2018	2017
\$	\$
18,129	15,171
15,171	12,409
2,958	2,762
2,958	2,762
18,129	15,171

#### SIGNIFICANT ACCOUNTING POLICIES

##### Classification and subsequent measurement

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

##### (ii) Held-to-maturity investments

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

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

##### (iii) Available-for-sale financial assets

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

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

##### Impairment

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

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

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

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Impairment (Continued)

or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

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

##### Initial recognition and measurement

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

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

##### Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

##### Derecognition

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

## 5 RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employees benefis reserve	1,457,223	214,873	(157,820)	1,514,276	1,457,184	152,512	(157,820)	1,451,876	1,417,217	40,006	0	1,457,223
Plant & machinery reserve	1,316,188	28,380	(247,560)	1,097,008	1,316,188	100,739	(327,000)	1,089,927	1,552,344	43,844	(280,000)	1,316,188
Furniture & equipment reserve	761,430	16,418	(57,607)	720,241	761,430	67,783	(173,000)	656,213	772,862	21,828	(33,260)	761,430
Buildings reserve	858,119	18,503	(219,696)	656,926	858,119	60,040	(310,000)	608,159	956,115	27,004	(125,000)	858,119
Welfare fund reserve	86,569	1,869	(2,000)	86,438	86,569	1,845	(2,000)	86,414	85,657	1,912	(1,000)	86,569
Recreation services reserve	438,845	9,463	(137,964)	310,344	438,845	30,249	(265,000)	204,094	435,602	12,303	(9,060)	438,845
Waste management reserve	469,867	10,132	(43,249)	436,750	469,867	60,973	(85,000)	445,840	494,261	13,960	(38,354)	469,867
Road works & materials reserve	95,550	2,062	0	97,612	95,551	25,825	0	121,376	92,926	2,624	0	95,550
	5,483,791	301,700	(865,896)	4,919,595	5,483,753	499,966	(1,319,820)	4,663,899	5,806,984	163,481	(486,674)	5,483,791

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.  
this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Employees benefis reserve	Ongoing	- to be used to fund annual and long service leave requirements.
Plant & machinery reserve	Ongoing	- to be used for the purchase of new major plant.
Furniture & equipment reserve	Ongoing	- to be used for the purchase of new furniture & equipment.
Buildings reserve	Ongoing	- to be used for construction of a new house or upgrade staff housing.
Welfare fund reserve	Ongoing	- to be used for specific community purposes.
Recreation services reserve	Ongoing	- to be used for the upgrade of recreation services and purchase of new plant, furniture & equipment.
Waste management reserve	Ongoing	- to be used for the upgrade of tipsite and purchase new plant & equipment.
Road works & materials reserve	Ongoing	- to be used for the purpose of road works and purchase of materials.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**6 TRADE AND OTHER RECEIVABLES**

**Current**

Rates outstanding  
Sundry debtors  
Prepayments  
Advance Income

	2018	2017
	\$	\$
	42,283	76,132
	144,365	95,244
	997	6,916
	0	13,501
	187,645	191,793

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

**Rates outstanding**

Includes:

Past due and not impaired

42,283 76,132

**Sundry debtors**

Includes:

Past due and not impaired

35,231 27,621

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

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

**Classification and subsequent measurement**

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 7 INVENTORIES

### Current

Stock On Hand

Land held for resale - cost

Development costs (Transfer from freehold land)

2018	2017
\$	\$
208,684	342,768
278,142	0
486,826	342,768

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

### Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**8(a) PROPERTY, PLANT AND EQUIPMENT**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	2,001,858	2,280,000
- Independent valuation 2017 - level 3	180,000	180,000
- Additions after valuation - cost	19,331	0
	<u>2,201,189</u>	<u>2,460,000</u>
Land - vested in and under the control of Council at:		
- Management valuation 2017 - level 3	808,000	808,000
	<u>808,000</u>	<u>808,000</u>
Total land	<u>3,009,189</u>	<u>3,268,000</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	1,159,000	1,159,000
Less: accumulated depreciation	(28,975)	0
	<u>1,130,025</u>	<u>1,159,000</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	7,070,950	7,070,950
- Additions after valuation - cost	294,779	0
Less: accumulated depreciation	(338,513)	0
	<u>7,027,216</u>	<u>7,070,950</u>
Total buildings	<u>8,157,241</u>	<u>8,229,950</u>
Total land and buildings	<u>11,166,430</u>	<u>11,497,950</u>
Furniture and equipment at:		
- Independent valuation 2016 - level 2	2,200	2,200
- Independent valuation 2016 - level 3	297,280	318,500
- Additions after valuation - cost	117,406	113,729
Less: accumulated depreciation	(96,598)	(44,355)
	<u>320,288</u>	<u>390,074</u>
Plant and equipment at:		
- Independent valuation 2016 - level 2	3,082,799	3,087,799
- Independent valuation 2016 - level 3	75,500	75,500
- Additions after valuation - cost	773,318	494,104
Less: accumulated depreciation	(1,004,411)	(403,657)
	<u>2,927,206</u>	<u>3,253,746</u>
<b>Total property, plant and equipment</b>	<u>14,413,924</u>	<u>15,141,770</u>

## 8 PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	2,863,860	808,000	3,671,860	1,038,061	7,145,551	8,183,612	11,855,472	320,700	3,304,800	15,480,972
Additions	188,388	0	188,388	0	85,970	85,970	274,358	113,729	494,104	882,191
(Disposals)	0	0	0	0	0	0	0	0	(118,561)	(118,561)
Depreciation (expense)	0	0	0	(41,174)	(191,836)	(233,010)	(233,010)	(44,355)	(426,597)	(703,962)
Revaluation (loss)/ reversals transferred to revaluation surplus	(592,248)	0	(592,248)	162,113	31,265	193,378	(398,870)	0	0	(398,870)
<b>Carrying amount at 30 June 2017</b>	2,460,000	808,000	3,268,000	1,159,000	7,070,950	8,229,950	11,497,950	390,074	3,253,746	15,141,770
Additions	19,331	0	19,331	0	294,779	294,779	314,110	3,677	279,213	597,000
(Disposals)	0	0	0	0		0	0	(2,961)	(1,947)	(4,908)
Depreciation (expense)	0	0	0	(28,975)	(338,513)	(367,488)	(367,488)	(53,801)	(603,806)	(1,025,095)
Transfers	(278,142)	0	(278,142)	0	0	0	(278,142)	(16,701)	0	(294,843)
<b>Carrying amount at 30 June 2018</b>	2,201,189	808,000	3,009,189	1,130,025	7,027,216	8,157,241	11,166,430	320,288	2,927,206	14,413,924

## 8 PROPERTY, PLANT AND EQUIPMENT (Continued)

### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement costs	Management valuation	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement costs	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture &amp; equipment</b>	2	Market approach using recent observable market data for similar assets	Independent registered valuers	June 2016	Market price per item
<b>Plant and machinery</b>	2	Market approach using recent observable market data for similar assets	Independent registered valuers	June 2016	Market price per item
<b>Plant and machinery</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**9(a) INFRASTRUCTURE**

Infrastructure - Roads

- Management valuation 2018 - level 3

- Management valuation 2017 - level 3

Less: accumulated depreciation

2018	2017
\$	\$
30,735,034	0
0	29,462,356
(7,002,228)	(8,132,902)
23,732,806	21,329,454

Infrastructure - Drainage

- Independent valuation 2018 - level 3

- Independent valuation 2015 - level 3

Less: accumulated depreciation

5,462,900	0
0	5,494,700
0	(296,889)
5,462,900	5,197,811

Infrastructure - Others

- Independent valuation 2018 - level 3

- Independent valuation 2015 - level 3

- Additions after valuation - cost

Less: accumulated depreciation

1,507,600	0
0	1,388,300
0	10,450
0	(166,745)
1,507,600	1,232,005

**Total infrastructure**

30,703,306	27,759,270
------------	------------

## 9 INFRASTRUCTURE (Continued)

### (b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Drainage	Infrastructure - Others	Total Infrastructure
	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	15,868,973	5,346,255	1,312,686	22,527,914
Additions	729,059	0	5,189	734,248
Revaluation increments/ (decrements) transferred to revaluation surplus	5,581,275	0	0	5,581,275
Depreciation (expense)	(849,853)	(148,444)	(85,870)	(1,084,167)
Transfers	0	0	0	0
<b>Carrying amount at 30 June 2017</b>	21,329,454	5,197,811	1,232,005	27,759,270
Additions	348,270	0	1,298	349,568
Revaluation increments/ (decrements) transferred to revaluation surplus	3,046,664	413,533	0	3,460,197
Revaluation (loss)/reversals transferred to profit or loss	0	0	344,589	344,588
Depreciation (expense)	(991,582)	(148,444)	(86,993)	(1,227,019)
Transfers			16,701	16,701
<b>Carrying amount at 30 June 2018</b>	23,732,806	5,462,900	1,507,600	30,703,306



## 9 INFRASTRUCTURE (Continued)

### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Others	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

## 10 FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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 Shire 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.

#### Revaluation

The fair value of fixed assets is determined at least every three 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.

#### Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Shire 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.

## 10 FIXED ASSETS (Continued)

### (a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment and Furniture and Equipment</b>								
<b>Community amenities</b>								
Exercise Equipment	780	0	0	(780)	0	0	0	0
<b>Recreation and culture</b>								
Spray unit - 600 litre capacity poly tank	1,760	0	0	(1,760)	0	0	0	0
<b>Transport</b>								
Oily water separator	420	0	0	(420)	0	0	0	0
Toyota RAV4 5-door edge manual	1,249	3,000	1,751	0	0	0	0	0
Bittelli vibrating tandem roller	431	250	0	(181)	0	0	0	0
Trailer mobile traffic lights	268	0	0	(268)	0	0	0	0
	4,908	3,250	1,751	(3,409)	0	0	0	0

### (b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	28,975	41,174
Buildings - specialised	338,513	191,836
Furniture and equipment	53,801	44,355
Plant and equipment	603,806	426,597
Infrastructure - Roads	991,582	849,853
Infrastructure - Drainage	148,444	148,444
Infrastructure - Others	86,993	85,870
	2,252,114	1,788,129

10 FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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.

Depreciation rates

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

Buildings - non-specialised	20 to 50 Years
Buildings - specialised	20 to 50 Years
Furniture and equipment	1 to 10 Years
Plant and equipment	1 to 15 Years
Sealed roads and streets	
formation	not depreciated
pavement	20 to 50 years
seal	
- bituminous seals	20 to 25 years
- asphalt surfaces	20 to 25 years
Gravel roads	
formation	not depreciated
pavement	20 to 50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	20 to 50 years
Other infrastructure	1 to 50 years
Drainage systems	20 to 80 years

Depreciation (Continued)

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.

## 11 REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings - non-specialised	6,534,174	0	0	6,534,174	6,933,044	0	(398,870)	(398,870)	6,534,174
Revaluation surplus - Furniture and equipment	127,357	0	0	127,357	127,357	0	0	0	127,357
Revaluation surplus - Plant and equipment	569,828	0	0	569,828	569,828	0	0	0	569,828
Revaluation surplus - Infrastructure - Roads	15,507,712	3,046,664	3,046,664	18,554,376	9,926,437	5,581,275	0	5,581,275	15,507,712
Revaluation surplus - Infrastructure - Drainage	5,356,919	413,533	413,533	5,770,452	5,356,919	0	0	0	5,356,919
	28,095,990	3,460,197	3,460,197	31,556,187	22,913,585	5,581,275	(398,870)	5,182,405	28,095,990

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**12 TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
Accrued salaries and wages  
Sick leave bonus  
Others

	2018	2017
	\$	\$
	169,883	126,321
	203,139	224,143
	85,778	80,054
	28,757	21,013
	487,557	451,531

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

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

**Trade and other payables (Continued)**

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.

### 13 INFORMATION ON BORROWINGS

#### (a) Long Term - Borrowings

The Shire did not have any long term borrowings as at reporting date.

#### (b) Undrawn Borrowing Facilities

##### Credit Standby Arrangements

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Credit card balance at balance date

**Total amount of credit unused**

2018	2017
\$	\$
500,000	500,000
0	0
40,000	40,000
(18,430)	(12,262)
521,570	527,738

**Unused loan facilities at balance date**

N/A N/A

### SIGNIFICANT ACCOUNTING POLICIES

#### Financial liabilities

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

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

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

#### Borrowing costs

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



## 14 PROVISIONS

### Opening balance at 1 July 2017

Current provisions

Non-current provisions

Additional provision/(Amount used)

### Balance at 30 June 2018

### Comprises

Current

Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
	704,782	929,202	1,633,984
	0	91,139	91,139
	704,782	1,020,341	1,725,123
	116,683	57,571	174,254
	821,465	1,077,912	1,899,377
	821,465	986,929	1,808,394
	0	90,983	90,983
	821,465	1,077,912	1,899,377

## SIGNIFICANT ACCOUNTING POLICIES

### Employee benefits

#### Short-term employee benefits

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

#### Other long-term employee benefits

The Shire'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

#### Other long-term employee benefits (Continued)

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

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire 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 Shire 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 15 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:

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	5,313,719	5,125,286	8,088,921

### Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(4,086,621)	(1,654,706)	900,837
Non-cash flows in Net result:			
Depreciation	2,252,114	1,694,300	1,788,129
(Profit)/loss on sale of asset	1,658	0	79,359
Fair value adjustments to fixed assets			
at fair value through profit or loss	(2,958)	0	(2,762)
Reversal of prior year loss on revaluation of Infrastructure - Others	(344,589)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	4,148	25,000	65,914
(Increase)/decrease in inventories	134,084	48,200	127,059
Increase/(decrease) in payables	36,026	212,618	(56,362)
Increase/(decrease) in provisions	174,254	(99,218)	33,048
Grants contributions for the development of assets	(505,849)	(462,000)	(301,305)
Net cash from operating activities	(2,337,733)	235,806	2,633,917

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**16 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Governance	157,765	196,402
Law, order, public safety	36,469	55,884
Health	15,103	21,353
Education and welfare	31,736	299,959
Housing	2,110,025	2,139,000
Community amenities	1,169,069	1,123,309
Recreation and culture	7,449,684	7,617,730
Transport	33,882,903	31,394,723
Economic services	217,405	0
Other property and services	47,070	52,680
Unallocated	6,006,320	8,638,653
	<b>51,123,549</b>	<b>51,539,693</b>

## 17 RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Councillors allowance	75,455	115,136	47,235
President's allowance	31,013	62,607	19,136
Deputy President's allowance	138,763	25,733	87,345
	245,231	203,476	153,716

### Key Management Personnel (KMP) Compensation Disclosure

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

	2018	2017
	\$	\$
Short-term employee benefits	730,526	926,875
Post-employment benefits	92,625	122,556
Other long-term benefits	14,221	54,639
Termination benefits	203,502	11,606
	1,040,874	1,115,676

#### Short-term employee benefits

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

#### Post-employment benefits

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

#### Other long-term benefits

These amounts represent long service benefits accruing during the year.

### Termination benefits

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

### Transactions with related parties

Transactions between related parties, and the Shire 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.

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Sale of goods and services	52,000	52,000
Purchase of goods and services	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 Shire's main related parties are as follows:

##### i. Key management personnel

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

##### ii. Entities subject to significant influence by the Shire

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.

## 18(a) MAJOR LAND TRANSACTIONS

### Light Industrial Area (Lot 555)

#### (a) Details

Council purchased Lot 555 located at Quarry Road from Commonwealth in 2006 for \$100,000 as one land lot entity. Total development costs of \$956,793 had been incurred as at 30 June 2018. Additional costs are to be incurred in developing the 12 lots in 3 stages of subdivision and providing services such as sewerage, power and roads.

The development of services for 12 subdivision lots does not realise a profit margin to the lots.

The sale value of stage 1 (3 lots) will be utilised to progress the development of stage 2 and/or stage 3.

#### (b) Current year transactions

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
<b>Capital income</b>			
- Sale proceeds	0	0	400,000
<b>Capital expenditure</b>			
- Purchase of land			
- Development costs	(19,331)	(100,000)	(188,388)
	(19,331)	(100,000)	(188,388)

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

#### (c) Expected Future Cash Flows

	2019	2020	2021	2022	Total
	\$	\$	\$	\$	\$
<b>Cash outflows</b>					
- Development costs	0	(300,000)	(300,000)	0	(600,000)
	0	(300,000)	(300,000)	0	(600,000)
<b>Cash inflows</b>					
- Sale proceeds	600,000	0	0	0	600,000
	600,000	0	0	0	600,000
<b>Net cash flows</b>	600,000	(300,000)	(300,000)	0	0

## 18(d) TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2017/2018 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

19 CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/16	Received <sup>(2)</sup> 2016/17	Expended <sup>(3)</sup> 2016/17	Closing Balance <sup>(1)</sup> 30/06/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Transport</b>							
Central Road Authority	93,010	0	(93,010)	0	600,000	(600,000)	0
Roads to Recovery	253,015	262,000	(515,015)	0	231,608	(89,029)	142,579
<b>Total</b>	346,025	262,000	(608,025)	0	831,608	(689,029)	142,579

**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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 20 RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Total Revenue \$	Budget Rate Revenue \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>							
<b>Gross rental valuations</b>							
GRV - Residential	9.1817	454	8,779,676	806,124	806,124	806,124	806,124
GRV - Commercial	9.1817	78	1,946,092	178,684	178,684	178,941	178,941
GRV - DIAC	0.0000	21	1,211,820	0	0	0	0
GRV - Unallocated	9.1817	4	50,000	4,591	4,591	4,591	4,591
GRV - Rural	9.1817	2	33,500	3,076	3,076	3,076	3,076
GRV - Industrial	9.1817	10	202,910	17,758	17,758	17,758	17,758
GRV - Exempt	9.1817	150	0	0	0	0	0
<b>Unimproved valuations</b>							
UV - Industrial	20.1238	2	970,000	246,517	246,517	246,517	246,517
UV - Mining	20.1238	4	526,462	105,944	105,944	105,944	105,944
<b>Sub-Total</b>		725	13,720,460	1,362,694	1,362,694	1,362,951	1,362,951
<b>Minimum payment</b>	<b>\$</b>						
<b>Gross rental valuations</b>							
GRV - Residential	555	5	15,825	2,775	2,775	2,775	2,775
GRV - Commercial	555	17	59,425	9,435	9,435	9,435	9,435
GRV - Unallocated	555	37	106,780	20,535	20,535	20,535	20,535
GRV - Mining Tenement	555	1	0	555	555	555	555
GRV - Industrial	555	6	19,240	3,330	3,330	3,330	3,330
UV - Mining	335	0	0	335	335	335	335
<b>Sub-Total</b>		66	201,270	36,965	36,965	36,965	36,965
		791	13,921,730	1,399,659	1,399,659	1,399,916	1,399,916
Discounts/concessions					(85,280)		(117,000)
<b>Total amount raised from general rate</b>					1,314,379		1,282,916
Write off/penalties/admin/excess rates					2,523		3,000
<b>Totals</b>					1,316,902		1,285,916

## SIGNIFICANT ACCOUNTING POLICIES

### Rates

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



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 20 RATING INFORMATION (Continued)

### (b) Specified Area Rate

Council did not raise Specific area rate in 2017/18 and does not intend to do so at 30 June 2019.

### (c) Service Charges

Council did not raise service charges in 2017/18 and does not intend to do so at 30 June 2019.

### (d) Discounts, Incentives, Concessions, & Write-offs

#### Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Rates (General)	7.50%		85,280	117,000	a discount of 7.5% is to apply if rates paid within 35 days of issue of rate notice.
			85,280	117,000	

#### Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$
Rates	Write off			31	1,000
				31	1,000

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Reasons for the Waiver or Concession
Rates	Rates are waived for incorrect/double charged assessments	Incorrect/double charged assessments

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

20 RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	12-Sep-17	0	0.00%	10.00%
<b>Option Two</b>				
First instalment	12-Sep-17	0	0.00%	10.00%
Second instalment	13-Nov-17	13	0.00%	10.00%
Third instalment	12-Jan-18	13	0.00%	10.00%
Fourth instalment	13-Mar-18	13	0.00%	10.00%
			<b>2018</b>	<b>2018</b>
			<b>2018</b>	<b>Budget</b>
			\$	\$
Interest on unpaid rates			7,497	3,000
Charges on instalment plan			1,794	2,000
			<b>9,291</b>	<b>5,000</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 21 NET CURRENT ASSETS

Composition of net current assets for  
the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 17 brought forward</b>	26,907	2,513,070	2,513,070
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	251,545	2,605,130	2,605,130
Restricted	5,062,174	5,483,791	5,483,791
Investments			
Financial assets at fair value through profit and loss	18,129	15,171	15,171
Receivables			
Rates outstanding	42,283	76,132	76,132
Sundry debtors	144,365	95,244	95,244
Prepayments	997	6,916	6,916
Advance Income	0	13,501	13,501
Inventories			
Stock On Hand	208,684	342,768	342,768
Land held for resale - cost			
Development costs (Transfer from freehold land)	278,142	0	0
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(169,883)	(126,321)	(126,321)
Accrued salaries and wages	(203,139)	(224,143)	(224,143)
Sick leave bonus	(85,778)	(80,054)	(80,054)
Others	(28,757)	(21,013)	(21,013)
Provisions			
Provision for annual leave	(821,465)	(704,782)	(704,782)
Provision for long service leave	(986,929)	(929,202)	(929,202)
<b>Unadjusted net current assets</b>	<b>3,710,368</b>	<b>6,553,138</b>	<b>6,553,138</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(4,919,595)	(5,483,791)	(5,483,791)
Less: Land held for resale - cost	(278,142)	0	0
Less: Advance Income	0	(13,501)	(13,501)
Add: Component of leave liability not required to be funded	1,514,276	1,457,223	1,457,223
Add: User defined			0
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>26,907</b>	<b>2,513,070</b>	<b>2,513,070</b>

### Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 22 FINANCIAL RISK MANAGEMENT

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

The Shire 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 Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	5,313,719	8,088,921	5,313,719	8,088,921
Investments	18,129	15,171	18,129	15,171
Receivables	187,645	191,793	187,645	191,793
	<u>5,519,493</u>	<u>8,295,885</u>	<u>5,519,493</u>	<u>8,295,885</u>
<b>Financial liabilities</b>				
Payables	487,557	451,531	487,557	451,531
	<u>487,557</u>	<u>451,531</u>	<u>487,557</u>	<u>451,531</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**22 FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

Financial assets at fair value through profit and loss

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% <sup>(1)</sup> movement in price of investments		
- Equity	1,812	1,517
- Statement of Comprehensive Income	1,812	1,517
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	53,137	80,889
- Statement of Comprehensive Income	53,137	80,889

**Notes:**

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

## 22 FINANCIAL RISK MANAGEMENT (Continued)

### (b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire 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 Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire 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 quarterly.

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

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

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

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	100.00%	100.00%
- Overdue	0.00%	0.00%

## 22 FINANCIAL RISK MANAGEMENT (Continued)

### (c) Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment on hand to meet payment obligations as and when they fall due.

The contractual undiscounted cash flows of the Shire's Payables are set out in the Liquidity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<b><u>2018</u></b>	\$	\$	\$	\$	\$
Payables	487,557	0	0	487,557	487,557
	487,557	0	0	487,557	487,557
<b><u>2017</u></b>					
Payables	451,531	0	0	451,531	451,531
	451,531	0	0	451,531	451,531

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 23 TRUST FUNDS

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

	<b>1 July 2017</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Liswa Library Book	8	0	0	8
Bond -5 Jalan Ketam Merah/28 Seaview Drive	2,000	0	0	2,000
Excavation Permit	8,883	31,332	(31,332)	8,883
Phosphate Hill Open Space	60,199	1,468	0	61,667
Taman Sweetland Reserve	52,043	1,297	0	53,340
Others	20,857	8,755	0	29,612
	<u>143,990</u>			<u>155,510</u>



## 24 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

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

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

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

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

## 24 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

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

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

### Adoption of New and Revised Accounting Standards

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

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

- |      |   |                |
|------|---|----------------|
| (i)  | AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | 1 January 2017 |
| (ii) | AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities  | 1 January 2017 |

## 25 OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) Goods and services tax (GST)

Goods and Services Tax (GST) is not applicable to Christmas Island.

### b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire 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 Shire's intentions to release for sale.

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### i) Impairment of assets

In accordance with Australian Accounting Standards the Shire'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.

## 26 ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
<b>GOVERNANCE</b>	To provide leadership, and work in partnership with community and key stakeholders, to achieve the overall strategic direction for Christmas Island; and operate effectively as a Local Government organisation for the benefit of the people of Christmas Island.	General administration and members costs incurred in performing Council's function.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rate revenue, Government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To ensure law, order and public safety of the residents of Christmas Island as well as control of dogs and cats of the Island.	Supervision and enforcement of various local laws relating to animal control and other aspects of public safety.
<b>HEALTH</b>	To provide facilities on Christmas Island for good community health.	Health administration and inspection, and other health and preventive services.
<b>EDUCATION AND WELFARE</b>	To provide services, facilities and resources respond to the community need.	Operation of community services, shop-front, senior, youth and school holiday activities.
<b>HOUSING</b>	To provide reasonable accommodation for staff employ from mainland.	Maintenance of staff housing.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	Rubbish collections, tip maintenance, litter control, car removal, administration of town planning scheme, maintenance of cemetery, public conveniences and community assistance scheme.
<b>RECREATION AND CULTURE</b>	To provide facilities for recreational, cultural and sporting purposes.	Maintenance of halls and community centres, maintenance of beaches and foreshore amenities, maintenance of parks, gardens and reserves libraries services, anniversary celebrations and Island newsletters.
<b>TRANSPORT</b>	To provide all facilities necessary for the safe and orderly movement of vehicle on Christmas Island.	Construction and maintenance of roads, footpaths, depots, traffic signs and street signs.
<b>ECONOMIC SERVICES</b>	To provide services to the community.	Property leases.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control council's overheads and plant accounts.	Private works operations, plant repair and operating costs and salary and wages.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**27 FINANCIAL RATIOS**

	2018	2017	2016
Current ratio	1.21	5.02	1.92
Asset consumption ratio	0.70	0.81	0.77
Asset renewal funding ratio	1.18	1.03	1.10
Asset sustainability ratio	0.33	0.78	0.49
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	(1.50)	0.17	(0.52)
Own source revenue coverage ratio	0.28	0.35	0.32

The above ratios are calculated as follows:

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

**Notes:**

Two of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants and reversal of prior year loss on revaluation of Infrastructure - Others.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	0	2,039,404	0
Amount of Financial Assistance Grant received in prior year relating to current year.	2,039,404	0	0
Reversal of prior year loss on revaluation of Infrastructure - Others.	344,589	0	0

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	1.21	1.78	1.92
Operating surplus ratio	(0.95)	(0.41)	(0.52)

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## **INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF CHRISTMAS ISLAND**

### **REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

#### **Opinion**

We have audited the accompanying financial report of the Shire of Christmas Island (the Shire), which comprises the Statement of Financial Position as at 30 June 2018, Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and the Rate Setting Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Christmas Island:

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the Local Government Act (CI) 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter – Basis of Preparation**

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

#### **Responsibilities of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the Shire 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 a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire'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 Shire.

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

## INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF CHRISTMAS ISLAND (CONTINUED)

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

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

Our objectives of the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 financial report.

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

- Identify and assess the risks of material misstatement of the 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 our 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, misrepresentation, 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 Shire'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF THE SHIRE OF CHRISTMAS ISLAND (CONTINUED)**

***REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS***

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) In our opinion, the following matters indicates a significant adverse trend in the financial position of the Shire:
  - i. The Operating Surplus Ratio has been below the DLGSCI standard for the past 3 years; and
  - ii. The Asset Sustainability Ratio and Own Source Revenue Coverage Ratio for 2017-18 are below the DLGSCI standard, below both the ratios for the 2 prior years and are more than 10% below last year's ratios.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In my opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

***MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT***

This auditor's report relates to the annual financial report of the Shire of Christmas Island for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the 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 financial report to confirm the information contained in this website version of the financial report.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



GREG GODWIN  
PARTNER

Date: 23 October 2018  
Perth, WA